



A Public Limited company Incorporated under the companies Act, 1956 on 5th November, 1960 at Tamil Nadu
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PRIVATE PLACEMENT OFFER LETTER FOR PRIVATE PLACEMENT OF UPTO 15,000 LISTED, RATED, UNSECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF A FACE VALUE OF RS. 1 LAKH EACH ("DEBENTURES"/ "BONDS") FOR CASH AT PAR, AGGREGATING TO ISSUE SIZE OF RS. 150 CRORES BY MRF LIMITED (THE "ISSUER" OR "COMPANY") ON A PRIVATE PLACEMENT BASIS ("ISSUE").

THIS ISSUANCE WOULD BE UNDER THE ELECTRONIC BOOK MECHANISM FOR ISSUANCE OF DEBT SECURITIES ON A PRIVATE PLACEMENT BASIS IN TERMS OF CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") OPERATIONAL CIRCULAR DATED AUGUST 10, 2021 BEARING REFERENCE SEBI/HO/DDHS/P/CIR/2021/613, AS AMENDED, ("SEBI OPERATIONAL CIRCULAR") READ WITH "OPERATING GUIDELINES FOR NSE ELECTRONIC BIDDING PLATFORM" ISSUED BY NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE") VIDE THEIR CIRCULAR REF. NO. NSE/DS/55017 DATED December 28, 2022 AND ANY AMENDMENTS THERETO ("NSE EBP GUIDELINES"), (COLLECTIVELY REFERRED TO AS THE "OPERATIONAL GUIDELINES").

GENERAL RISK

INVESTMENT IN DEBT AND DEBT RELATED SECURITIES INVOLVE A DEGREE OF RISK AND INVESTORS SHOULD NOT INVEST ANY FUNDS IN THE DEBT INSTRUMENTS, UNLESS THEY CAN AFFORD TO TAKE THE RISKS ATTACHED TO SUCH INVESTMENTS. ELIGIBLE INVESTORS ARE ADVISED TO TAKE INFORMED DECISION BEFORE TAKING AN INVESTMENT DECISION IN THIS OFFERING. FOR TAKING AN INVESTMENT DECISION THE INVESTOR MUST RELY ON THEIR EXAMINATION OF THE ISSUER, THE ISSUE, THIS PLACEMENT MEMORANDUM INCLUDING THE RISKS INVOLVED. THE ISSUE HAVE NOT BEEN RECOMMENDED OR APPROVED BY SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) NOR DOES SEBI GUARANTEE THE ACCURACY OR ADEQUACY OF THIS DOCUMENT.

CREDIT RATING

THE DEBENTURES HAVE BEEN RATED AS "CARE AAA; STABLE" BY CARE RATINGS LIMITED VIDE RATING LETTER DATED 14 OCTOBER 2022 (HEREINAFTER REFERRED TO AS THE "CREDIT RATING AGENCY"). THE RATING INDICATES "HIGHEST DEGREE OF SAFETY" WITH RESPECT TO TIMELY PAYMENT OF INTEREST AND PRINCIPAL ON THE DEBENTURES. THE RATINGS ARE NOT A RECOMMENDATION TO BUY, SELL OR HOLD THE DEBENTURES AND ELIGIBLE INVESTORS SHOULD TAKE THEIR OWN DECISION. THE RATINGS MAY BE SUBJECT TO SUSPENSION, REVISION OR WITHDRAWAL AT ANY TIME BY THE ASSIGNING CREDIT RATING AGENCIES. THE CREDIT RATING AGENCIES HAVE A RIGHT TO REVISE, SUSPEND OR WITHDRAW THE RATING AT ANY TIME ON THE BASIS OF FACTORS SUCH AS NEW INFORMATION OR UNAVAILABILITY OF INFORMATION OR OTHER CIRCUMSTANCES WHICH THE CREDIT RATING AGENCIES BELIEVE MAY HAVE AN IMPACT ON ITS RATING. PLEASE REFER TO ANNEXURE B TO THIS PLACEMENT MEMORANDUM FOR RATING LETTER ALONG WITH PRESS RELEASE BY THE CREDIT RATING AGENCY.

LISTING

THE DEBENTURES ARE PROPOSED TO BE LISTED ON THE WHOLESALE DEBT MARKET ("WDM") SEGMENT OF NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE") ("DESIGNATED STOCK EXCHANGE"). THE ISSUER SHALL COMPLY WITH THE REQUIREMENTS OF THE SEBI LODR REGULATIONS (AS DEFINED HEREINAFTER) TO THE EXTENT APPLICABLE TO IT ON A CONTINUOUS BASIS. PLEASE REFER TO ANNEXURE F TO THIS PLACEMENT MEMORANDUM FOR THE 'IN-PRINCIPLE' LISTING APPROVAL FROM THE STOCK EXCHANGE.

COMPLIANCE CLAUSE OF EBP





THIS OFFER IS MADE ON THE ELECTRONIC BOOK BUILDING MECHANISM OF NSE IN COMPLIANCE WITH SEBI DEBT REGULATIONS AND CIRCULARS ISSUED BY NSE. A DRAFT OF THIS PLACEMENT MEMORANDUM HAS BEEN UPLOADED ON THE EBP PLATFORM ON NSE.

PROMOTERS

For details of Promoters of the Issuer please refer to page number 15 of this Placement Memorandum.

ELIGIBLE INVESTORS

The offer is made to all QIBs, and any Non-QIB Investors specifically mapped by the Issuer on the EBP Platform of NSE are eligible to bid/invest/apply for this Issue. For details, please refer Summary Term Sheet at page number 47 of this Placement Memorandum. The current issue is not being underwritten. Neither the Issuer nor any of its directors is a wilful defaulter. For further details pertaining to wilful defaulter, please refer to page number 45 of this Placement Memorandum.

| ARRANGER TO THE ISSUE | REGISTRAR TO THE ISSUE | CREDIT RATING AGENCY | DEBENTURE TRUSTEE |
|---|---|---|--|
|  SBI Capital Markets Limited 202, Maker Tower 'E', Cuffe Parade, Mumbai 400 005 Tel: +91-22-2217 8300 Fax: +91-22-2218 8332 Contact Person: Mr. Mandeep Singh Email: dcm@sbicaps.com Website: www.sbicaps.com |  Cameo Corporate Services Limited "Subramanian Building", 1, Club House Road, Chennai – 600 002. Tel : +91-44-28460390 Fax no: +91-44-28460129 E-Mail: priya@cameoindia.com Contact Person : Ms K Sreepriya Website : www.cameoindia.com |  CARE Ratings Limited 4th Floor, Godrej Coliseum, Sorniaya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai - 400 022 Contact Person: Ms. Ravleen Sethi Tel no.: 9818032229 E-mail: ravleen.sethi@careedge.in Website: www.careedge.in |  AXIS TRUSTEE Axis Trustee Services Limited Corporate Office : The Ruby, 2nd Floor I SW I 29 Senapati Bapat Marg I Dadar west, Mumbai – 400 028 Tel no.: +91-22-62300451 Contact Person: Chief Operating Officer Email: debenturetrustee@axistrustee.in Website : www.axistrustee.in |

ISSUE SCHEDULE

| Bid Open/Bid Close on | Issue Open/Issue Close on | Earliest Issue Close on | Deemed Date of Allotment | Pay-in Date |
|--|---------------------------|-------------------------|-----------------------------------|-------------------|
| February 23, 2023 | February 23, 2023 | Not Applicable | February 24, 2023 | February 24, 2023 |
| The Issuer reserves its right to modify (pre-pone/ postpone) the above the Issue schedule including the Deemed Date of Allotment (as defined hereinafter) at its sole and absolute discretion in accordance with the timelines specified in the Operational Guidelines, without giving any reasons or prior notice. The Issue will be open for bidding as per bidding window that would be communicated through NSE BOND-EBP Platform. | | | | |
| Coupon Rate | Coupon Payment Frequency | Redemption Date | Redemption Amount | |
| 7.80% | Annual | February 24, 2026 | At par (Rs. 1 Lakh per Debenture) | |

The Issue of Debentures shall be subject to the provisions of the Companies Act, 2013, as amended (the "Companies Act"), the rules notified thereunder, the Memorandum and Articles of Association of the Issuer, SEBI Debt Regulations, SEBI LODR Regulations, the terms and conditions of this Placement Memorandum to be filed with the Designated Stock Exchange, the Application Form, the Debenture Trust Deed and other documents in relation to such Issue. Capitalized terms used here have the meaning ascribed to them in this Placement Memorandum.

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A) FORWARD LOOKING STATEMENTS

Certain statements in this Placement Memorandum are not historical facts but are “forward-looking” in nature. Forward-looking statements appear throughout this Information Memorandum. Forward-looking statements include statements concerning the Issuer’s plans, financial performance etc., if any, the Issuer’s competitive strengths and weaknesses, and the trends the Issuer anticipates in the industry, along with the political and legal environment, and geographical locations, in which the Issuer operates, and other information that is not historical information. Words such as “aims”, “anticipate”, “believe”, “could”, “continue”, “estimate”, “expect”, “future”, “goal”, “intend”, “is likely to”, “may”, “plan”, “predict”, “project”, “seek”, “should”, “targets”, “would” and similar expressions, or variations of such expressions, are intended to identify and may be deemed to be forward looking statements but are not the exclusive means of identifying such statements. By their nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and assumptions about the Issuer, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. Eligible Investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to:

- i.compliance with laws and regulations, and any further changes in laws and regulations applicable to India, especially in relation to the tyre industry;
- ii.availability of adequate debt and equity financing at reasonable terms;
- iii.our ability to effectively manage financial expenses and fluctuations in interest rates;
- iv.our ability to successfully implement our business strategy;
- v.our ability to manage operating expenses;
- vi.performance of the Indian debt and equity markets; and
- vii.general, political, economic, social, business conditions in Indian and other global markets.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. Although the Issuer believes that the expectations reflected in such forward-looking statements are reasonable at this time, the Issuer cannot assure Eligible Investors that such expectations will prove to be correct. Given these uncertainties, Eligible Investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of the Issuer’s underlying assumptions prove to be incorrect, the Issuer’s actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to the Issuer are expressly qualified in their entirety by reference to these cautionary statements. As a result, actual future gains or losses could materially differ from those that have been estimated. The Issuer undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date hereof. Forward looking statements speak only as of the date of this Placement Memorandum. None of the Issuer, its directors, its officers or any of their respective affiliates or associates has any obligation to update or otherwise revise any statement reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

B) DEFINITIONS AND ABBREVIATIONS

In this Placement Memorandum, unless the context otherwise requires, the terms defined, and abbreviations expanded below, have the same meaning as stated in this section. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

Issuer Related Terms

| Term | Description |
|------------------------------------|--|
| Accounting Standards | Means Ind AS or such other accounting principles that are required to be followed by a company incorporated in India under Applicable Law. |
| Allot/ Allotment/ Allotted | Means the allotment of the Debentures pursuant to this Issue. |
| Applicable Law | Means any statute, treaty, law, code, regulation, ordinance, rule, judgment, order, decree, bye-law, approval of any Governmental Authority, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of or determination by, or any interpretation or administration having the force of law, of any of the foregoing by any Governmental Authority having jurisdiction over the matter in question, whether in effect as of the date of the Debenture Trust Deed or thereafter and in each case as amended. |
| Application Form | The form in terms of which the Applicant shall make an offer to subscribe to the Bonds and which will be considered as the application for allotment of Bonds in the Issue |
| Articles / Articles of Association | Means articles of association of the Issuer, as amended from time to time. |
| Beneficial Owner(s) | Bondholder(s) holding Bond(s) in dematerialized form (Beneficial Owner of the Bond(s) as defined in clause (a) of sub-section of Section 2 of the Depositories Act, 1996) |
| Board of Directors / Board | Means the Board of Directors of the Company |
| Issue Size | 15,000 Rated Listed Unsecured Redeemable Non-Convertible Debentures of the face value of Rs. 1,00,000 (Rupees One Lakh) each, aggregating to Rs. 150,00,00,000/- (Rupees One Hundred Fifty crores) |
| Business Day | 'Business Days' means any day or days on which the "Rate" as enumerated above is published by "FBIL". |
| Working Day | Working Day shall be a day on which commercial banks are open for business in the city of Chennai. In respect of bid/issue period, working day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Chennai are open for business. Further, in respect of the time period between the bid/ issue closing date and the listing of the NCDs on the Stock Exchange, working day shall mean all trading days of the Stock Exchange for NCD, excluding Saturdays, Sundays and bank holidays, as specified by SEBI, |
| Working Day Convention | <p>If the date of payment of interest/redemption of principal does not fall on a Working Day, the payment of interest/principal shall be made in accordance with as per the SEBI Operational Circular dated August 10, 2021 bearing reference SEBI/HO/DDHS/P/CIR/2021/613. If any of the Coupon Payment Date(s), falls on a day that is not a Working Day, the payment shall be made by the Issuer on the immediately succeeding Working Day, which becomes the Coupon Payment Date for that coupon. However, the future coupon payment date(s) would be as per the schedule originally stipulated at the time of issuing the Debentures. In other words, the subsequent Coupon Payment Date(s) would not be changed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a non-Working Day.</p> <p>If the Redemption Date of the Debentures (also being the last Coupon Payment Date) falls on a day that is not a Working Day, the redemption amount shall be paid by the Issuer on the immediately preceding Working Day, which becomes the new redemption date, along with interest accrued on the Debentures until but excluding</p> |

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| | the date of such payment. |
| CDSL | Central Depository Services Limited. |
| Credit Rating Agency/ Rating Agency | CARE Ratings Limited |
| Date of Subscription | Means the date of realisation of proceeds of subscription money in the bank account of the Issuer |
| Debentures | Means 15000 Listed, Rated, Unsecured, Redeemable, Non-Convertible Debentures of the face value of Rs. 1,00,000(Rupees one Lakh only) each, aggregating to Rs. 150,00,00,000/- (Rupees One Hundred Fifty crores) |
| Debenture Holder(s) / Beneficial Owner(s) | Means any debenture holder who holds the Debentures issued in this Issue and whose name appears on the beneficial owners list provided by the Depositories (in case of Debentures held in dematerialized form) |
| Debenture Trust Deed | Means the debenture trust deed to be entered into between the Issuer and the Debenture Trustee, as amended from time to time. |
| Debenture Trustee / Trustee | Means the trustee for the Debenture holders, in this case being Axis Trustee Services Limited |
| Debenture Trustee Regulations | Means the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993, as amended from time to time |
| Debenture Trust Deed | Means the trust deed to be entered into between the Issuer and the Debenture Trustee |
| Deemed Date of Allotment | The cut-off date declared by the Issuer with effect from which all benefits under the Bonds including interest on the Bonds shall be available to the Bondholder(s). The actual allotment of Bonds (i.e. approval from the Board of Directors or a Committee thereof) may take place on a date other than the Deemed Date of Allotment |
| Depository | Means the depository with whom the Company has made arrangements for dematerializing the Debentures namely, NSDL and/or CDSL. |
| Designated Stock Exchange | Means National Stock Exchange of India Limited (NSE) |
| Directors | Means Directors of MRF Limited |
| Eligible Investors | Has the meaning set forth in the “Summary Term Sheet” section of this Placement Memorandum. |
| Event of Default | Means events of default as set out in the “Issue Details” section of this Placement Memorandum read with events of default to be set out in the Debenture Trust Deed. |
| Final Redemption Date | Means the date on which the Debentures will be fully redeemed as more particularly set out under “Issue Details” section of this Placement Memorandum |
| Final Settlement Date | Means the date on which the Debentures have been redeemed in full in accordance with the terms of the Debenture Trust Deed to the satisfaction of the Debenture Trustee, as confirmed in writing by the Debenture Trustee. |
| Governmental Authority | Means any: a) government (central, state or otherwise) or sovereign state; b) any governmental agency, semi-governmental or judicial or quasi- judicial or administrative entity, department or authority, or any political subdivision thereof; c) international authority, and including, without limitation, any stock exchange or any self- regulatory organization, established under any applicable law |
| Issue / Private Placement | Private Placement of Listed, Rated, Unsecured Redeemable Non-Convertible Debentures (NCDs) of Rs. 1 Lakh/- each for cash at par aggregating Rs.150,00,00,000/- |
| Issue Size | Private Placement of Listed, Rated, Unsecured Redeemable Non-Convertible Debentures (NCDs) of Rs. 1 Lakh/- each for cash at par aggregating Rs.150,00,00,000/- |
| Memorandum or Memorandum of Association | Means the memorandum of association of the Issuer, as amended from time to time. |
| NSE | National Stock Exchange of India Limited |
| NSE BOND-EBP Platform | Electronic Book Provider Platform of NSE for issuance of debt securities on private placement basis |

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|----------------------------------|---|
| NSE EBP Guidelines | Guidelines for Electronic Bidding Platform issued by NSE vide its notice number NSE/DS/55017 dated December 28, 2022 and as amended/modified from time to time. |
| Operational Guidelines | Refers to, collectively the SEBI EBP Guidelines and the NSE EBP Guidelines |
| Placement Memorandum / PM | Means this private placement memorandum dated February 23, 2023 which sets out the key terms and conditions for the private placement of Listed, Rated, Unsecured Redeemable Non-Convertible Debentures (NCDs) of Rs. 1 Lakh/- each for cash at par aggregating Rs.150,00,00,000/- |
| Principal Amount | The principal amount of the Debentures issued by the Company to the Debenture Holders |
| Purpose | The proceeds of the Issue are proposed to be used for capital expenditure payments for projects at multiple manufacturing locations of the company. |
| Record Date | Has the meaning set forth in "Issue Details" section of this Placement Memorandum. |
| Register of Debenture Holders | Means the register maintained by the Issuer at its Registered Office as per Section 88 of the Companies Act, 2013 containing the names of the Debenture holders entitled to receive interest in respect of the Debentures on the Record Date, and shall include the register of Beneficial Owners maintained by the Depository under section 11 of the Depositories Act |
| Registrar/Registrar to the Issue | Cameo Corporate Services Limited, "Subramanian Building", 1, Club House Road, Chennai – 600 002. |
| SEBI Act | Means the Securities and Exchange Board of India Act, 1992, as amended from time to time. |
| SEBI Debt Regulations | Means SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 issued by SEBI issued vide circular no. SEBI/LAD-NRO/GN/2021/39 dated August 09, 2021 read with SEBI Operational Circular (defined hereunder), as amended from time to time, as amended from time to time. |
| SEBI EBP Circular | Refers to Chapter VI of SEBI Operational Circular, as amended from time to time and read with SEBI Circular having Reference No. SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/00139 dated October 10, 2022. |
| SEBI LODR Regulations | Means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 issued by SEBI, as amended from time to time. |
| SEBI Operational Circular | SEBI operational circular dated August 10, 2021 bearing reference SEBI/HO/DDHS/P/CIR/2021/613 as amended from time to time. |
| SEBI Regulations | Means collectively, SEBI Act, SEBI Debt Regulations, SEBI LODR Regulations and Debenture Trustee Regulations etc.. |
| Trustee | Trustee for the Bondholders in this case being Axis Trustee Services Limited |

Conventional General Terms and Abbreviations

| Abbreviation | Full form |
|--------------------------------|---|
| CDSL | Central Depository Services (India) Limited |
| Companies Act or “Act” | The Companies Act, 2013 to the extent in force pursuant to the notification issued by the Ministry of Corporate Affairs and any amendments thereof, and the Companies Act, 1956 (to the extent it is applicable) |
| Cr | Crore |
| CARE | CARE Ratings Limited |
| Depositories Act | The Depositories Act, 1996, as amended from time to time |
| Depository Participant/ DP | A depository participant as defined under the Depositories Act |
| DP ID | Depository Participant Identification Number |
| DRR | Debenture Redemption Reserve |
| EBIT | Earnings Before Interest and Tax |
| EBITDA | Earnings Before Interest, Tax, Depreciation and Amortization |
| EBP | Electronic Book Provider |
| ECS | Electronic Clearing System |
| Financial Year/ Fiscal Year/FY | The accounting period commencing from 1 April of the previous year till 31 March of the year under reference. |
| GAAP | The generally accepted accounting principles or the Indian accounting standards, as applicable as on the date of this IM, as prescribed by the Institute of Chartered Accountants of India/ notified by the Ministry of Corporate Affairs, Government of India and consistently applied by the relevant person. |
| GIR | General Index Register Number |
| Ind AS | Indian Accounting Standards |
| KMP | Key Managerial Personnel |
| NSCCL | National Securities Clearing Corporation Limited, NSCCL |
| INR/ “₹” | Indian Rupees |
| NSDL | National Securities Depository Limited |
| KYC | Know Your Customer |
| QIB | Qualified Institutional Buyer, as defined in Regulation 2(1)(ss) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended |
| RBI | Reserve Bank of India |
| RBI Act | The Reserve Bank of India Act, 1934, as amended from time to time. |
| N.A. | Not Applicable |
| NEFT | National Electronic Fund Transfer |
| p.a. | Per annum |
| SEBI | Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 |
| PAN | Permanent Account Number |
| PAT | Profit After Tax |
| PBT | Profit Before Tax |
| ROC | Registrar of Companies |
| RTGS | Real Time Gross Settlement |
| TDS | Tax Deducted at Source |
| WDM | Wholesale Debt Market |

C) DISCLAIMERS

Disclaimer in relation to the Placement Memorandum

This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus under the Companies Act. This Placement Memorandum is prepared in conformity with the SEBI Regulations and the Companies Act and the rules thereunder. The distribution of this Placement Memorandum and Issue of Debentures to be listed on the WDM segment of NSE is being made strictly on a private placement basis. This Placement Memorandum is not intended to be circulated to more than 200 persons in the aggregate in a Financial Year and to any person other than an Eligible Investor. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. This Placement Memorandum does not constitute and shall not be deemed to constitute an offer or an invitation to subscribe to the Debentures to the public in general. This Placement Memorandum will be uploaded on the NSE Bond-EBP Platform to comply with the Operational Guidelines and offer will be made by issue of this Placement Memorandum along with signed Application Form after completion of the bidding, to successful bidders. This Placement Memorandum discloses information pursuant to the SEBI Debt Regulations as amended from time to time and shall be uploaded on the NSE BOND EBP Platform to facilitate invitation of bids. This Placement Memorandum shall be available on the wholesale debt market segment of the NSE after the final listing of the Debentures. Upon Issue/Bid Closing Date, the Issuer shall issue this Placement Memorandum along with a signed Application Form to the successful bidders who shall be eligible to make an offer by submission of the completed Application Form under the Application Form.

This Placement Memorandum has been prepared solely to provide general information about the Issuer to Eligible Investors to whom it is specifically addressed and who are willing and eligible to subscribe to the Debentures. This Placement Memorandum does not purport to contain all the information that any Eligible Investor may require. Further, this Placement Memorandum has been prepared for informational purposes relating to this transaction only and upon the express understanding that it will be used only for the purposes set forth herein.

Neither this Placement Memorandum nor any other information supplied in connection with the Debentures is intended to provide the basis of any credit or other evaluation and any recipient of this Placement Memorandum should not consider such receipt a recommendation to purchase any Debentures. Each Eligible Investor contemplating purchasing any Debentures should make its own independent investigation of the financial condition and affairs of the Issuer, and its own appraisal of the creditworthiness of the Issuer as well as the structure of the Issue. Potential Eligible Investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures and should possess the appropriate resources to analyse such investment and the suitability of such investment to such investor's particular circumstances. It is the responsibility of potential Eligible Investors to also ensure that they will sell these Debentures in strict accordance with this Placement Memorandum and Applicable Laws, so that the sale does not constitute an offer to the public, within the meaning of the Companies Act, 2013. Neither the intermediaries nor their agents nor advisors associated with the Issue undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Placement Memorandum or have any responsibility to advise any Eligible Investor or potential Eligible Investor in the Debentures of any information coming to the attention of any other intermediary. By subscribing to the Issue, Eligible Investors shall be deemed to have acknowledged that the Issuer does not owe them a duty of care in this respect. Accordingly, none of the Issuer's officers (including principal officer and/or its Directors) or employees shall be held responsible for any direct or consequential losses suffered or incurred by any recipient of this Placement Memorandum as a result of or arising from anything expressly or implicitly contained in or referred to in this Placement Memorandum or any information received by the recipient in connection with this Issue.

The Issuer confirms that, as of the date hereof, this Placement Memorandum (including the documents incorporated by reference herein, if any) contains all information that is material in the context of the Issue, is accurate in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they are made, and is not misleading. No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Placement Memorandum or in any material made available by the Issuer to any potential investor pursuant hereto and, if given or made, such information or representation must not

be relied upon as having been authorized by the Issuer. The Issuer certifies that the disclosures made in this Placement Memorandum are adequate and in conformity with the SEBI Regulations. Further, the Issuer accepts no responsibility for statements made otherwise than in the Placement Memorandum or any other material issued by or at the instance of the Issuer and anyone placing reliance on any source of information other than this Placement Memorandum for investment in the Issue would be doing so at his own risk. No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Placement Memorandum or in any material made available by the Issuer to any potential Eligible Investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer. The legal advisors to the Issuer and any other intermediaries and their agents or advisors associated with the Issue of Debentures have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the legal advisor to the Eligible Investor or any such intermediary as to the accuracy or completeness of the information contained in this Placement Memorandum or any other information provided by the Issuer. Accordingly, the legal advisors to the Issuer and other intermediaries associated with the Issue shall have no liability in relation to the information contained in this Placement Memorandum or any other information provided by the Issuer in connection with the Issue.

The Issuer does not undertake to update the Placement Memorandum to reflect subsequent events after the date of the Placement Memorandum and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer.

Neither the delivery of this Placement Memorandum nor any Issue made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof.

This Placement Memorandum and the contents hereof are restricted providing information under the SEBI Debt Regulations for the purpose of inviting bids on the NSE BOND-EBP Platform only for the Eligible Investors. An offer of private placement shall be made by the Issuer by way of issue of the signed Application Form to the successful bidders who have been addressed through a communication by the Issuer, and only such recipients are eligible to comply with the relevant regulations/guidelines applicable to them, including but not limited to Operational Guidelines for investing in this Issue. The contents of this Placement Memorandum and any other information supplied in connection with this Placement Memorandum or the Debentures are intended to be used only by those Eligible Investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced or disseminated by the recipient.

The Issue of the Debentures will be under the electronic book mechanism as required in terms of the Operational Guidelines.

No invitation is being made to any persons other than the Eligible Investors to whom Application Forms along with this Placement Memorandum and Application Form have been sent. Any application by a person to whom the Placement Memorandum and Application Form has not been sent by the Issuer shall be rejected without assigning any reason.

Invitations offers, and allotment of the Debentures shall only be made pursuant to this Placement Memorandum and Application Form. You may not be and are not authorized to (1) deliver this Placement Memorandum or any other information supplied in connection with this Placement Memorandum or the Debentures to any other person; or (2) reproduce in part or full, this Placement Memorandum or any other information supplied in connection with this Placement Memorandum or the Debentures in any manner whatsoever. Any distribution or reproduction of this Placement Memorandum in whole or in part or any public announcement or any announcement to third parties regarding the contents of this Placement Memorandum or any other information supplied in connection with this Placement Memorandum or the Debentures is unauthorized. Failure to comply with this instruction may result in a violation of the Companies Act, the SEBI Regulations or other Applicable Laws of India and other jurisdictions. This Placement Memorandum has been prepared by the Issuer for providing information in connection with the proposed Issue described in this Placement Memorandum.

Any person who is in receipt of this Placement Memorandum, including the Eligible Investors, shall not reproduce

or distribute in whole or part or make any announcement in public or to a third party regarding the contents without the consent of the Issuer. The recipient agrees to keep confidential all of such information provided (or made available hereafter), including, without limitation, the existence and terms of such transaction, any specific pricing information related to the transaction or the amount or terms of any fees payable to us or other parties in connection with such transaction. This Placement Memorandum may not be photocopied, reproduced, or distributed to others (other than the advisors of the Eligible Investors) at any time without the prior written consent of the Issuer.

This Placement Memorandum does not constitute, nor may it be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the Debentures or the distribution of this Placement Memorandum in any jurisdiction where such action is not permitted. Persons into whose possession this Placement Memorandum comes are required to inform themselves about and to observe any such restrictions. The Placement Memorandum is made available to the Eligible Investors in the Issue on the strict understanding that it is confidential.

Disclaimer in respect of jurisdiction

This Issue is made in India to investors as specified under “Who Can Bid/Apply/Invest” in the section “Issue Procedure” of this Placement Memorandum, who shall be specifically approached by the Issuer. This Placement Memorandum does not constitute an offer to sell or an invitation to subscribe to Debentures offered hereby to any person other than the Eligible Investors. Any disputes arising out of this Issue will be subject to the non-exclusive jurisdiction of the courts and tribunals of Chennai. This Placement Memorandum does not constitute an offer to sell or an invitation to subscribe to the Debentures herein, in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction.

Disclaimer in respect of the Securities & Exchange Board of India

This Placement Memorandum has not been filed with or submitted to the Securities & Exchange Board of India (SEBI). It is to be distinctly understood that this Placement Memorandum should not in any way be deemed or construed to have been approved or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any proposal for which the Debentures issued hereof is proposed to be made or for the correctness of the statements made or opinions expressed in this Placement Memorandum. The Issue of Debentures being made on a private placement basis, filing of this document is not required with SEBI, however SEBI reserves the right to take up at any point of time, with the Issuer, any irregularities or lapses in this Placement Memorandum.

Disclaimer in respect of the Stock Exchange

As required, a copy of this Placement Memorandum has been submitted to the Stock Exchange. It is to be distinctly understood that the aforesaid submission or in-principle approval given by NSE vide its letter Ref. No.: NSE/LIST/5937 dated February 10, 2023 or hosting the same on the website of NSE in terms of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time, should not in any way be deemed or construed that the Placement Memorandum has been cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Placement Memorandum; nor does it warrant that the Issuer's Debentures will be listed or continue to be listed on the Stock Exchange; nor does it take responsibility for the financial or other soundness of the Issuer, its promoters, its management or any scheme or project of the Issuer.

Every person who desires to apply for or otherwise acquire any Debentures of the Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer in respect of the credit rating agency

The ratings issued by CARE Ratings Limited are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings Limited has based its ratings/outlooks based on information obtained from reliable and credible sources. CARE Ratings Limited does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings Limited have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings Limited or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE Ratings Limited is, inter-alia, based on the capital deployed by the partners/proprietor and the current financial strength of the firm. The rating/outlook may undergo a change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE Ratings Limited is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE Ratings Limited's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

Disclaimer of the Trustee

Investors should carefully read and note the contents of the Placement Memorandum. Each prospective investor should make its own independent assessment of the merit of the investment in Bonds and the Bank. Prospective investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Bonds and should possess the appropriate resources to analyze such investment and suitability of such investment to such investor's particular circumstance. Prospective investors are required to make their own independent evaluation and judgement before making the investment and are believed to be experienced in Investing in debt markets and are able to bear the economic risk of investing in such instruments. The Debenture Trustee does not guarantee the terms of payment regarding the issue as stated in this Placement Memorandum and shall not be held liable for any default in the same. The Debenture Trustee ipso facto does not have the obligations of a borrower or a principal debtor or a guarantor as to the monies paid/invested by the subscribers to the Debentures.

Disclaimer in respect of the Arranger

The role of the Arranger in the assignment is confined to marketing and placement of the Debentures on the basis of this Placement Memorandum as prepared by MRF Limited. The Arranger has neither scrutinized nor vetted nor reviewed nor has it done any due-diligence for verification of the contents of this Placement Memorandum. The Arranger shall use this Placement Memorandum for the purpose of soliciting subscription(s) from Eligible Investors in the Debentures to be issued by the Issuer on a private placement basis. It is to be distinctly understood that the aforesaid use of this Placement Memorandum by the Arranger should not in any way be deemed or construed to mean that the Placement Memorandum has been prepared, cleared, approved, reviewed or vetted by the Arranger; nor should the contents to this Placement Memorandum in any manner be deemed to have been warranted, certified or endorsed by the Arranger so as to the correctness or completeness thereof.

Nothing in this Placement Memorandum constitutes an offer of securities for sale in the United States of America or any other jurisdiction where such offer or placement would be in violation of any law, rule or regulation. No action is being taken to permit an offering of the bonds in the nature of debentures or the distribution of this Placement Memorandum in any jurisdiction where such action is required. The distribution/taking/sending/dispatching/transmitting of this Placement Memorandum and the offering and sale of the Debentures may be restricted by law in certain jurisdictions, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

The Issuer has prepared this Placement Memorandum and the Issuer is solely responsible and liable for its contents. The Issuer will comply with all laws, rules and regulations and has obtained all regulatory, governmental, corporate and other necessary approvals for the issuance of the Debentures. The Issuer confirms that all the information contained in this Placement Memorandum has been provided by the Issuer or is from publicly available information, and such information has not been independently verified by the Arranger. No representation or warranty, expressed or implied, is or will be made, and no responsibility or liability is or will be accepted, by the Arranger or their affiliates for the accuracy, completeness, reliability, correctness or fairness of this Placement Memorandum or any of the information or opinions contained therein, and the Arranger hereby expressly disclaims any responsibility or liability to the fullest extent for the contents of this Placement Memorandum, whether arising in tort or contract or otherwise, relating to or resulting from this Placement Memorandum or any information or errors contained therein or any omissions therefrom. Neither Arranger and its affiliates, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of this document. By accepting this Placement Memorandum, the Eligible Investor accepts terms of this Disclaimer clause of Arranger, which forms an integral part of this Placement Memorandum and agrees that the Arranger will not have any such liability.

The Eligible Investors should carefully read this Placement Memorandum. This Placement Memorandum is for general information purposes only, without regard to specific objectives, suitability, financial situations and needs of any particular person and does not constitute any recommendation and the Eligible Investors are not to construe the contents of this Placement Memorandum as investment, legal, accounting, regulatory or Tax advice, and the Eligible Investors should consult with their own advisors as to all legal, accounting, regulatory, Tax, financial and related matters concerning an investment in the Debentures. This Placement Memorandum should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities mentioned therein, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

This Placement Memorandum is confidential and is made available to potential investors in the Debentures on the understanding that it is confidential. Recipients are not entitled to use any of the information contained in this Placement Memorandum for any purpose other than in assisting to decide whether or not to participate in the Debentures. This document and information contained herein or any part of it does not constitute or purport to constitute investment advice in publicly accessible media and should not be printed, reproduced, transmitted, sold, distributed or published by the recipient without the prior written approval from the Arranger and the Issuer. This Placement Memorandum has not been approved and will or may not be reviewed or approved by any statutory or regulatory authority in India or by any stock exchange in India. This document may not be all inclusive and may not contain all of the information that the recipient may consider material.

Each person receiving this Placement Memorandum acknowledges that:

1. Such person has been afforded an opportunity to request and to review and has received all additional information considered by it to be necessary to verify the accuracy of or to supplement the information herein; and
2. Has not relied on the Arranger and/or its affiliates that may be associated with the Debentures in connection with its investigation of the accuracy of such information or its investment decision.

Issuer hereby declares that the Issuer has exercised due-diligence to ensure complete compliance of applicable disclosure norms in this Placement Memorandum. The Arranger: (a) is not acting as trustee or fiduciary for the investors or any other person; and (b) is under no obligation to conduct any "know your customer" or other procedures in relation to any person. The Arranger is not responsible for (a) the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Issuer or any other person in or in connection with this Placement Memorandum; or (b) the legality, validity, effectiveness, adequacy or enforceability of this Placement Memorandum or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with this Placement Memorandum; or (c) any determination as to whether any information provided or to be provided to any investor is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

The Arranger or any of their directors, employees, affiliates or representatives do not accept any responsibility and/or liability for any loss or damage arising of whatever nature and extent in connection with the use of any of the information contained in this document. By accepting this Placement Memorandum, investor(s) agree(s) that the Arranger will not have any such liability.

Please note that:

- (a) The Arranger and/or their affiliates may, now and/or in the future, have other investment and commercial banking, trust and other relationships with the Issuer and with other persons ("Other Persons");
- (b) As a result of those other relationships, the Arranger and/or their affiliates may get information about Other Persons, the Issuer and/or the Issue or that may be relevant to any of them. Despite this, the Arranger and/or their affiliates will not be required to disclose such information, or the fact that it is in possession of such information, to any recipient of this Placement Memorandum;
- (c) The Arranger and/or their affiliates may, now and in the future, have fiduciary or other relationships under which it, or they, may exercise voting power over securities of various persons. Those securities may, from time to time, include securities of the Issuer; and
- (d) The Arranger and/or their affiliates may exercise such voting powers, and otherwise perform its functions in connection with such fiduciary or other relationships, without regard to its relationship to the Issuer and/or the securities.

Cautionary note

The Eligible Investors have confirmed that they: (i) are knowledgeable and experienced in financial and business matters, have expertise in assessing credit, market and all other relevant risk and are capable of evaluating, and have evaluated, independently the merits, risks and suitability of purchasing the Debentures, (ii) understand that the Issuer has not provided, and will not provide, any material or other information regarding the Debentures, except as required in terms of the Transaction Documents, (iii) have not requested the Issuer to provide it with any such material or other information except as required in terms of the Transaction Documents, (iv) have not relied on any investigation that any person acting on their behalf may have conducted with respect to the Debentures, (v) have made their own investment decision regarding the Debentures based on their own knowledge (and information they have or which is publicly available) with respect to the Debentures or the Issuer, (vi) have had access to such information as deemed necessary or appropriate in connection with purchase of the Debentures, (vii) are not relying upon, and have not relied upon, any statement, representation or warranty made by any person, other those as set out under the Transaction Documents, and (viii) understand that, by purchase or holding of the Debentures, they are assuming and are capable of bearing the risk of loss that may occur with respect to the Debentures, including the possibility that they may lose all or a substantial portion of their investment in the Debentures, and they will not look to the Debenture Trustee appointed for the Debentures for all or part of any such loss or losses that they may suffer.

Recipients shall not be entitled to use any of the information otherwise than for deciding whether to invest in the Debentures.

No person including any employee of the Issuer has been authorized to give any information or to make any representation not contained in this Placement Memorandum. Any information or representation not contained herein must not be relied upon as having been authorized by or on behalf of the Issuer. Neither the delivery of this Placement Memorandum at any time nor any statement made in connection with the offering of the Debentures shall under the circumstances imply that any information/representation contained herein is correct at any time subsequent to the date of this Placement Memorandum. The distribution of this Placement Memorandum or the Application Forms and the offer, sale, pledge or disposal of the Debentures may be restricted by law in certain jurisdictions. Persons into whose possession this Placement Memorandum comes are required by the Issuer to inform themselves about and observe any such restrictions. The sale or transfer of these Debentures outside India may require regulatory approvals in India, including without limitation, the approval of the RBI.

Confidentiality

By accepting a copy of this Placement Memorandum or any other information supplied in connection with this Placement Memorandum or the Debentures, each recipient agrees that neither it nor any of its employees or advisors will use the information contained herein for any purpose other than evaluating the transaction described herein or will divulge to any other party any such information. This Placement Memorandum or any other information supplied in connection with this Placement Memorandum or the Debentures must not be photocopied, reproduced, extracted or distributed in full or in part to any person other than the recipient without the prior written consent of the Issuer.

Issue of Debentures in Dematerialised Form

The Debentures will be issued only in dematerialised form. The Issuer has made arrangements with the Depositories for the issue of the Debentures in dematerialised form. Investors will have to hold the Debentures in dematerialised form as per the provisions of Depositories Act. The DP's name, DP ID and beneficiary account number must be mentioned at the appropriate place in the Application Form. The Issuer shall take necessary steps to credit the Debentures allotted to the depository account of the investor. The Issuer shall ensure the Debentures are credited to the demat accounts of the Debenture Holders within 2 (two) working days from the Deemed Date of Allotment.






D) ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Placement Memorandum contains all information with regard to the Issuer and the Issue which is material in the context of the Issue, that the information contained in the Placement Memorandum is true and correct to the best of its knowledge and belief in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinion or intentions misleading.





E) DETAILS OF PROMOTERS

| Name | Mr. K M Mammen | Mr. Arun Mammen | Mr. Rahul Mammen Mappillai | Mr. Samir Thariyan Mappillai | Mr. Varun Mammen |
|--------------------------------------|---|--|---|---|---|
| Date of Birth | 08.02.1949 | 12.11.1964 | 30.03.1978 | 20.03.1982 | 04.08.1982 |
| Age | 73 | 58 | 44 | 40 | 40 |
| Personal Address | Deerhurst , 17 Boat Club Road, 3rd Avenue, R A Puram, Chennai, Tamil Nadu – 600 028 | 11 Boat Club Road, 3rd Avenue, R.A.Puram, Chennai, Tamil Nadu – 600 028 | 12, Boat Club Road, 3rd Avenue, R.A.Puram, Chennai, Tamil Nadu – 600 028 | Deerhurst, No.17, Boat Club Road, 3rd Avenue, Raja Annamalai Puram, Chennai, Tamil Nadu - 600 028 | Old No.3A, New No.6, Riverside Road, Kotturpuram, Chennai, Tamil Nadu- 600 028 |
| Educational Qualifications | B.A | B.Com., M.B.A | B.A. (Hons.) MBA | B.A., M.A, MBA | B.Tech.(M)., MBA., M.Sc |
| Experience in business or employment | Mr. K M Mammen is on the Board of the Company since 20.02.1981. Mr.K M Mammen is a graduate from the Madras Christian College, Chennai. | Mr Arun Mammen is on the Board of the Company since 29.03.1990. He is a graduate from the Madras Christian College. After graduation, he went to | Mr. Rahul Mammen Mappillai is on the Board of the Company since 25.11.2010. He holds a B.A. (Hons.) Economics degree from St. Stephen's | Mr. Samir Thariyan Mappillai is on the Board of the Company since 4th August, 2017. Mr. Samir Thariyan Mappillai has completed his B.A., Economics from St. | Mr. Varun Mammen is on the Board of the Company from 04th August, 2017. He is a graduate in Chemical Engineering from the University of Madras, Chennai. He holds a Masters degree (MSc) in |

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| | <p>After graduation, he went to USA for training with MRF's erstwhile Collaborators viz., The Mansfield Tire & Rubber Co. He joined the Board in 1981 and was later appointed as Whole-time Director of the Company and subsequently became its Vice-Chairman & Managing Director in 1986 and Chairman & Managing Director in 2003.</p> <p>Mr. K M Mammen is associated with several Chambers of Commerce and is a sponsor and promoter of sports. His personal attention resulted in the success of MRF Pace Foundation which imparts training in fast bowling, not only to Indian bowlers but also to players of other cricket playing countries. He has taken keen interest in motor racing and rallies in which he has carved out a place for India on the world map. Mr K M Mammen is also a past Chairman of Automotive Tyre Manufacturers' Association (ATMA).</p> <p>Mr. K M Mammen is the President of Madras Christian College Alumni Association. He is a member, executive committee, FICCI. He held the Chairmanship of the CII National Committee on sports and was a member in the CII National Council.</p> | <p>USA and obtained his Master's Degree in Business Administration (MBA) from the Ashland University. During his stay in USA, he underwent training from M/s. B F Goodrich Tire & Co., and Uniroyal Goodrich Tire & Co., who were the leading manufacturers in the world. He became the Whole-time Director of the Company in the year 1990. Mr. Arun Mammen has great passion towards cricket and motorsports. In 2013, he was appointed as Managing Director of the Company and in 2018 he was appointed as Vice Chairman and Managing Director of the Company.</p> | <p>College, Delhi and a Masters degree in Business Administration (MBA) from the University of Michigan Ross School of Business, Ann Arbor, USA. He joined the Company as Corporate Manager - Planning and Development in 2003 and rose to the position of Vice President - Planning and Development. In 2010, he was appointed as Whole-time Director of the Company and in 2017 he was appointed as Managing Director of the Company and in 2022 he was re-appointed as Managing Director for a further period 5 years. He has experience in handling all major functions in the Company.</p> | <p>Stephen's College, Delhi and M.A., (Economics) from the University of Madras. Thereafter, he did his Masters Degree in Business Administration (M.B.A.), from Kellogg School of Management, North Western University, Illinois, USA. Mr. Samir Thariyan Mappillai joined the Company as Corporate Manager in the Marketing department in 2010 and was later promoted as Deputy General Manager Marketing in 2011 and General Manager – Marketing in 2014 in the Company. He has varied experience in all major functions in marketing and product development. In 2017, he was appointed as Whole-time Director of the Company and in 2022 he was re-appointed as Whole-time Director for a further period 5 years.</p> | <p>Polymer Materials Science and Engineering from The University of Manchester, UK. He has also obtained a Masters degree in Business Administration (MBA) from The Wharton School, University of Pennsylvania, USA. He joined the Company as Deputy General Manager in the Manufacturing Division in 2011 and was later promoted as General Manager-Manufacturing in 2014 in the Company. He has undertaken many projects within Manufacturing to make improvements to the existing processes, resulting in greater efficiency, smoother operations and significant cost savings across all factories. In 2017, he was appointed as Whole-time Director of the Company and in 2022 he was re-appointed as Whole-time Director for a further period 5 years.</p> |
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|---|--|---|--|--|--|
| Details of directorships held and positions held / posts held in the past / Other ventures of the Promoter | Directorship: MRF Corp Ltd, MRF International Limited, Stable Investments and Finance Co. Ltd, Badra Estates and Industries Ltd, MRF SG PTE LIMITED and Madras Christian College | Directorship: Funschool (India) Limited, MRF Corp Limited, MRF International Limited, M.M. Housing Pvt.Ltd, MRF Lanka Pvt Limited, Chennai Wellindon Corporate Foundation, Kodaikanal International School and MRF SG PTE LTD | Directorship: MRF SG PTE. LTD, Chennai International Centre. | Nil | Nil |
| Special Achievements | - | - | - | - | - |
| Business and Financial activities | Chairman and Managing director of MRF Limited | Vice Chairman and Managing director of MRF Limited | Managing director of MRF Limited | Whole-time director of MRF Limited | Whole-time director of MRF Limited |
| Photograph |  |  |  |  |  |
| Permanent Account Number (PAN) | AAEPM031R | AADPM7707R | AAVPM3781H | AFIPM2615N | ACJPV3837B |
| Tel. No. | 044-28292777 | 044-28292777 | 044-28292777 | 044-28292777 | 044-28292777 |
| Email Id | cmdoffice@mrfmail.com | vcmdoffice@mrfmail.com | rahul.mammen@mrfmail.com | samir.thariyan@mrfmail.com | varun.mammen@mrfmail.com |

| | | | | | | |
|---|--|--|---|---|---|--|
| Name | Mrs. Ambika Mammen | Dr (Mrs) Cibi Mammen | Mrs Meera Mammen | Mrs Aditi Mammen Gupta | M/s. Comprehensive Investment and Finance Company Pvt. Ltd. | M/s.Peninsular Investments Private Limited |
| Date of Birth | 04.12.1954 | 05.06.1971 | 06.09.1955 | 21.08.1985 | N.A. | N.A. |
| Age | 68 | 51 | 67 | 37 | N.A. | N.A. |
| Personal Address | Deerhurst, 17 Boat Club Road, 3rd Avenue, R A Puram, Chennai, Tamil Nadu- 600 028 | 11 Boat Club Road, 3rd Avenue, R. A. Puram, Chennai, Tamil Nadu- 600 028 | Old No.3A, New No.6, Riverside Road, Kotturpuram, Chennai, Tamil Nadu- 600 028 | No.6, Parthasarathy Gardens, Alwarpet, Chennai 600 018 | 65, Patheon Road Egmore Chennai - 600008 | 65, Patheon Road Egmore Chennai - 600008 |
| Educational Qualifications | B.com (Hons.) | BDS | B.A. (Sociology), M.A.(IS) | B.A, MSc | N.A. | N.A. |
| Experience in business or employment | Mrs. Ambika Mammen is on the Board of the Company since 23rd April, 2015. Mrs. Ambika Mammen is a Commerce Graduate and graduated with honors from Kolkatta University. She did her schooling in Loreto House, Kolkatta. She has rich experience in administration and management. She is associated with various social associations and involved in social activities. | Dr. (Mrs) Cibi Mammen is on the Board of the Company since 12th February, 2015. Dr. (Mrs) Cibi Mammen is a BDS graduate from Dr MGR University, Chennai. She is on the Board of Funschool (India) Limited, a leading toy Company in India offering wide range of brands. She has good experience in administration and in Management. She has moderated forums in the spouses wing of the Young Presidents' Organisation. She is a member of the Indian Women's Association (IWA). | Mrs Meera Mammen is a B.A. (Sociology) graduate from the University of Madras and has done her M.A. (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. Mrs Meera Mammen is in charge of the welfare activities of the employees of the entire company and their spouse and children. The employee strength of the organization over these years has steadily increased and at present is 18734. employees, employed in our 9 manufacturing units situated at 6 different states / union territory besides sales units spread all over the country. | In business, Co-founder of Origin Nutrition in health food sector | N.A. | N.A. |

| | | | | | | |
|---|--|--|---|---|--|--|
| Details of directorships held and positions held / posts held in the past / Other ventures of the Promoter | Directorship: Devon Machines Private Limited, Pearl Investments & Finance Co. Ltd., Comprehensive Investment & Finance Company Private Limited, Funkskool (India) Ltd., Peninsular Investments Private Limited, Coastal Rubber Equipment Private Limited, Tranquil Investments P Ltd., Kandathil Investments P Ltd. and JCEE Manufacturing and Services Private Limited. | Directorship: Devon Machines Private Limited, Pearl Investments & Finance Co. Ltd., Comprehensive Investment & Finance Company Private Limited, Funkskool (India) Ltd., Peninsular Investments Private Limited, Coastal Rubber Equipment Private Limited, Tranquil Investments P Ltd, Avittam Investments Private Limited and V A Investments P Ltd. | Directorship: Pearl Investments & Finance Co Ltd, Funkskool (India) Ltd. Tranquil Investments P Ltd. Avittam Investments Private Limited and V A Investments p Ltd. | Directorship: Origin Nutrition Private Limited | N.A. | N.A. |
| Special Achievements | - | - | - | - | - | - |
| Business and Financial activities | Non-Executive Director of MRF Limited | Non-Executive Director of MRF Limited | Vice President – Welfare of MRF Limited | Company Director | NBFC Business | NBFC Business |
| Photograph |  |  |  |  | N.A. | N.A. |
| Permanent Account Number (PAN) | AANPM983E | AAMP9603R | AAVPM3782E | AJUPM3952E | AAACC1401A | AAACP1970F |
| Tel. No. | 044-28292777 | 044-28292777 | 044-28292777 | 044-24998888 | 044-28554772 | 044-28554125 |
| Email ID | ambika_m@yahoo.com | cbmammen@gmail.com | meera.mammen@mrffmail.com | aditimammengupta@gmail.com | cifc@cremail.in | pipl@cremail.in |

| | | | |
|-------------------------|---|--|---------------------------------------|
| Name | M/s.JCEE Manufacturing and Services Pvt Ltd | M/s.Braga Industries LLP | M/s.Devon Machines Pvt Ltd |
| Date of Birth | N.A. | N.A. | N.A. |
| Age | N.A. | N.A. | N.A. |
| Personal Address | No. 65 Pantheon Road, First Floor, Mercury | No.65, First Floor, Mercury Apartments, Pantheon Road, Egmore Chennai 600008 | 10, Infantry Road, Bangalore - 560001 |

| | | | |
|---|--|--|--|
| | Apartments, Egmore Chennai - 600008 | | |
| Educational Qualifications | N.A. | N.A. | N.A. |
| Experience in business or employment | N.A. | N.A. | N.A. |
| Details of directorships held and positions held / posts held in the past / Other ventures of the Promoter | N.A. | N.A. | N.A. |
| Special Achievements | N.A. | N.A. | N.A. |
| Business and Financial activities | In Business of manufacturing tyre machinery | In Business of manufacturing tyre machinery | In Business of manufacturing tyre machinery |
| Photograph | N.A. | N.A. | N.A. |
| Permanent Account Number (PAN) | AADCJ0103B | AAPFB0784P | AAACD4236A |
| Tel. No. | 044-28554125 | 044-28554125 | 044-26253036 |
| Email ID | jcee@cremail.in | braga@cremail.in | devonaccounts@devonmachines.com |

F) DECLARATION BY THE ISSUER

The Issuer declares that the Permanent Account Number, Aadhaar Number, Driving License Number, Bank Account Number(s) and Passport Number of the Promoters and Permanent Account Number of Directors have been submitted to the stock exchanges where the listing is proposed, at the time of seeking in-principle approval.

G) DETAILS OF CREDIT RATING,

| Name of Rating Agency | Date of rating | Rating Assigned |
|------------------------------|-----------------------|------------------------|
| Care Ratings Limited | October 14, 2022 | CARE AAA; Stable |





Issuer declares that credit rating assigned is valid as on date of this Placement Memorandum. For rating letter along with press release please refer to **Annexure B** of this Placement Memorandum.

H) LISTING

The Debentures are proposed to be listed on NSE. NSE is the Designated Stock Exchange.

The Issuer will create Recovery Expense Fund with NSE Limited with required amount in accordance with SEBI Circular numbering SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020.

I) NAME AND DETAILS OF TRUSTEE, CREDIT RATING AGENCY, REGISTRAR TO THE ISSUE, STATUTORY AUDITORS, LEGAL COUNSEL AND ARRANGER

| | |
|----------------------------------|---|
| Trustee for the Bondholders |  <p>Axis Trustee Services Limited Corporate Office : The Ruby, 2nd Floor I SW I 29 Senapati Bapat Marg I Dadar west, Mumbai – 400 028 Tel no.: +91-22-62300451 Contact Person: Chief Operating Officer Email: debenturetrustee@axistrustee.in Website : www.axistrustee.in</p> |
| Credit Rating Agency |  <p>CARE Ratings Limited 4th Floor, Godrej Coliseum, Somiaya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai - 400 022 Contact Person: Ms. Ravleen Sethi Tel no.: 9818032229 E-mail: ravleen.sethi@careedge.in Website: https://www.careedge.in</p> |
| Registrar to the Issue |  <p>Cameo Corporate Services Limited “Subramanian Building”, 1, Club House Road, Chennai – 600 002. Tel : +91-44-28460390 E-Mail : priya@cameoindia.com Contact Person : Ms K Sreepriya VP & Company Secretary Website : www.cameoindia.com</p> |
| Statutory Auditors of the Issuer | <p>M M Nissim & Co LLP, Chartered Accountants, Mumbai Barodawala Mansion, B-Wing, 3rd Floor, 81, Dr. Annie Besant, Worli, Mumbai – 400 018 Contact Person : Mr Kashinath E-Mail : nkashinath@mmnissim.com Website : www.mmnissim.com Tel No. 022 2496 9900</p> <p>Sastri & Shah, Chartered Accountants Chennai “Leelavati” No.98, Armenian Street Chennai – 600 001 Contact Person : Mr CR Kumar E-mail : sastriandshah@gmail.com Web site : sastriandshah@co.in Tel No. 044 2522 3031</p> |
| Legal Counsel |  <p>AZB & Partners AZB House Peninsula Corporate Park</p> |

| | |
|--------------------------|---|
| | Ganpatrao Kadam Marg Lower Parel Mumbai 400013 India Contact Person: Mr. Shivanand Nayak Email: shivanand.nayak@azbpartners.com Tel: + 91 22 4072 9999 Website: www.azbpartners.com |
| Arranger(s) of the issue |  SBI Capital Markets Limited 202, Maker Tower 'E', Cuffe Parade, Mumbai 400 005 Contact Person: Mr. Mandeep Singh Tel: 022 22178300 Fax: 022 2218 8332 Email: dcm@sbicaps.com Website: www.sbicaps.com |

J) A BRIEF SUMMARY OF THE BUSINESS/ ACTIVITIES OF THE ISSUER AND ITS SUBSIDIARIES WITH THE DETAILS OF BRANCHES OR UNITS IF ANY AND ITS LINE OF BUSINESS

Overview of the business of the Issuer

The Company was incorporated in 1960 and is engaged in the manufacture of Automobile Tyres and Tubes. The major part of its revenue accrues from sale of tyres and tubes. The production facilities of the Company are spread over 10 units, located in 5 States viz., Tamil Nadu, Telangana, Kerala, Gujarat, Goa and in the Union Territory of Puducherry.

During fiscal 2021-22, the Company achieved a total income of Rs.19304 Crores. There was an overall increase of 18% in tyre production in financial Year 2022, with all product groups showing growth. In the Heavy Commercial Vehicle product group, there was an increase of 15% over the previous year while Light Commercial Vehicle Tyres increased by around 13%. Small Commercial Vehicle Tyres increased by 44% in Three Wheel product group, while it increased by 13% in Four Wheel product group. Passenger & SUV showed a growth of 21%. The Farm product group grew by 7%. The Motorcycle and Scooter product groups increased by 11% and 33% respectively. The OTR product group grew by 38%.

MRF continues to be ranked among the World's Top 20 Tyre manufacturers as per the Global Tyre Industry Ranking published by Automotive Tyre Manufacturers' Association for 2021.

Product expansion

MRF has expanded its product range to add new products across categories.

In the PCR category, a new premium product the MRF Markus range of tyres has been specially designed and engineered for Luxury SUV's and is OE fitment on a few major Indian Automobile brands. Available in 8 sizes the Markus is ideally suited to SUV's of several multinational luxury brands.

In the OTR category it has launched two new products the 12.00-24 MUSCLEROK-X PLUS N20 TT and 16.00-25 MUSCLEROK E3 N40 TT CHEVRON.

In the two wheeler segment 90/100-10 ZAPPER C1 TL, 120/80-12 and 130/80-12 ZAPPER V TL, 140/60R17 REVZ MG TL has been launched successfully.

Technology Absorption and Innovation

Efforts made towards technology absorption, adaptation and innovation:

Joint R&D with Indian and foreign universities and research institutes:

Towards continued excellence in tyre technology, in addition to a robust in-house R&D programme, we have collaborative R&D projects with institutions of eminence in India and abroad (including Ph.D programs and consultancy projects). The projects involve a comprehensive scientific understanding of the various materials' interfaces in tyres, materials and design parameters on noise-vibration- harshness (NVH), exploration of new and sustainable (bio-derived) materials, and nano and nano structured materials with the overall stated goal of the company to continuously advance green and sustainable tyre technology. The joint R&D programs result in Ph.Ds, international publications and patents.

Import substitution

Towards import substitution, we have initiated joint development programs for raw materials such as sulphur, resource-formaldehyde resin, emulsion SBR, butyl rubber, micro crystalline wax, super tackifier resin, etc., with domestic suppliers.

Exports

Exports of Tyres grew by a substantial 33% over the previous year. Export turnover is Rs 1779 crores in financial year 2021-22 as compared to Rs 1333.37 crores in 2020-21. Post the 2nd wave of the pandemic in early 2021 and opening up of our key markets, there was encouraging demand for MRF tyres from its valued Customers.

The traditional strong markets of Bangladesh, Philippines, Indonesia, the African continent and the Middle East region showed substantial growth across categories. The demand for MRF Truck Bias, Truck Radial, and Light truck tyres continued to grow reflecting the strong demand and brand equity of the tyres.

Huge surge of demand was also seen in Motorcycle tyres across markets like the African region, Bangladesh, & Latin American countries.

Going forward we expect the demand and preference for MRF tyres to continue while we explore newer markets to establish our dominance across categories.

Sustainability Initiatives

Company has adopted sustainability as its main goal and protecting the environment is key to achieve the goal. The Company has improved the share of sustainable raw materials in tyres. To meet the emission norms under R117 and AIS 142 standards several low RR tyres have been developed which were approved by Indian and global passenger car OEMs. Similar activities are underway in tyres for commercial vehicles' segment as well.

Development of low rolling resistance tyres with an increased share of renewable materials (without compromise in grip) will improve the carbon footprint, thus contributing to the overall sustainability goal. Material group of the Company has embarked on attaining import substitution of raw materials such as resins, rubber, wax, process aids, etc., which will eventually result in their sourcing from local sources with cost saving.

Recognition by Brand Finance

Brand Finance, the world's leading brand valuation consultancy has come out with its brand survey for India and MRF has been adjudged as No.6 amongst the top 10 strongest brands in the country.

Subsidiaries of the Issuer

The Issuer's subsidiaries are set out as below:

a) MRF Corp. Limited: The Company was incorporated on 26th Aug 1985. This is 100% wholly owned subsidiary of the company. The company for the financial year ended 31st March, 2022 has posted a turnover of Rs.318.16 Crores with a net profit of Rs.14.64 Crores.

b) MRF International Limited

The Company was incorporated on 23rd October 1992. MRF holds 94.66% in the equity capital of the company. The company for the financial year ended 31st March, 2022 has posted a turnover of Rs.0.14 Crores with a net profit of Rs.0.10 Crores.

c) MRF Lanka (Private) Limited

The company was incorporated on 15th June, 2005 in Sri Lanka. It is 100% wholly owned subsidiary of the company. The company for the financial year ended 31st March, 2022 has posted a turnover of Rs.11.92 Crores with a net profit of Rs.0.06 Crores.

d) MRF SG PTE LTD

The company was incorporated on 23rd July 2014 in Singapore. It is 100% wholly owned subsidiary of the company. The company for the financial year ended 31st March, 2022 has posted a turnover of Rs.2048.07 Crores with a net profit of Rs.7.19 Crores.

Corporate Structure of the Issuer

The Board comprises of 14 Directors which includes a Chairman & Managing Director, a Vice Chairman and Managing Director, a Managing Director, 2 Whole-time Directors, 2 Non-Executive Directors and 7 Independent Directors.

The various Functions/Departments are handled by Executive Vice Presidents and Vice Presidents of the Company.

Project Cost and means of financing, in case of funding of new projects

Not applicable

K) RISK FACTORS

Investors should carefully consider the risks described below, together with the risks described in the other sections of this Placement Memorandum before making any investment decision relating to the Bonds. In making an investment decision, each investor must rely on its own examination of the Issuer and the terms of the Bonds. The risks described below are not the only ones that may affect the Bonds. Additional risks not currently known to the Issuer or that the Issuer currently deems immaterial may also impair the Issuer's business operations. The occurrence of any of the following events could have a material adverse effect on the Bank's business including the quality of its assets, its liquidity, its financial performance, its ability to implement its strategy and its ability to repay the interest or principal on the Bond in a timely manner or at all.

Before making an investment decision, prospective investors should carefully consider all of the information contained in this Placement Memorandum, including the financial statements included in this Placement Memorandum.

Risks related to Business of the Issuer

a) **Price Risk**

The key risk in financial year 2022-23 is the uncertainty arising out of steep increase in raw material prices and inflation which will result in the auto mobile industry remaining in slow lane in financial year 2022-23 and will slow down growth which will pose challenge to the Company's performance. Moreover, the war in Ukraine will pose supply chain bottlenecks for the Auto Industry and also result in uncertainties which will keep commodity prices high.

Challenges faced with regard to availability of raw materials due to Covid-19 continues to remain. Moreover, restrictions in China consequent to the Omicron wave will continue to have its impact on the supply chain situation.

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

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

Total exposure of the Company to Natural Rubber was Rs 4425.25 Crores in the financial 2021-2022.

Impact of Macro-economic changes on Company performance

Forecast of a normal monsoon for the fourth year in a row will be a positive for the rural sector and the economy as a whole. However the impact of favourable climatic conditions in following years is a variable factor. High agricultural prices arising from the geo political situation should be a boost to the rural sector. Higher Government spend on infrastructure should be a growth positive for the related sectors. Production Linked Incentives and Free Trade Agreements will be a boost to manufacturing in the long run. However the high inflation could have a negative impact on consumption. As part of its stated policy to curb inflation RBI has increased and may continue to increase interest rates which will increase cost of Funds and may curb demand. Central Banks the world over are fighting inflation through interest rate hikes and other monetary measures which might curb growth and international trade. This could be a dampener for Exports. The continuing war in Ukraine will be an uncertainty and will keep commodity prices high.

| Risk related for foreign exchange exposure | | |
|---|------------|------------|
| Unhedged Short Term Exposures: (Rs Crores) | 31.03.2022 | 31.03.2021 |
| Financial Assets | 253.61 | 174.23 |
| Financial Liabilities | 212.40 | 233.39 |

The company is mainly exposed to changes in US Dollar. The sensitivity to a 2% (Previous year 2%) increase or decrease in US Dollar against INR with all other variables held constant will be +/(-) Rs. 0.87 Crores (Previous year – Rs. 0.82 Crores). The Sensitivity analysis is prepared on the net unhedged exposure of the company at the reporting date. Hedged Foreign Currency Exposures: Foreign Exchange forward Contracts on External Commercial borrowings and certain highly probable forecast transactions, are measured at fair value through OCI on being designated as Cash Flow Hedges.

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

b) Financial Risk:

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main

purpose of these financial liabilities is to finance the operations of the Company. The principal financial assets include trade and other receivables, investments in mutual funds, bonds, cash and short term deposits. The Company has assessed market risk, credit risk and liquidity risk to its financial instruments.

c) Credit risk:

Credit Risk Is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. It arises from credit exposure to customers, financial instruments viz., Investments in Equity Shares, Bonds, Debt Funds, Fixed Deposits Others and Balances with Banks. The Company's marketing policies are well structured and all replacement sales are predominantly through dealers and the outstanding are secured by dealer deposits. As regards sales to O.E., and other institutional sales, the Company carries out periodic credit checks and also limits the exposure by establishing maximum payment period for customers and by offering prompt payment discounts. The outstanding trade receivables due for a period exceeding 180 days as at the year ended 31st March, 2022 is 0.25% (31st March, 2021 0.64%) of the total trade receivables. There are no transactions with single customer which amounts to 10% or more of the Company's revenue. The company uses Expected Credit Loss (ECL) Model to assess the impairment loss or gain. The allowance for lifetime ECL on customer balances for the year ended 31 March, 2022 was Rs 2.08 Crores and for the year ended 31 March, 2021 was Rs. 2.45 Crores.

d) Interest Rate Risk :

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

e) Liquidity Risk :

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

The Company has a system of forecasting rolling three months cash inflow and outflow and all liquidity requirements are planned. All Long term borrowings are for a fixed tenor and generally these cannot be foreclosed.

The Company has access to various source of Short term funding and debt maturing within 12 months can be rolled over with existing lenders/new lenders, or repaid based on short term requirements. Trade and other payables are plugged into the three months rolling cash flow forecast to ensure timely funding, if required. All payments are made along due dates and requests for early payments are entertained after due approval and availing early payment discounts.

f) Potential environmental risks :

As part of Environmental Management System (EMS), the environmental risks are identified, assessed through Environmental Aspect and Impact Assessment Form. Based on this, Environmental Management Programs (EMP) are initiated. All our Plants are certified for EMS ISO 14001: 2015 by TuV Nord.

Risk Mitigation Policy and Board Oversight

The company has developed and implemented a detailed risk management policy for the Company including identification therein of elements of risks, if any, which in the opinion of the Board may threaten the existence of the Company as required under the Companies Act, 2013 read with Regulation 21 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has constituted a Risk Management Committee of the Board comprising of executive directors and an independent director of the Company as required under Securities and Exchange Board of India (Listing

Obligations and Disclosure Requirements) Regulations, 2015.

The Committee reviews the risk management initiatives taken by the Company on a half yearly basis and evaluates its impact and the plans for mitigation.

g) Risk Related to Unaudited Financial Information

This Placement Memorandum includes unaudited financial information, which has been subjected to limited review, in relation to the Issuer..

This Placement Memorandum includes the Unaudited Financial Results, for the quarter ended September 30, 2022 and for the quarter ended December 31, 2022, in respect of which the Auditors have issued their limited review report dated 8th November 2022 and dated 9th February 2023 respectively. For further details in relation to Unaudited Financial Results for the quarter ended September 30, 2022 and for the quarter ended December 31, 2022, please refer to **Annexure H** of this Placement Memorandum. Any financial results published in the future may not be consistent with past performance. Accordingly, prospective investors should rely on their independent examination of our financial position and results of operations, and should not place undue reliance on, or base their investment decision solely on the financial information included in this Placement Memorandum.

RISK RELATED TO THE ISSUE

a) The Bonds may not be a suitable investment for all investors.

An investment in Debentures involves risks. These risks may include, among others, equity market, bond market, interest rate, market volatility and economic, political and regulatory risks and any combination of these and other risks. Some of these are briefly discussed below. Potential Investors and subsequent purchasers of the Debentures should be experienced with respect to transactions in instruments such as the Debentures. Potential Investors and subsequent purchasers of the Debentures should understand the risks associated with an investment in the Debentures and should only reach an investment decision after careful consideration, with their legal, tax, accounting and other advisers, of (a) the suitability of an investment in the Debentures in the light of their own particular financial, tax and other circumstances and (b) the information set out in this Placement Memorandum.

Each potential investor in the Debentures must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Debentures, the merits and risks of investing in the Debentures and the information contained in this Placement Memorandum;
- have access to, and knowledge of, the appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Debentures and the impact the Debentures will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Debentures;
- understand thoroughly the terms of the Debentures and be familiar with the nature of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Debentures are complex financial instruments and investors may purchase such instruments as a way to manage risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Debentures unless it has the expertise (either alone or with a financial advisor) to evaluate how the Debentures will perform under changing conditions, the resulting

effects on the value of the Debentures and the impact this investment will have on the potential investor's overall investment portfolio.

b) Eligible Investors may not be able to recover, on a timely basis or at all, the full value of outstanding amounts on the Debentures.

Issuer's ability to pay interest accrued and the principal amount outstanding from time to time in connection with the Bonds is subject to various factors, including the Issuer's financial condition, profitability and the general economic conditions in India and in the global financial markets. Further, the Debentures may decline in value and marketability and Investors should note that, whatever their investment in the Debentures, the cash amount due at the respective maturity dates will be equivalent to the face value of the Debentures. More than one risk factor may have simultaneous effect with regard to the Debentures such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the Debentures.

c) The Issuer is not required to create a debenture redemption reserve ("DRR") as per the provisions of the Companies Act, 2013.

As per Section 71 of the Companies Act, 2013 read with Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014 creation of a debenture redemption reserve, is not required to be done in case of private placement of debentures by listed companies. Hence, we are not required to create a debenture redemption reserve. Accordingly, we may not consider it necessary to create debenture redemption reserve. Consequently, the Investor may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the Debentures.

d) There is no guarantee that the Debentures will be listed on the Stock Exchange(s) in a timely manner or at all, or that monies refundable to Eligible Investors will be refunded in a timely manner.

In accordance with Indian law and practice, approval for listing and trading of the Debentures will not be granted until after the Debentures have been allotted. While issuer will use best efforts to ensure that all steps for completion of the necessary formalities for allotment, listing and commencement of trading on the Stock Exchange(s) are taken within the time prescribed by SEBI or applicable law, there may be a failure or delay in listing the Debentures on the Stock Exchange(s). Issuer cannot assure you that any monies refundable on account of (a) withdrawal of the Issue, or (b) failure to obtain final approval from the Stock Exchange(s) for listing of the Debentures, will be refunded in a timely manner. The Issuer shall, however, refund any such monies, with interest due and payable thereon, as prescribed under applicable law.

e) A downgrade in credit rating of the Bonds may affect the price of the Bonds.

The Bonds have been assigned "CARE AAA;Stable" by CARE Ratings Limited with stable outlook. We cannot guarantee that this rating will not be downgraded, suspended or withdrawn at any time during the tenor of the Bonds. Any downgrade, suspension or withdrawal in the credit rating on the Bonds may lower the price of the Bonds.

f) Credit rating may not reflect all risks.

CARE Ratings Limited have assigned credit rating as "CARE AAA;Stable" with stable outlook to Debentures. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Debentures. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

g) Early Termination for Extraordinary Reasons, Illegality and Force Majeure

If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the Debentures has become illegal or impractical in whole or in part for any reason, the Issuer may, at its discretion

and without obligation, redeem the Debentures early.

h) Taxation

Potential purchasers and sellers of the Debentures should be aware that they may be required to pay stamp duties or other documentary charges/taxes in accordance with the laws and practices of India. Payment and/or delivery of any amount due in respect of the Debentures will be conditional upon the payment of all applicable taxes, duties and/or expenses.

Potential Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, potential Investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

i) Changes in interest rates may affect the price of Debentures.

Securities where a fixed rate of interest is offered, such as the Debentures, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e., when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the coupon rate, days to maturity and increase or decrease in prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of the Debentures.

j) There may be no active market for the Debentures on the platform of the Stock Exchanges. As a result, the liquidity and market prices of the Debentures may fail to develop and may accordingly be adversely affected.

Any issue of Debentures carried out hereunder will be a new issue of Debentures and the Debentures have no established trading market. It is not possible to predict if and to what extent a secondary market may develop in the Debentures or at what price the Debentures will trade in the secondary market or whether such market will be liquid or illiquid. If so specified in this Placement Memorandum, application has been made to list or quote or admit to trading the Debentures on the stock exchange or quotation system(s) specified. If the Debentures are so listed or quoted or admitted to trading, no assurance is given that any such listing or quotation or admission to trading will be maintained. The fact that the Debentures may be so listed or quoted or admitted to trading does not necessarily lead to greater liquidity than if they were not so listed or quoted or admitted to trading. The listing of the Debentures is subject to receipt of the final listing and trading approval from the Stock Exchange.

The Issuer may, but is not obliged to, at any time purchase the Debentures at any price in the open market or by tender or private agreement. Any Debentures so purchased may be resold or surrendered for cancellation. The more limited the secondary market is, the more difficult it may be for holders of the Debentures to realise value for the Debentures prior to redemption of the Debentures.

(k) Future legal and regulatory obstructions

Future government policies and changes in laws and regulations in India and comments, statements or policy changes by any regulator, including but not limited to the SEBI or the RBI, may adversely affect the Debentures. The timing and content of any new law or regulation is not within the Issuer's control and such new law, regulation, comment, statement or policy change could have an adverse effect on market for and the price of the Debentures.

Further, the RBI or other regulatory authorities may require clarifications on this Information Memorandum, which may cause a delay in the issuance of Debentures or may result in the Debentures being materially affected or even rejected.

L) FINANCIAL INFORMATION

- (i) A columnar representation of the audited financial statements (i.e. Profit & Loss statement, Balance Sheet and Cash Flow statement) both on a standalone and consolidated basis for a period of three completed years which shall not be more than six months old from the date of the placement memorandum or issue opening date, as applicable.

Please refer to **Annexure G** of this Placement Memorandum for standalone and consolidated financial statements along with Auditor's Report, schedules, footnotes etc. for the previous three completed financial years.

- (ii) Unaudited Audited financial statements for stub period in the format as prescribed therein with limited review report.

Please refer **Annexure H** of this Placement Memorandum for Unaudited Financial Information of the Issuer on Standalone and Consolidated Basis along with Limited Review Report for the quarter ended September 30, 2022 and for the quarter ended December 31, 2022.

- (iii) Key Operational and Financial Parameters (Standalone financials)

| (Amount in Rs. Crores) | | | | |
|--|---------------------------------|--------------------------|--------------------------|--------------------------|
| For Non-Financial Sector Entities: | September 30th 2022 (Unaudited) | March 31, 2022 (Audited) | March 31, 2021 (Audited) | March 31, 2020 (Audited) |
| Balance Sheet | | | | |
| Net Fixed assets | 11503.96 | 10692.08 | 10392.17 | 10583.74 |
| Current assets | 9890.68 | 9944.21 | 10147.44 | 7957.81 |
| Non-current assets | 2044.47 | 2057.11 | 1719.97 | 612.56 |
| Total assets | 23439.11 | 22693.40 | 22259.58 | 19154.11 |
| Non-Current Liabilities (including maturities of long-term borrowings and short-term borrowings) Financial (borrowings, trade payables, and other financial liabilities) Provisions Deferred tax liabilities (net)Other non-current liabilities | 2139.51 | 2069.42 | 1898.36 | 1974.14 |
| Current Liabilities (including maturities of long-term borrowings) Financial (borrowings, trade payables, and other financial liabilities) Provisions Current tax liabilities (net) Other current liabilities | 7338.10 | 6846.71 | 7182.36 | 5175.62 |
| Total liabilities | 9477.61 | 8916.13 | 9080.72 | 7149.76 |
| Equity (equity and other equity) | 13961.50 | 13777.27 | 13178.86 | 12004.35 |
| Total equity and liabilities | 23439.11 | 22693.40 | 22259.58 | 19154.11 |
| Profit and Loss | | | | |
| Total revenue from operations | 11428.35 | 19304.43 | 16128.58 | 16321.64 |
| Other income | | | | |

| | | | | |
|--|--------------------------|---------------------------|----------------------------|----------------------------|
| Total Expenses | 11111.47 | 18425.27 | 14428.31 | 14922.32 |
| Total comprehensive income | 245.31 | 662.01 | 1216.92 | 1385.37 |
| Profit / loss | | | | |
| Other comprehensive income | 8.96 | 14.67 | (32.14) | (9.61) |
| Profit / loss after tax | 236.35 | 647.34 | 1249.06 | 1394.98 |
| Earnings per equity share: (a) basic; and (b) diluted | (a) 557.27 (b) 557.27 | (a)1526.34 (a) 1526.34 | (a) 2945.09 (b) 2945.09 | (a) 3289.16 (b) 3289.16 |
| Continuing operations | | | | |
| Discontinued operations | | | | |
| Continuing and discontinued operations | | | | |
| Net cash generated from operating activities | 846.82 | (657.37) | 4687.27 | 2077.81 |
| Net cash used in / generated from investing activities | (625.78) | 175.72 | (5062.86) | (168.31) |
| Net cash used in financing activities | 163.74 | 490.86 | (625.28) | (864.02) |
| Cash and cash equivalents (at the beginning of the year) | 99.25 | 102.80 | 1104.23 | 57.52 |
| Balance as per statement of cash flows | 158.05 | 113.11 | 102.80 | 1104.23 |
| Additional Information | | | | |
| Net worth | 13961.50 | 13777.27 | 13178.86 | 12004.35 |
| Cash and Cash Equivalents | 158.05 | 113.11 | 102.80 | 1104.23 |
| Current Investments | 2200.33 | 2509.69 | 4725.83 | 1513.65 |
| Net Sales | 11317.92 | 18989.51 | 15921.35 | 15991.14 |
| EBIDTA | 1056.06 | 2327.58 | 3101.91 | 2654.20 |
| EBIT | 450.83 | 1126.17 | 1964.99 | 1673.58 |
| Dividend amounts | 61.07 | 63.61 | 63.61 | 42.41 |
| Long term debt to working capital Loan | 0.86 | 0.92 | 20.28 | 3.24 |
| Current Liability ratio – Current liabilities / Non-current liabilities | 3.43 | 3.31 | 3.78 | 2.62 |
| Total Debts to Total assets | 0.09 | 0.09 | 0.05 | 0.05 |
| Debt Service Coverage Ratios | 9.10 | 4.83 | 5.46 | 4.03 |
| Interest service coverage ratio | 9.13 | 11.06 | 14.06 | 10.62 |

(iv) Key Operational and Financial Parameters (Consolidated financials)

(Amount in Rs. Crores)

| For Non-Financial Sector Entities: | September 30, 2022 (Unaudited) | March 31, 2022 (Audited) | March 31, 2021 (Audited) | March 31, 2020 (Audited) |
|---|-----------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Balance Sheet | | | | |
| Net Fixed assets | 11571.93 | 10754.88 | 10442.98 | 10610.70 |
| Current assets | 10148.53 | 10187.95 | 10362.80 | 8151.04 |

| | | | | |
|---|------------------------|----------------------------|----------------------------|----------------------------|
| Non-current assets | 2142.41 | 2116.91 | 1776.08 | 680.60 |
| Total assets | 23862.87 | 23059.74 | 22581.86 | 19442.34 |
| Non-Current Liabilities (including maturities of long-term borrowings and short-term borrowings) Financial (borrowings, trade payables, and other financial liabilities) Provisions Deferred tax liabilities (net) Other non-current liabilities | 2141.69 | 2071.11 | 1900.40 | 1975.26 |
| Current Liabilities (including maturities of long-term borrowings) Financial (borrowings, trade payables, and other financial liabilities) Provisions Current tax liabilities (net) Other current liabilities | 7485.51 | 6956.73 | 7267.65 | 5252.24 |
| Total liabilities | 9627.20 | 9027.84 | 9168.05 | 7227.50 |
| Equity (equity and other equity) | 14235.67 | 14031.90 | 13413.81 | 12214.84 |
| Total equity and liabilities | 23862.87 | 23059.74 | 22581.86 | 19442.34 |
| Profit and Loss | | | | |
| Total revenue from operations Other income | 11633.75 | 19633.71 | 16373.13 | 16574.74 |
| Total Expenses | 11296.45 | 18725.78 | 14636.29 | 15140.49 |
| Total comprehensive income Profit / loss | 264.82 | 681.67 | 1241.37 | 1412.90 |
| Other comprehensive income | 11.36 | 12.44 | (35.69) | (9.66) |
| Profit / loss after tax | 253.46 | 669.24 | 1277.07 | 1422.57 |
| Earnings per equity share: (a) basic; and (b) diluted Continuing operations Discontinued operations Continuing and discontinued operations | a) 597.63 b) 597.63 | (a) 1577.97 (b) 1577.97 | (a) 3011.14 (b) 3011.14 | (a) 3354.20 (b) 3354.20 |
| Net cash generated from operating Activities | 1107.05 | (578.03) | 4324.58 | 2271.23 |
| Net cash used in / generated from investing Activities | (668.56) | 165.01 | (5086.22) | (163.69) |
| Net cash used in financing activities | (408.79) | 423.76 | (249.68) | (1032.35) |
| Cash and cash equivalents (beginning of the year) | 164.83 | 166.85 | 1178.52 | 101.95 |
| Balance as per statement of cash flows | 196.51 | 178.69 | 166.85 | 1178.52 |
| Additional Information | | | | |
| Net worth | 14235.67 | 14031.90 | 13413.81 | 12214.84 |
| Cash and Cash Equivalents | 196.51 | 178.69 | 166.85 | 1178.52 |

| | | | | |
|--|----------|----------|----------|----------|
| Current Investments | 2210.20 | 2521.44 | 4744.25 | 1513.75 |
| Net Sales | 11522.23 | 19316.72 | 16163.19 | 16239.36 |
| EBIDTA | 1085.49 | 2366.78 | 3152.28 | 2709.39 |
| EBIT | 477.93 | 1161.73 | 2011.51 | 1727.07 |
| Dividend amounts | 61.07 | 63.61 | 63.61 | 42.41 |
| Long term debt to working capital loan | 0.54 | 0.48 | 0.89 | 1.07 |
| Current Liability ratio – Current liabilities / Non-current liabilities | 3.50 | 3.36 | 3.82 | 2.66 |
| Total Debts to Total assets | 0.11 | 0.12 | 0.09 | 0.08 |
| Debt Service Coverage Ratios | 8.84 | 4.84 | 5.46 | 4.00 |
| Interest service coverage ratio | 8.86 | 10.89 | 13.67 | 10.08 |

Debt Equity Ratio:

Standalone:

| Debt: Equity Ratio of the Issuer:- | |
|------------------------------------|------|
| Before the issue | 0.08 |
| After the issue | 0.09 |

Note: Debt Equity Ratio before the issue is based on unaudited financial statements for the quarter ended September 30, 2022. For the purposes of calculating the Debt Equity Ratio after the issue the only change considered is the amount of proceeds received from the issue.

Consolidated:

| Debt: Equity Ratio of the Issuer:- | |
|------------------------------------|------|
| Before the issue | 0.08 |
| After the issue | 0.09 |

Note: Debt Equity Ratio before the issue is based on unaudited financial statements for the quarter ended September 30, 2022. For the purposes of calculating the Debt Equity Ratio after the issue the only change considered is the amount of proceeds received from the issue.

- (v) Details of any other contingent liabilities of the Company based on the last audited financial statements including

Amount and nature of liability:

| Heads | (Rs. in Crores) |
|---------------------------------------|------------------|
| | As at 31.03.2022 |
| Warranty | 255.58 |
| Employee Benefits | 68.74 |
| Litigation and related disputes | 58.09 |
| Corporate Social Responsibility (CSR) | 16.3 |

Contingent Liabilities not provided for:**Claims not acknowledged as debts:**

- (a) Disputed Sales Tax demands pending before the Appellate Authorities /High Court - Rs 196.03 Crores (Previous year - Rs 195.97 Crores)
- (b) Disputed Excise/Customs Duty demands pending before the Appellate Authorities/High Court - Rs 339.96 Crores (Previous year - Rs 323.94 Crores)
- (c) Disputed Income Tax Demands - Rs 159.87 Crores (Previous year - Rs 96.58 Crores). Against the said demand the company has deposited an amount of Rs. 97.52 Crores (Previous Year - Rs 49.55 Crores)
- (d) Disputed Goods and Service Tax demands pending before the Appellate Authorities - Rs 1.57 Crores (Previous year- `Rs 0.29 Crores)
- (e) Contested EPF Demands pending before Appellate Tribunal- Rs 1.10 Crores (Previous year - Rs 1.10 Crores)

M) BRIEF HISTORY OF THE ISSUER SINCE ITS INCORPORATION

MRF Limited was originally incorporated as Madras Rubber Factory Private Limited on 05.11.1960. Madras Rubber Factory Private Limited was formed by taking over the entire business of the Madras Rubber Factory as a going concern. It was converted into a Public Limited Company on 10.4.1961 and was subsequently named changed to "MRF LIMITED" on 30.9.1980. The Company came out with a public issue on 24.4.1961. The present equity capital of the company stands at 42,41,143. equity shares of Rs.10/- each.

a. Capital Structure of the Issuer

- (i) Share Capital as on 31st December, 2022 is set forth below:

The Authorized Capital of the Issuer as on 31st December, 2022 is as under:

| Sr. No | Class | No. of Shares | Nominal Value (Rs.) | Amount (in Rs.) |
|--------|---|---------------|---------------------|-----------------|
| 1 | Taxable redeemable cumulative preference shares | 100000 | 100 | 10000000 |
| 2 | Equity shares | 9000000 | 10 | 90000000 |
| | | | | 100000000 |

- (ii) The issued, subscribed and paid-up Capital of the Issuer as on 31.12.2022 is as:

| Sr. No. | Class | No. of Shares | Nominal Value (Rs.) | Amount (in Rs.) |
|---------|--------|---------------|---------------------|-----------------|
| 1 | Equity | 4241143 | 10 | 42411430 |

- (iii) Changes in its capital structure as at last quarter end, for the last three years:-

There has not been any changes in the capital structure of the Issuer as at last quarter end, for the last three years

- (iv) Details of share capital history since incorporation are as follows:

| Date of Allotment | No. of equity Shares | Face Value | Issue Price | Consideration (Cash, Other than cash etc.) | Nature of Allotment | Cumulative Paid-up Capital | | | Remarks |
|-------------------|----------------------|------------|-------------|--|---------------------|---|----------------------------|----------------------|---------|
| | | | | | | No. of Equity Shares (of face value of Rs.10) | Equity Share Capital (Rs.) | Equity Share Premium | |
| 06/06/1961 | 1250000 | Rs. 10/- | Rs. 10/- | Cash/ Other | Public Issue | 1250000 | 12500000 | - | - |

| | | | | | | | | | |
|------------|---------|---------------|---------------------|-----------------|---|---------|----------|---------------------|---|
| | | each | each | than cash | | | | | |
| 01/04/1966 | 625000 | Rs. 10/- each | Rs. 10/- each | Cash | Rights 1 : 2 | 1875000 | 18750000 | - | - |
| 11/04/1970 | 562500 | Rs. 10/- each | - | Other than cash | Bonus 3 : 10 | 2437500 | 24375000 | - | - |
| 25/09/1975 | 1218618 | Rs. 10/- each | - | Other than cash | Bonus 1 : 2 | 3656118 | 36561180 | - | - |
| 20/02/1982 | 200000 | Rs. 10/- each | Rs. 15/- each | Cash | Issued on conversion of Loan | 3856118 | 38561180 | Rs.5/- each | - |
| 24/01/1991 | 25 | Rs. 10/- each | - | Other than cash | Issued to the shareholders pursuant to amalgamation | 3856143 | 38561430 | - | - |
| 04/03/1992 | 385000 | Rs. 10/- each | Rs. 252/- Per share | Cash | Issued on Private Placement Basis | 4241143 | 42411430 | Rs. 242/- Per share | - |
| | | | | | | | | | - |

(v) Details of any acquisition of or amalgamation with any entity in the last 1 year:

There has not been any acquisition of or amalgamation with any entity in the last 1 year

(vi) Details of any Reorganization or Reconstruction in the last 1 year:

There has not been any Reorganization or Reconstruction in the last 1 year.

(vii) Details of the shareholding of the Company as on 31st December, 2022 as per listing regulations:

Please refer Annexure E

(viii) List of top 10 (ten) holders of equity shares of the Issuer as on 31st December, 2022

| Sr. No. | Name of the Shareholders | Total No of Equity Shares | No of shares in demat form | Total Shareholding as |
|---------|--|---------------------------|----------------------------|-----------------------|
| | | | | % of total no of |
| | | | | equity shares |
| 1 | MOWI Foundation | 507984 | 507984 | 11.98 |
| 2 | Comprehensive Investment and Finance Company Pvt.Ltd | 441834 | 441834 | 10.42 |
| 3 | SBI Equity Hybrid Fund | 198119 | 198119 | 4.67 |
| 4 | Nalanda India Equity Fund Limited | 183900 | 183900 | 4.34 |
| 5 | Evertrue Charitable And Educational Foundation | 126855 | 126855 | 2.99 |

| | | | | |
|----|---|--------|--------|------|
| 6 | Peninsular Investments Private Limited | 124367 | 124367 | 2.93 |
| 7 | Enam Securities Pvt Ltd | 117443 | 117443 | 2.77 |
| 8 | The New India Assurance Company Limited | 65913 | 65913 | 1.56 |
| 9 | Kotak Emerging Equity Scheme | 60444 | 60444 | 1.47 |
| 10 | Investor Education And Protection Fund | 46944 | 46944 | 1.26 |

N) DETAILS REGARDING THE DIRECTORS OF THE COMPANY

(i) Details of the current directors of the Company:

| Name, Designation DIN and Occupation | Age | Address | Date of appointment | Details of other directorship | Whether willful defaulter (Yes/No) |
|---|-----|--|---------------------|---|------------------------------------|
| Mr K M Mammen Chairman & Managing Director DIN: 00020202 Occupation: Industrialist | 73 | Deerhurst , 17 Boat Club Road, 3rd Avenue, R A Puram, Chennai, Tamil Nadu – 600 028 | 20-02-1981 | MRF Corp Ltd, MRF International Limited, Stable Investments and Finance Co. Ltd, Badra Estates and Industries Ltd, MRF SG PTE LIMITED and Madras Christian College | No |
| Mr Arun Mammen Vice-Chairman & Managing Director DIN: 00018558 Occupation: Industrialist | 58 | 11 Boat Club Road, 3 rd Avenue, R.A.Puram, Chennai, Tamil Nadu – 600 028 | 29-03-1990 | Funskool (India) Limited, MRF Corp Limited, MRF International Limited, M.M. Housing Pvt.Ltd, MRF Lanka Pvt Limited, Chennai Wellindgon Corporate Foundation, Kodaikanal International School and MRF SG PTE LTD | No |
| Mr Rahul Mammen Mappillai Managing Director DIN: 03325290 Occupation: Industrialist | 44 | 12, Boat Club Road, 3 rd Avenue, R.A.Puram, Chennai, Tamil Nadu – 600 028 | 25-11-2010 | MRF SG PTE. LTD and Chennai International Centre. | No |
| Mr Samir Thariyan Mappillai Whole Time Director DIN : 07803982 | 40 | Deerhurst", No.17, Boat Club Road, 3rd Avenue, Raja Annamalai Puram, Chennai, Tamil Nadu - 600 028 | 04-08-2017 | Nil | No |

| | | | | | |
|---|----|---|------------|---|----|
| Occupation: Company Executive | | | | | |
| Mr Varun Mammen Whole Time Director DIN: 07804025 Occupation: Company Executive | 40 | Old No.3A, New No.6, Riverside Road, Kotturpuram, Chennai, Tamil Nadu- 600 028 | 04-08-2017 | Nil | No |
| Mr Ashok Jacob Independent Director DIN: 00018605 Occupation: Company Director | 62 | No.55, Victoria Road., Bellevue Hill, NSW 2023, AUSTRALIA | 26-10-1998 | Nil | No |
| Mr V Sridhar Independent Director DIN: 00020276 Occupation: Company Director | 70 | 51 Mc Nichols Road, Chetpet, Chennai, Tamil Nadu – 600 031 | 27-07-2000 | Nil | No |
| Mr Vijay R Kirloskar Independent Director DIN: 00031253 Occupation: Industrialist | 71 | No.22, 17 th Cross, Malleswaram West, Bangalore, Karnataka - 560 055 | 02-11-2000 | Kirloskar Power Equipments Limited ,Kirloskar Power Build Gears Limited and Kirloskar Electric Company Limited. | No |
| Mr Ranjit I Jesudasan Independent Director DIN: 00020181 Occupation: Company Director | 69 | Old No.20/1-B, New No.8 Valli Ammai Achi Road, Kotturpuram, Chennai, Tamil Nadu – 600 085 | 29-07-2003 | Tirunelveli Vayu Energy Generation Private Limited, Mariana Express Lines Private Limited and Shuka Consultancy Services Private Limited | No |
| Dr Salim Joseph Thomas Independent Director DIN: 00033022 Occupation: Doctor | 75 | Old No:18 New No:41, Ethiraj Salai, Egmore, Chennai, Tamil Nadu, 600 008 | 23-01-2009 | KI Thomas Educational Consultants Private Limited | No |
| Mr Jacob Kurian Independent Director DIN: 00860095 Occupation: Lawyer | 65 | New No.21 (Old No.11), 2nd Avenue, Harrington Road, Chepet, Chennai, Tamil Nadu- 600 031 | 25-07-2012 | Nil | No |
| Dr (Mrs) Cibi Mammen Non-Executive Director DIN: 00287146 Occupation: Company Director | 51 | 11 Boat Club Road, 3rd Avenue, R. A. Puram, Chennai, Tamil Nadu- 600 028 | 12-02-2015 | Devon Machines Private Limited, Pearl Investments & Finance Co. Ltd., Comprehensive Investment & Finance Company Private Limited, | No |

| | | | | | |
|---|----|--|------------|---|----|
| | | | | Funskool (India) Ltd., Peninsular Investments Private Limited, Coastal Rubber Equipment Private Limited, Tranquil Investments P Ltd, Avittam Investments Private Limited and V A Investments P Ltd. | |
| Mrs Ambika Mammen Non-Executive Director DIN: 00287074 Occupation: Company Director | 68 | "Deerhurst" , 17 Boat Club Road, 3rd Avenue, R A Puram, Chennai, Tamil Nadu- 600 028 | 23-04-2015 | Devon Machines Private Limited, Pearl Investments & Finance Co. Ltd., Comprehensive Investment & Finance Company Private Limited, Funskool (India) Ltd., Peninsular Investments Private Limited, Coastal Rubber Equipment Private Limited, Tranquil Investments P Ltd., Kandathil Investments P Ltd. and JCEE Manufacturing and Services Private Limited. | No |
| Mrs Vimla Abraham Independent Director DIN: 05244949 Occupation: Company Director | 71 | Padinjarakara House, Mount Wardha, Kanjikuzhi, Kottayam, Kerala – 686 004 | 05-02-2019 | The Padinjurekara Agencies Private Limited | No |
| Mr Vikram Taranath Hosangady Independent Director DIN: 09757469 Occupation: Professional | 49 | Flat A 801, Laurels, No 81 - 83, C P Ramaswamy Road, Alwarpet, Chennai, Tamil Nadu - 600018 | 07-02-2023 | Nil | No |
| Mr Ramesh Rangarajan Independent Director DIN: 00141701 Occupation: Company Director | 63 | New No 15, Old No 7, Parthasarathy Gardens, Alwarpet, Chennai Tamil Nadu - 600018 | 07-02-2023 | Kasturi Estates Private Ltd, Hindcorp Resorts Private Ltd, KSL Media Limited, Sporting Pastime India Ltd and Madras Race Club | No |
| Mr Dinshaw Keku Parakh Independent Director DIN: 00238735 Occupation: Industrialist | 51 | Old No 6, New No 11, Tarapore Avenue, Harrington Road, Chetpet, Chennai, Tamil Nadu - 600031 | 07-02-2023 | SICGIL India Limited, Narbod Constructions Private Limited, Tarapore Constructions Private Limited, SICGIL Industrial Gases Limited VRK Colour Film Laboratory Private Limited. | No |

(ii) Details of change in directors since last three years:

| Name, Designation and DIN | Date of Appointment | Date of Cessation, if applicable | Date of resignation, if applicable | Remarks |
|---|---------------------|----------------------------------|------------------------------------|---------|
| Mrs Vimla Abraham Independent Director DIN:05244949 | 05-02-2019 | - | - | - |
| Mr. N Kumar Independent Director DIN:00007848 | 29.07.2003 | 28.09.2019 | - | - |
| Mr. M Meyyappan Independent Director DIN:00836979 | 25.07.2012 | 28.09.2019 | - | - |
| Mr Vikram Taranath Hosangady Independent Director DIN: 09757469 | 07-02-2023 | - | - | - |
| Mr Ramesh Rangarajan Independent Director DIN: 00141701 | 07-02-2023 | - | - | - |
| Mr Dinshaw Keku Parakh Independent Director DIN: 00238735 | 07-02-2023 | - | - | - |

O) DETAILS REGARDING THE AUDITORS OF THE COMPANY

(i) Details of the current auditors of the Company

| Name | Address | Auditor since |
|--|--|-------------------------------|
| M M Nissim & Co LLP, Chartered Accountants Mumbai | Barodawala Mansion, B-Wing, 3 rd Floor, 81, Dr. Annie Besant, Worli, Mumbai – 400 018 | 12 th August, 2021 |
| Sastri & Shah, Chartered Accountants Chennai | “Leelavati” No.98, Armenian Street Chennai – 600 001 | 4 th August, 2022 |

(ii) Details of change in Auditors since last 3 (three) years

| Name of the Auditor | Address | Date of Appointment | Date of cessation, if applicable | Date of Resignation, if applicable |
|---|---|---------------------|----------------------------------|------------------------------------|
| SCA and Associates, Chartered Accountants, Mumbai | B-104, Kanakia Zillion BKC Annexure, LBS/CST Road junction (Near Kurla Bus Depot), Kurla West, Mumbai – 400 070 | 11th August, 2016 | 12th August, 2021 | - |
| Mahesh, Virender & Sriram, Chartered Accountants, Hyderabad | Badhe House, 6-3-788/36&37A, Durganagar Colony, Ameerpet, Telangana – 500 016 | 4th August, 2017 | 4th August, 2022 | - |

P) DETAILS OF FOLLOWING LIABILITIES OF THE ISSUER, AS ON THE LATEST QUARTER END 31ST DECEMBER, 2022

(i) Details of outstanding secured loan facilities of the Issuer-

| Name of Lender | Type of Facility | Amount sanctioned (Rs. Crore) | Principal Amount outstanding (Rs. Crore) | Repayment date / schedule | Security |
|-------------------------|--------------------------------------|-------------------------------|---|---|---------------------|
| IOB | Fund Based & Non Fund Based facility | 78.00 | Rs 1300.00 Cr of Fund Based Limit utilized as of 31.12.2022 Rs 879.37 Cr of NFBL utilized as of 31.12.2022 | Working Capital Demand Loan of Rs 1300.00 Cr outstanding and payable on various dates during Jan 23 | Inventory & Debtors |
| SBI | Fund Based & Non Fund Based facility | 1915.00 | | | |
| HDFC | Fund Based & Non Fund Based facility | 950.00 | | | |
| IB | Fund Based & Non Fund Based facility | 168.00 | | | |
| Standard Chartered Bank | Fund Based & Non Fund Based facility | 10.00 | | | |
| Citibank | Fund Based & Non Fund Based facility | 62.00 | | | |
| MUFG | Fund Based & Non Fund Based facility | 213.00 | | | |
| DBS Bank | Fund Based & Non Fund Based facility | 50.00 | | | |
| Axis Bank | Fund Based & Non Fund Based facility | 254.00 | | | |
| Soft Loan from SIPCOT | Soft Loan | 80.92 | 80.92 | Apr-33 | Fixed Assets |

(ii) Details of outstanding unsecured loan facilities of the Issuer

| Sr. No. | Name of Lender | Type of Facility | Amount Sanctioned (Rs. in Crore) | Principal Amount outstanding (Rs. in Crore) | Repayment date/Schedule |
|---------|------------------------------|------------------|----------------------------------|---|--|
| 1 | HDFC Bank | Term Loan (INR) | 450.00 | 450.00 | Rs 100Crs Jun-24 Rs 150Crs Jun-25 Rs 150Crs Jun-26 Rs 50Crs Jun-27 |
| 2 | HSBC Bank | Term Loan (INR) | 299.99 | 299.99 | Rs 150 Cr Feb 24 Rs 50 Cr Jul-Sep 25 Rs 50 Cr Jul-Sep 26 Rs 49.99 Cr Jul – Sep 27 |
| 3 | Deferred Payment Liabilities | Loan | 67.90 | 3.36 | Monthly instalments ending in Mar-26 |

(iii) Details of outstanding non-convertible securities

| Series of NCS/ISIN | Tenor/ Period of Maturity | Coupon | Amount | Date of Allotment | Redemption Date/ Schedule | Credit Rating | Secured / unsecured | Security |
|--------------------|---------------------------|--------|--------|-------------------|---------------------------|---------------|---------------------|----------|
| Nil | | | | | | | | |

(iv) List of top 10 (ten) Non-Convertible Securities Holders in terms of value (in cumulative basis) as on December 31, 2022

| Sr. No. | Name Of Holders Of Non-Convertible Securities | Amount(in Rs.) | % Of Total NCS Outstanding |
|---------|---|----------------|----------------------------|
| Nil | | | |

(v) Details of outstanding Commercial Paper as at the end of the quarter ended 31st December, 2022: -

| Sr. No. | ISIN of Commercial Paper | Maturity Date | Amount Outstanding |
|---------|--------------------------|---------------|--------------------|
| Nil | | | |

(vi) Details of the Rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares):-

| Name of Party (in case of facility)/ Name of Instrument | Type of facility Instrument | Amount sanctioned/ issued | Principal Amount outstanding | Date of Repayment/ Schedule | Credit Rating | Secured/ Unsecured | Security |
|---|-----------------------------|---------------------------|------------------------------|-----------------------------|---------------|--------------------|----------|
| NIL | | | | | | | |

Q) DETAILS OF ANY OUTSTANDING BORROWINGS TAKEN/ DEBT SECURITIES ISSUED FOR CONSIDERATION OTHER THAN CASH

The Issuer confirms that it has not issued any debt securities or agreed to issue any debt securities or availed any borrowings for a consideration other than cash whether in whole or in part, at a premium or discount or in pursuance of an option

R) DETAILS OF ALL DEFAULT/S AND/OR DELAY IN PAYMENTS OF INTEREST AND PRINCIPAL OF ANY KIND OF TERM LOANS, DEBT SECURITIES, AND OTHER FINANCIAL INDEBTEDNESS INCLUDING CORPORATE GUARANTEE ISSUED BY THE ISSUER IN THE PAST 3 (THREE) YEAR INCLUDING THE CURRENT FINANCIAL YEAR.

There has been no default (s) and / or delay (s) in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Issuer, in the past three years.

S) ANY MATERIAL EVENT/DEVELOPMENT OR CHANGE HAVING IMPLICATIONS ON THE FINANCIALS/ CREDIT QUALITY AT THE TIME OF ISSUE WHICH MAY AFFECT THE ISSUE OR THE INVESTORS DECISION TO RESTRUCTURE INVEST/ CONTINUE TO INVEST IN THE NON-CONVERTIBLE SECURITIES.

- a) Disputed Sales Tax demands pending before the Appellate Authorities /High Court – Rs 196.03 Crores
- b) Disputed Excise/Customs Duty demands pending before the Appellate Authorities/High Court - Rs 339.96 Crores.
- c) Disputed Income Tax Demands – Rs 159.87 Crores Against the said demand the company has deposited an amount of Rs 97.52 Crores.
- d) Disputed Goods and Service Tax demands pending before the Appellate Authorities - Rs 1.57 Crores
- e) Contested EPF Demands pending before Appellate Tribunal- Rs 1.10 Crores

T) ANY LITIGATION OR LEGAL ACTION PENDING OR TAKEN BY ANY MINISTRY OR GOVERNMENT DEPARTMENT OR A STATUTORY BODY/AUTHORITY DURING THE LAST 3 (THREE) YEARS IMMEDIATELY PRECEDING THE YEAR OF ISSUE OF PROSPECTUS AGAINST THE PROMOTER OF THE COMPANY AND ANY DIRECTION ISSUED BY SUCH MINISTRY OR DEPARTMENT OR STATUTORY AUTHORITY UPON CONCLUSION OF SUCH LITIGATION OR LEGAL ACTION.

NIL

U) DETAILS OF DEFAULT, IF ANY, INCLUDING THEREIN THE AMOUNT INVOLVED, DURATION OF DEFAULT AND PRESENT STATUS, IN REPAYMENT OF – (A) STATUTORY DUES; (B) DEBENTURES AND INTEREST THEREON; (C) DEPOSITS AND INTEREST THEREON; (D) LOAN FROM ANY BANK OR FINANCIAL INSTITUTION AND INTEREST THEREON

NIL

V) DETAILS OF THE DEBENTURE TRUSTEE

The Debenture Trustee for the Debentures is Axis Trustee Services Limited. The Debenture Trustee has given its written consent for its appointment under Regulation 4(4) of the SEBI Regulations. The Debenture Trustee has also given its consent for the inclusion of its name as debenture trustee in the form and context in which it appears in this Placement Memorandum and all subsequent periodical communications to be sent to the holders of the debt securities. The consent letter dated November 21, 2022 from the Debenture Trustee is attached as **Annexure A** to this Placement Memorandum.

The Debentureholder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Trustee or any of their agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Debentures as the Trustee may in their absolute discretion deem necessary or require to be done in the interest of the holder(s) of the Debentures. Any payment made by the Issuer to the Trustee on behalf of the Debentureholder(s) shall discharge the Issuer pro tanto to the Debentureholder(s). No Debentureholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become so bound to proceed, fail to do so.

The Trustee shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustee by the holder(s) of the Debentures and shall further conduct itself, and comply with the provisions of all applicable laws, provided that, the provisions of Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the Trustee. The Trustee shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Debenture Trustee Agreement, Placement Memorandum and all other related transaction documents, with due care, diligence and loyalty.

W) SECURITY IS BACKED BY A GUARANTEE OR LETTER OF COMFORT OR ANY OTHER DOCUMENT / LETTER WITH SIMILAR INTENT

Unsecured Debenture issuance hence not applicable

X) DISCLOSURE OF CASH FLOW WITH DATE OF INTEREST/DIVIDEND/ REDEMPTION PAYMENT AS PER DAY COUNT CONVENTION

a. The day count convention for dates on which the payments in relation to the non-convertible securities which need to be made, should be disclosed. b. Procedure and time schedule for allotment and issue of securities should be disclosed; c. Cash flows emanating from the non-convertible securities shall be mentioned in the offer document, by way of an illustration.

ILLUSTRATION OF CASH FLOWS

The illustrative cash flows per Debenture (bearing face value of Rs.1,00,000) is as under:

| | |
|-------------------------------|---|
| Name of the Issuer | MRF Limited |
| Face Value (per Security) | Rs. 1,00,000 |
| Deemed Date of Allotment | February 24, 2023 |
| Date of Redemption | February 24, 2026 |
| Tenure | 3 Years from the Deemed Date of Allotment |
| Coupon Rate | The Coupon Rate shall be sum of the weighted average (rounded off to two decimal points) of the Benchmark Rates of last 2 half years and "Spread" payable annually on the principal amount of the NCDs. The initial Coupon Rate shall be 7.80% (6.96%* + 84 bps) |
| Frequency of Interest Payment | First coupon payment shall be on February 24, 2024 and thereafter annually till redemption of bonds |
| Day Count Convention | Actual/Actual |

*Note:

| Date | FBIL (T-bill 6M) |
|----------------|------------------|
| 15-Feb-2023 | 7.10 |
| 14-Feb-2023 | 7.00 |
| 13-Feb-2023 | 7.00 |
| 10-Feb-2023 | 6.97 |
| 09-Feb-2023 | 6.99 |
| 08-Feb-2023 | 6.98 |
| 07-Feb-2023 | 6.90 |
| 06-Feb-2023 | 6.83 |
| 03-Feb-2023 | 6.89 |
| 02-Feb-2023 | 6.90 |
| Average | 6.96 |

Cash Flow

The illustrative cash flows per Debenture (bearing face value of INR 1,00,000) is as under:

| Cash Flows | Coupon Payment Date | Actual Date for calculation | No. of Days in Coupon Period | Amount (in Rs.) |
|------------------------|--|---|------------------------------|-----------------|
| 1 st Coupon | Saturday, 24 th February 2024 | Monday, 26 th February 2024 | 365 | 7,800 |
| 2 nd Coupon | Monday, 24 th February 2025 | Monday, 24 th February 2025 | 366 | 7,800 |
| 3 rd Coupon | Tuesday, 24 th February 2026 | Tuesday, 24 th February 2026 | 365 | 7,800 |
| Redemption | Tuesday, 24 th February 2026 | Tuesday, 24 th February 2026 | | 1,00,000 |

(In the event the Coupon Payment Date or the Redemption Date is a holiday, payments will be made in accordance with the Working Day Convention)

Y) DISCLOSURES PERTAINING TO WILFUL DEFAULTER FOR THE ISSUER AND DIRECTORS OF THE ISSUER

i. Name of the bank declaring as a wilful defaulter

Not applicable

ii. The year in which it was declared as a wilful defaulter;

Not applicable

iii. Outstanding amount when declared as a wilful defaulter;

Not applicable

iv. Name of the entity declared as a wilful defaulter;

Not applicable

v. Steps taken, if any, for the removal from the list of wilful defaulters;

Not applicable

vi. Other disclosures, as deemed fit by the issuer in order to enable investors to take informed decisions;

Not applicable

vii. Any other disclosure as specified by the Board.

NIL

Z) OTHER DETAILS

a. Creation of Debenture Redemption Reserve (DRR) / Capital Redemption Reserve (CRR) - relevant legislations and applicability.

As per Section 71 of the Companies Act, 2013 read with Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014 creation of a debenture redemption reserve, is not required to be done in case of private placement of debentures by listed companies. Hence, we are not required to create a debenture redemption reserve.

b. Issue/instrument specific regulations - relevant details (Companies Act, Reserve Bank of India guidelines, etc.).

The Debentures shall be issued and regulated in accordance with the provisions of the Companies Act, 2013 and rules framed thereunder and the SEBI Debt Regulations.

The present Issue is being made pursuant to the following:

i. Resolution of the Board of Directors of the Issuer dated 8th November 2022 approving issuance of debentures as set out in Annexure C.

ii. Shareholder's approval obtained pursuant to section 180(1)(c) of the Companies Act by special resolution on February 12, 2015 to borrow funds, not exceeding Rs. 5,000 Crores or the aggregate of paid-up capital and free

reserves of the Company, as set out in Annexure D.

The aggregate amount of borrowings including the Debentures offered through this document are within the limits of borrowings mentioned above. The Issuer can issue the Debentures proposed by it in view of the present approvals and no further approvals are required by it to undertake the Issue.

c. Default in Payment;

In case of default in payment of Coupon and/or Redemption Amount on the Due Dates, additional interest at the rate of 2% p.a. over the Coupon will be payable by the Issuer for the period of default in respect of the Debentures

d. Delay in Listing

The Issuer shall make listing application to NSE and obtain listing approval within 3 (three) trading Days from Issue Closure Date in conformity with the timelines prescribed under SEBI Operational Circular numbering SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021. In case of delay in listing of the Debentures beyond 3(Three) trading days from the Issue Closure Date, the Company shall pay penal interest at the rate of 1% p.a. over the coupon rate for the period of delay to the investor (i.e. from date of allotment to the date of listing).

e. Delay in execution of Trust Deed

The Issuer and the Debenture Trustee shall execute the trust deed within such timelines as may be specified by SEBI. In case the Issuer fails to execute the trust deed within the period specified it shall pay interest of at least 2% per annum or such other rate, as may be specified by SEBI to the holder of debt securities, over and above the agreed coupon rate, till the execution of the trust deed.

f. Delay in allotment of securities

The allotment of Debentures shall be made within the timelines stipulated under SEBI Operational Circular. In case there is any delay of allotment of Debentures, the Issuer shall pay the prescribed penalty, if applicable, as prescribed under Applicable Law.

g. Material Contracts and Agreements involving Financial Obligations of the Issuer

A. Material Contracts and Documents

- a. Letter of consent from the Trustee to act as Trustee to the Issue.
- b. Letter of consent from the registrar for acting as Registrar to the issue.
- c. Certified Copy of Memorandum and Articles of Association of the Issuer
- d. Certified Copy of Board Resolution dated November 8, 2022 passed by the Issuer in relation to the Issue.
- e. Certified copy of the resolution passed by the shareholders of the Issuer.
- f. In-principle approval for listing of Bonds by NSE.
- g. Letter dated October 14, 2022 from CARE Ratings Limited conveying the credit rating for the Bonds.
- h. Tripartite Agreement between the Issuer, NSDL and Registrar to the Issue of Bonds in dematerialized form.
- i. Tripartite Agreement between the Issuer, CDSL and Registrar to issue of Bonds in dematerialized form.
- j. Debenture Trustee Agreement
- k. Annual Report along with Audited financials and Audit Reports for the last three financial years.
- l. Unaudited Limited review financial results for the quarter ended September 30, 2022 and for the quarter ended December 31, 2022.

AA) ISSUE DETAILS: SUMMARY TERM SHEET

| | | |
|-----|--|--|
| 1. | Security Name | MRF 2026 6 Month T Bill +84 bps |
| 2. | Issuer | MRF Ltd. |
| 3. | Type of Instrument | Listed, Unsecured, Rated, Redeemable, Taxable, Non-Convertible Debentures ("NCDs") |
| 4. | Nature of Instrument | Unsecured |
| 5. | Seniority | Senior. The Debentures shall rank senior to subordinated debt and shall rank pari passu to other senior unsecured debt in terms of repayment |
| 6. | Eligible Investors | <p>All QIBs, and any non-QIB Investors specifically mapped by the Issuer on the EBP Platform of NSE, are eligible to bid/ invest/ apply for the Issue.</p> <p>All participants are required to comply with the relevant regulations/ guidelines applicable to them for investing in this Issue.</p> |
| 7. | Listing (name of stock Exchange(s) where it will be listed and timeline for listing) | <p>Proposed to be listed on wholesale Debt Segment of the NSE.</p> <p>The Issuer shall make listing application to NSE and receive listing approval within 3 (Three) trading days from the Issue Closure Date in conformity with the timelines prescribed under SEBI circular numbering SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/167 dated November 30, 2022.</p> <p>Designated Stock Exchange for the Issue is: NSE</p> |
| 8. | Rating of the Instrument | "CARE AAA/ Stable" by CARE Ratings Limited |
| 9. | Issue Size | 15,000 NCDs of face value of Rs. 1,00,000 (Rupees One lakhs) each aggregating to Rs.150,00,00,000 (Rupees One Hundred Fifty crore) |
| 10. | Minimum subscription | Not Applicable |
| 11. | Option to retain oversubscription (Amount) | Not Applicable |
| 12. | Objects of the Issue / Purpose for which there is requirement of funds | Subject to compliance with applicable laws and regulations, it is intended to use for capital expenditure of the company across multiple manufacturing locations. |
| 13. | Details of the utilization of the Proceeds | Subject to compliance with applicable laws and regulations, it is intended to use for capital expenditure of the company across multiple manufacturing locations. |
| 14. | Benchmark Rate | <p>6 Month T-bill taken as Average of available 10 previous business days (rounding to 2 decimal) before the Coupon Reset Date.</p> <p>6 Month T-bill Rate ("Rate") shall be taken as published by Financial Benchmarks India Pvt Ltd ("FBIL") on the FBIL's website http://www.fbil.org.in/ under the "T-Bill Rate" menu or such other part of the respective website as may be reorganized from time to time.</p> <p>In case of non-availability of the Rate from FBIL, then average of last 3 RBI Auction rates for 182 days T-Bill before the Coupon Reset Date would be considered.</p> <p>In case Rate from RBI auction is also not available, then the Issuer and the Debenture Trustee (acting on behalf of the investors) shall mutually agree to obtain the Rate from an</p> |

| | | |
|-----|--|---|
| | | alternative source as soon as practicable or at the latest within one business day of the respective coupon reset date. |
| 15. | Coupon Rate | The Coupon Rate shall be sum of the weighted average (rounded off to two decimal points) of the Benchmark Rates of last 2 half years and "Spread" payable annually on the principal amount of the NCDs. The initial Coupon Rate shall be 7.80% (6.96% + 84 bps) |
| 16. | Spread | 84 bps |
| 17. | Step Up/Step Down Coupon Rate | Not Applicable |
| 18. | Coupon Payment Frequency | Annual |
| 19. | Coupon payment dates | February 24, 2024, February 24, 2025 and February 24, 2026 |
| 20. | (Cumulative / non cumulative, in case of dividend | Not Applicable |
| 21. | Coupon Type (Fixed, floating or other structure) | Floating Coupon with Half Yearly Reset, Payable Annually |
| 22. | Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc). | <p>Coupon will be reset half yearly and will be linked to Benchmark Rate as defined above. The spread would remain constant during the Tenor of the instrument.</p> <p>The coupon payment for the period will be calculated as weighted average (rounded off to two decimal points) of the Benchmark Rates of last 2 half years plus the spread.</p> <p>The first coupon payment is set as an weighted average (in terms of no. of days) of the initial Coupon rate and the rate computed on the subsequent Reset Date e.g. Coupon rate to be paid on February 24, 2024, is the weighted average (rounding off to two decimal points) of coupon rate on February 24, 2023 and August 24, 2023 The subsequent reset dates would be:</p> <p>August 24, 2023 February 24, 2024 August 24, 2024 February 24, 2025 August 24, 2025</p> |
| 23. | Process of computing Coupon Payment | The initial Benchmark Rate is set as the simple average rate of 6 Month T-bill for 10 Working Days from date 02-Feb-2023 to 15-Feb-2023 i.e. 6.96% plus 84 bps to arrive at a Initial Coupon rate of 7.80% p.a.. |
| 24. | Day Count Basis (Actual/Actual) | Actual/ Actual Basis Interest Payable on the Debentures will be calculated on the basis of actual number of days elapsed in a year of 365 or 366 days as the case may be. |
| 25. | Communication of change in the base rate | The Debenture Trustee will communicate the revised Benchmark rate to the Issuer and the Investors within 3 working days from the date of change in the Benchmark Rate. |
| 26. | Working Day Convention/ Effect of Holidays | 'Working Day' shall be a day on which commercial banks are open for business in the city of Chennai. If the date of payment of interest/redemption of principal does not fall on a Working Day, the payment of interest/principal shall be made in accordance with SEBI Operational Circular dated August 10, 2021 bearing reference SEBI/HO/DDHS/P/CIR/2021/613. If any of the Coupon Payment Date(s), other than the ones falling on the Redemption Date, falls on a day that is not a Working Day, the payment shall be made by the Issuer on the immediately succeeding Working Day, which becomes the coupon payment date for that coupon. However, the future coupon payment date(s) would be as per the schedule |

| | | |
|-----|---|--|
| | | <p>originally stipulated at the time of issuing the debentures. In other words, the subsequent coupon payment date(s) would not be changed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a non- Working Day.</p> <p>If the Redemption Date of the Debentures falls on a day that is not a Working Day, the redemption amount shall be paid by the Issuer on the immediately preceding Working Day which becomes the new redemption date, along with interest accrued on the debentures until but excluding the date of such payment.</p> |
| 27. | Interest on Application Money | The Pay-In Date and the Deemed Date of Allotment fall on the same date, therefore, interest on application money shall not be applicable |
| 28. | Default Interest Rate | In case of default (including delay) in payment of Interest and/or principal redemption on the due dates, additional interest at the rate of 2% over the prevailing Coupon rate would be payable by the Issuer for the period of defaulting period. |
| 29. | Tenor | 3 (Three) years from the deemed date of allotment. |
| 30. | Redemption Date | February 24, 2026 |
| 31. | Redemption Amount | At par (Rs. 1,00,000 per Debenture) |
| 32. | Redemption Premium /Discount | Not applicable |
| 33. | Issue Price | At par (Rs. 1,00,000 per Debenture) |
| 34. | Discount at which security is issued and the effective yield as a result of such discount. | Not Applicable |
| 35. | Put Date | Not Applicable |
| 36. | Put Price | Not Applicable |
| 37. | Call Date | Not Applicable |
| 38. | Call Price | Not Applicable |
| 39. | Put Notification Time | Not Applicable |
| 40. | Call Notification Time | Not Applicable |
| 41. | Face Value | Rs 1,00,000 per Debenture |
| 42. | Minimum Application and in multiples of thereafter | 1 Debenture of ₹1,00,000 (Rupees One Lakh only) face value and in multiples of 1 Debenture thereafter |
| 43. | Issue Timing 1. Bid Opening/Closing Date 2. Issue Opening/Closing Date 3. Pay-in Date 4. Deemed Date of Allotment | February 23, 2023 February 23, 2023 February 24, 2023 February 24, 2023 |
| 44. | Date of earliest closing of the issue, if any. | Not Applicable |
| 45. | Issuance Mode | In Demat mode only |
| 46. | Trading Mode | In Demat mode only |

| | | |
|-----|--|--|
| 47. | Settlement mode of the Instrument | Payment of interest and repayment of principal shall be made by way of credit through direct credit/ National Electronic Clearing Service/RTGS/ NEFT mechanism or any other permitted method at the discretion of the issuer. The pay-in of subscription money for the Debentures shall be made as per EBP guidelines through clearing corporation |
| 48. | Settlement Cycle for EBP | T+1 (T is Issue Closing Date) |
| 49. | Depository | National Securities Depository Limited and Central Depository Services (India) Limited. |
| 50. | Record Date | 15 (Fifteen) calendar days prior to each Coupon Payment Date or the Redemption Date (as the case may be). In the event the Record Date falls on a day, which is not a Working Day, immediately succeeding Working Day shall be considered as Record Date. |
| 51. | All covenants of the issue | The Issuer shall comply with all conditions related to the continued listing and trading of the Debentures and the terms and conditions for issuance of the Debentures as more particularly enlisted in the Debenture Trust Deed. |
| 52. | Description regarding Security (where applicable) including type of security (movable/immovable/tangible etc.), type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Placement Memorandum | Not applicable |
| 53. | Transaction Documents | <p>The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the issue:</p> <ol style="list-style-type: none"> 1. Letter appointing Axis Trustee Services Limited as Trustee to the Bondholders; 2. Consent Letter from Axis Trustee Services Limited to act as Trustee to the Issue; 3. Debenture Trustee Agreement; 4. Debenture Trust Deed; 5. Rating Letter from rating agency CARE Ratings Limited; 6. Tripartite Agreement between the Issuer, Registrar and NSDL for issue of Debentures in dematerialized form; 7. Tripartite Agreement between the Issuer, Registrar and CDSL for issue of Debentures in dematerialized form; 8. Letter appointing Registrar; 9. Consent Letter from Registrar to act as Registrar to the Issue; 10. Listing Agreement with NSE; and 11. The Placement Memorandum with application form |
| 54. | Conditions Precedent to Disbursement | <p>The debenture holders/ investors shall subscribe to the NCDs upon the Issuer fulfilling the following Conditions Precedent to the satisfaction of the Debenture Trustee and the Issuer shall submit Conditions Precedent documentation where applicable to the Debenture Trustee, prior to the pay in date:</p> <ol style="list-style-type: none"> 1. Certified true copy of Board Resolution authorizing the issuance; |

| | | |
|-----|---|---|
| | | <ol style="list-style-type: none"> 2. Certified true copy of Shareholders' Resolution authorizing the issuance, under the section 180(1)(c), approving borrowing limit of Rs. 5,000 crore (Rupees five thousand crore); 3. Issuance of consent letter from Axis Trustee Services Limited to act as Debenture Trustee; 4. Issuance of consent letter from Registrar 5. Rating Letter from CARE Ratings Limited being valid as on date of issuance and listing; 6. Signed Private Placement Memorandum; 7. In-principal approvals from NSE; |
| 55. | Condition Subsequent to Disbursement | <p>The Issuer shall ensure that the following documents are executed/activities are completed as per the time frame stipulated below:</p> <ol style="list-style-type: none"> 1. The Issuer shall immediately on receipt of funds, take on all necessary steps required under applicable laws, including making all applicable filings in the Registrar of Companies along with requisite fee within prescribed timelines; 2. Credit of Demat Account(s) of the Allottee(s) by number of Debentures allotted within 2 (Two) Working Days from the Deemed Date of Allotment 3. Listing of Debentures on the NSE 4. Execution of Debenture Trust Deed in a form acceptable to the Debenture Trustee; 5. Furnish a CA certificate certifying the end use of the Debentures proceeds at the end of each year from the date of allotment till the proceeds are fully utilized. |
| 56. | Event of Default (including manner of voting /conditions of joining Inter Creditor Agreement) | <p>The debenture trust deed will contain list of events which may, at the end of Cure Period as defined in Events of Default in the Debenture Trust Deed, constitute events of default which shall also include the following list of the events and similar material events:</p> <ol style="list-style-type: none"> a) Default in payment of Coupon to the holders of the Debentures, b) Default in redemption of the Debentures on due date c) If the Company shall have voluntary or involuntary become subject of proceedings under any applicable bankruptcy, insolvency, winding up or other similar law now or hereafter in effect d) A liquidator, judicial custodian, receiver, administrative receiver or trustee or any analogous officer has been appointed in respect of the whole or any material part of the undertaking of the Company, and such appointment is not stayed or vacated e) An order is made or an effective resolution passed by the Company for the winding up, bankruptcy or dissolution of the Company, and such order is not stayed or vacated <p>The Debenture Trustee Deed shall provide for a procedure under which the Debenture Trustee may enter into an appropriate inter-creditor agreement with the Issuer and its other lenders in line with the applicable regulations of SEBI and RBI.</p> |
| 57. | Creation of recovery expense fund | <p>The Issuer shall create recovery expense fund in accordance with SEBI Circular numbering SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020.</p> |

| | | |
|-----|---|---|
| 58. | Conditions for breach of covenants (as specified in Debenture Trust Deed) | On occurrence of Event of Default, the Debenture Trustee shall follow the procedure mentioned in the Debenture Trust Deed. Notwithstanding anything contained in the Debenture Trust Deed, in case of an Event of Default, the Trustee shall follow the process laid down by SEBI or RBI for handling defaults as may be applicable to these Debentures. |
| 59. | Provisions related to Cross Default | Not Applicable |
| 60. | Role and Responsibilities of Trustees to the Issue | The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustee by the Debenture Holders and shall further conduct itself, and comply with the provisions of all applicable laws, provided that, the provisions of Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the Trustee. The Trustee shall carry out its duties and perform its functions as required to discharge its obligations under the terms of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 as amended from time to time, the Debenture Trustee Agreement, Debenture Trust Deed, Placement Memorandum and all other related Transaction Documents, with due care, diligence and loyalty. |
| 61. | Risk factors pertaining to the Issue | As specified in Section titled "Risk Factors" of this Placement Memorandum |
| 62. | Type of Bidding | Closed Bidding |
| 63. | Manner of Allotment | Uniform-yield allotment |
| 64. | Manner of Bidding | Spread based bidding |
| 65. | Governing Law and Jurisdiction | The Debentures are governed by and will be construed in accordance with the Indian law. The Issuer, the Debentures and Issuer's obligations under the Debentures shall, at all times, be subject to the directions of the SEBI. The Debenture holders, by purchasing the Debentures, agree that the Hon'ble Madras High Court shall have exclusive jurisdiction with respect to matters relating to the Debentures |

BB) APPLICATION PROCESS

The Issuer proposes to Issue the Debentures on the terms set out in this Placement Memorandum subject to the provisions of the Companies Act, the SEBI Debt Regulations, the SEBI LODR Regulations, the Memorandum and Articles of Association of the Issuer, Application Form, and other terms and conditions as may be incorporated in the Transaction Documents. This section applies to all applicants. Please note that all applicants are required to make payment of the full application amount along with submission of the Application Form.

Each Investor agrees, by subscribing to the Debentures, that there shall be only one nominee director to represent all issuances of debentures made by the Company (including the Debentures) and remaining outstanding, and accordingly, the Nominee Director so appointed hereunder shall, whether or not a similar nominee director is previously appointed to the Board, be the same person who shall act as Nominee Director to represent all issuances of debentures made by the Company and remaining outstanding.

Who Can Bid/Apply/Invest

The categories of investors who are eligible to apply for this Issue are mentioned in the Summary Term Sheet of this Placement Memorandum. However, the prospective subscribers must make their own independent evaluation and judgment regarding their eligibility to invest in the Issue.

All applicants are required to comply with the relevant regulations/ guidelines applicable to them for investing in the Issue as per the norms approved by Government of India, RBI or any other statutory body from time to time, including but not limited to NSE EBP Guidelines as published by NSE on its website and SEBI for investing in this Issue. The contents of this Placement Memorandum and any other information supplied in connection with this Placement Memorandum or the Debentures are intended to be used only by those investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced or disseminated by the recipient.

The Issue will be under the electronic book mechanism as required in terms of the Operational Guidelines.

However, out of the aforesaid class of investors eligible to invest, this Placement Memorandum is intended solely for the use of the person to whom it has been sent by the Issuer for the purpose of evaluating a possible investment opportunity by the recipient(s) in respect of the securities offered herein, and it is not to be reproduced or distributed to any other persons (other than professional advisors of the prospective investor receiving this Placement Memorandum from the Issuer).

Documents to be provided by successful bidders

Investors need to submit the certified true copies of the following documents, along-with the Application Form, as applicable:

- i. Memorandum and Articles of Association/ Constitution/ Bye-laws/ Debenture Trust Deed;
- ii. Board Resolution authorizing the investment and containing operating instructions;
- iii. Power of attorney/ relevant resolution/authority to make application;
- iv. Specimen signatures of the authorized signatories (ink signed), duly certified by an appropriate authority;
- v. Government notification (in case of primary co-operative Issuer and regional rural Issuers);
- vi. SEBI registration certificate (for Mutual Funds);
- vii. Copy of Permanent Account Number Card ("PAN Card") issued by the Income Tax Department;
- viii. Necessary forms for claiming exemption from deduction of tax at source on interest on application money, wherever applicable.
- ix. Application Form (including RTGS/NEFT details)

Applications to be accompanied with Issuer Account Details

Every application shall be required to be accompanied by the Issuer account details of the Applicant for the purpose of facilitating direct credit of all amounts through RTGS

Manner of Bidding

The Issue will be through open bidding on the EBP platform in line with the Operational Guidelines.

Payment Mechanism

Applicant shall make remittance of application money by way of electronic transfer of funds through RTGS/electronic fund mechanism for credit by the pay-in-time in the bank account of the clearing corporation appearing on the EBP platform in accordance with the timelines set out in the NSE EBP Guidelines and the relevant rules and regulations specified by SEBI in this regard. All payments must be made through RTGS as per the Bank details mentioned in the application form / NSE-EBP platform.

How to bid

Eligible Investors should refer the Operational Guidelines for issuance of debt securities on private placement basis through an electronic book mechanism as available on web site of NSE. Eligible Investors will also have to complete the mandatory KYC verification process. Eligible Investors should refer to the NSE EBP Guidelines.

The Application Form will be filled in by each Investor. Applications for the Debentures must be in the prescribed form (enclosed) and completed in BLOCK LETTERS in English as per the instructions contained therein.

(a) The details of the Issue shall be entered on the NSE BOND – EBP Platform by the Issuer at least 5 (five) working days prior to the Issue / Bid Opening Date, in accordance with the Operational Guidelines.

(b) The Issue will be open for bidding for the duration of the bidding window that would be communicated through the Issuer's bidding announcement on the NSE BOND – EBP Platform, at least 1 (one) working day before the start of the Issue / Bid Opening Date.

(c) A bidder will enter the bid amount while placing their bids in the NSE BOND – EBP Platform.

Some of the key guidelines in terms of the current Operational Guidelines on issuance of securities on private placement basis through an electronic book mechanism, are as follows:

(a) Modification of Bid:

Investors may note that modification of bid is allowed during the bidding period / window. However, in the last 10 (ten) minutes of the bidding period / window, revision of bid is only allowed for downward revision of coupon/spread or upward modification of price and/or upward revision of the bid amount placed by the investor.

(b) Cancellation of Bid

Investors may note that cancellation of bid is allowed during the bidding period / window. However, in the last 10 (ten) minutes of the bidding period / window, no cancellation of bids is permitted.

(c) Multiple Bids

Eligible Investors are permitted to place multiple bids on the EBP platform in line with the Operational Guidelines.

Withdrawal of Issue

The Issuer may, at its discretion, withdraw the issue process on the following conditions:

(i) Non-receipt of bids upto the Base Issue Size;

(ii) Bidder has defaulted on payment towards the allotment, within the stipulated time frame, due to which the Issuer is unable to fulfil the base issue size.

(iii) cut-off yield (i.e. the highest yield at which a bid is accepted) in the issue is higher than the estimated cut-off yield (i.e. the yield estimated by the issuer, prior to opening of issue) disclosed to the EBP, where the base issue size is fully subscribed.

Disclosure of estimated cut-off yield on the EBP platform to the eligible participants, pursuant to closure of issue, shall be at the discretion of the issuer.

Provided that in case issuer withdraws issues on the EBP platform because of the cut-off yield being higher than the estimated cut-off yield, the EBP shall mandatorily disclose the estimated cut-off yield to the eligible participants.

However, Eligible Investors should refer to the Operational Guidelines as prevailing on the date of the bid.

Right to accept or reject bids

The Company reserves its full, unqualified and absolute right to accept or reject any bid(s), in part or in full, without assigning any reason thereof and to make provisional / final allocations at its absolute discretion.

The application forms that are not complete in all respects are liable to be rejected and would not be paid any interest on the application money. Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

- (a) Number of Debentures applied for is less than the minimum application size;
- (b) Application money received not being from the Issuer account of the person/entity subscribing to the Debentures or from the Issuer account of the person/ entity whose name appears first in the Application Form, in case of joint holders;
- (c) Issuer account details of the Applicants not given;
- (d) Details for issue of Debentures in dematerialized form not given;
- (e) PAN/GIR and IT circle/Ward/District not given;
- (f) In case of applications under power of attorney by limited companies, corporate bodies, trusts, etc. relevant documents not submitted;

In the event, if any Debentures applied for is/ are not allotted in full, the excess application monies of such Debentures will be refunded, as may be permitted.

How to fill the Application Form

- Applications should be for the number of Bonds applied by the Applicant. Applications not completed in the said manner are liable to be rejected.
- The name of the applicant's bank, type of account and account number must be filled in the Application Form.
- The Applicant or in the case of an application in joint names, each of the Applicant, should mention his/her PAN allotted under the Income -Tax Act, 1961 or where the same has not been allotted, the GIR No. and the Income tax Circle/Ward/District. As per the provision of Section 139A (5A) of the Income Tax Act, PAN/GIR No. needs to be mentioned on the certificates. Hence, the investor should mention their PAN/GIR No. Application Forms without this information will be considered incomplete and are liable to be rejected.
- All applicants are requested to tick the relevant column "Category of Investor" in the Application Form. Public/ private/ religious/ charitable trusts, provident funds and other superannuation trusts and other investors requiring "approved security" status for making investments. These are not approved securities as defined under the Insurance Act, 1938.

Applications should be for the number of Debentures applied by the Applicant. Applications not completed in the said manner are liable to be rejected. The name of the applicant's bank, type of account and account number must be filled in the Application Form. This is required for the applicant's own safety and these details will be printed on the refund orders and interest/ redemption warrants.

For further instructions about how to make an application for applying for the Debentures and procedure for remittance of application money, please refer to the Issue Details and the Application Form.

Terms of Payment

The full-face value of the Debentures applied for is to be paid along with the Application Form. Eligible Investor(s) need to send in the Application Form and the details of RTGS for the full value of Debentures applied for.

Force Majeure

The Issuer reserves the right to withdraw the issue prior to the Issue / Bid Closing Date in accordance with the Operational Guidelines, in the event of any unforeseen development adversely affecting the economic and regulatory environment or otherwise.

Applications under Power of Attorney

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories and the tax exemption certificate/document, if any, must be lodged along with the submission of the completed Application Form. Further modifications/ additions in the power of attorney or authority should be notified to the Issuer or to the Registrars or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication.

In case of an Application made by companies under a power of attorney or resolution or authority, a certified true copy thereof along with memorandum and articles of association and/or bye-laws along with other constitutional documents must be attached to the Application Form at the time of making the application, failing which, the Issuer reserves the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereto. Names and specimen signatures of all the authorized signatories must also be lodged along with the submission of the completed Application Form.

Application by Mutual Funds

In case of applications by Mutual Funds, a separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications, provided that the application made by the asset management company/ trustees/ custodian clearly indicate their intention as to the scheme for which the application has been made.

The application forms duly filled shall clearly indicate the name of the concerned scheme for which application is being made and must be accompanied by certified true copies of:

- a. SEBI registration certificate
- b. Resolution authorizing investment and containing operating instructions
- c. Specimen signature of authorized signatories

Application by Provident Funds, Superannuation Funds and Gratuity Funds

The applications must be accompanied by certified true copies of

- a. Trust deed / bye laws / resolutions
- b. Resolution authorizing investment
- c. Specimen signatures of the authorized signatories

Those desirous of claiming tax exemptions on interest on application money are required to submit a certificate issued by the Income Tax officer along with the Application Form. For subsequent interest payments, such certificates have to be submitted periodically.

Acknowledgements

No separate receipts will be issued for the application money. However, the Issuer receiving the duly completed Application Form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each Application Form.

Basis of allocation

The Debentures shall be allocated in accordance with applicable SEBI regulations, the provisions of the Operational Guidelines of the Stock Exchange and other applicable laws.

PAN /GIR Number

All applicants should mention their Permanent Account Number or the GIR Number allotted under Income Tax Act, 1961 and the Income Tax Circle/ Ward/ District. In case where neither the PAN nor the GIR Number has been allotted, the fact of such a non-allotment should be mentioned in the Application Form in the space provided.

Date of Subscription

The Date of Subscription shall be the date of realisation of proceeds of subscription money in the Designated Bank Account of NSE Clearing Limited, as detailed above.

Signatures

Signatures should be made in English or in any of the Indian Languages. Thumb impressions must be attested by an authorized official of the Issuer or by a Magistrate/ Notary Public under his/her official seal.

Nomination Facility

Only individuals applying as sole applicant/joint applicant can nominate, in the prescribed manner, a person to whom his Bonds shall vest in the event of his death. Non-individuals including holders of power of attorney cannot nominate.

Fictitious Applications

In terms of the Section 38 of the Companies Act, 2013, any person who makes, in fictitious name, any application to a body corporate for acquiring, or subscribing to, the Debentures, or otherwise induced a body corporate to allot, register any transfer of Debentures therein to them or any other person in a fictitious name, shall be punishable under the extant laws.

Depository Arrangements

The Company has appointed Ms Cameo Corporate Services Ltd , as the registrar and transfer agent to the Issue as the Registrar of the Issue. The Company has made necessary depository arrangements with NSDL and CDSL for the Issue and holding of Debentures in the dematerialised form by investors. In this context, the Company has signed tripartite agreements as under:

- Tripartite Agreement between the Company, the Registrar and Transfer Agent and NSDL for offering Depository option to the investors.
- Tripartite Agreement between the Company, the Registrar and Transfer Agent and CDSL for offering Depository option to the investors.

Procedure for applying for Demat Facility.

- Applicant(s) must have a beneficiary account with any Depository Participant of NSDL or CDSL prior to making the application.
- Applicant(s) must specify their beneficiary account number and DP's ID in the relevant columns of the Application Form.
- For subscribing to the Debentures, names in the Application Form should be identical to those appearing in the account details of the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- If incomplete/ incorrect beneficiary account details are given in the Application Form which does not match with the details in the depository system, it will be deemed to be an incomplete application and the same be held liable for rejection at the sole discretion of the Issuer.

The Debentures shall be directly credited to the beneficiary account as given in the Application Form and after due verification, allotment advice/ refund order, if any, would be sent directly to the applicant by the Registrars to the Issue but the confirmation of the credit of the Debentures to the applicant's Depository account will be provided to the applicant by the Depository Participant of the applicant.

- Interest or other benefits with respect to the Debentures would be paid to those bondholders whose names appear on the list of beneficial owners given by the depositories to the Issuer as on the Record Date.
- For the allotment of debentures and all future communications including notices, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The Applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-a-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for the losses, if any.
- Applicants may please note that the Debentures shall be allotted and traded on the stock exchange(s) only in dematerialized form.

OTHERS

Right of Debentureholder(s)

Debenture holder is not a shareholder. The Debenture holders will not be entitled to any rights and privilege of shareholders other than those available to them under statutory requirements. The Debenture(s) shall not confer upon the holders the right to receive notice, or to attend and vote at the general meetings of the Issuer. The principal amount and interest on the Bonds will be paid to the registered Debenture holders only, and in case of Joint holders, to the one whose name stands first.

Besides the above, the Debentures shall be subject to the provisions of the terms of this Issue and the other terms and conditions as may be incorporated in the Debenture Trustee Agreement and other documents that may be executed in respect of these Bonds.

Modification of Rights

The rights, privileges, terms and conditions attached to the Debentures may be varied, modified or abrogated by the Company, with the consent, in writing, of those Debenture Holders who hold at least three fourth of the outstanding amount of the Debentures or with the sanction accorded pursuant to a special resolution passed at a meeting of the Debenture Holders, provided that nothing in such consent or resolution shall be operative against the Company where such consent or resolution modifies or varies the terms and conditions of the Debentures, if the same are not acceptable to the Company.

Further, the Issuer shall be entitled (without obtaining a prior approval from the Debentureholders) to make any modifications in this Placement Memorandum which in its opinion is of a formal, minor or technical nature or is to correct a manifest error.

Future Borrowings

The Issuer shall be entitled to borrow/ raise loans or avail of financial assistance in whatever form as also issue debentures or other securities in any manner with ranking as senior or on pari passu basis or otherwise and to change its capital structure, including issue of shares of any class or redemption or reduction of any class of paid up capital, on such terms and conditions as the Issuer may think appropriate, without the consent of, or intimation to, the Debentureholder(s) or the Trustee in this connection.

In relation to the aforesaid, it is hereby clarified that such borrowing or raising of loans or availing of financial assistance by the Issuer may be on such terms and conditions as the Issuer may deem fit, in accordance with applicable laws, and may be secured and/or unsecured, at the discretion of the Issuer. It is further clarified that such borrowing may or may not be to enhance and/or to replace regulatory capital.

Notices

All notices to the Debenture Holder(s) required to be given by the Company or the Debenture Trustee from time to time, shall be deemed to have been given if sent by registered post/ by courier/by email to the sole/ first holder or the sole/ first Beneficial Owner of the Debentures or registered email id of such holder, as the case may be, or if published in Chennai.

All notice(s) to be given by the Debenture Holder(s) shall be sent by registered post or by hand delivery to the Company or to such persons at such address as may be notified by the Company from time to time through suitable communication.

Minimum subscription

As the current issue of Debentures are being made on private placement basis, the requirement of minimum subscription shall not be applicable and therefore the Issuer shall not be liable to refund the issue subscription(s) / proceed (s) in the event of the total issue collection falling short of the Issue Size or certain percentage of the Issue Size.

Underwriting

The present issue of Debentures is not underwritten.

Deemed Date of Allotment

All benefits under the Debentures including payment of interest will accrue to the Debenture Holders from and including the respective Deemed Date of Allotment. The actual allotment of Debentures may take place on a date other than the Deemed Date of Allotment. In case if the issue closing date/pay-in dates is/are changed (pre-poned/postponed), the Deemed Date of Allotment may also be changed (pre -pond/ postponed) by the Issuer at its sole and absolute discretion.

Letter(s) of Allotment / Debenture Certificate(s) /Refund Order (s)/Issue of Letter(s) of Allotment

The Company shall allot the Debentures in dematerialized form within 2 (two) working days from the Deemed Date of Allotment and ensure completion of all statutory formalities as required for such dematerialized credit within the said time period.

Issue of Debenture Certificate(s)

The Company shall allot the Debentures in dematerialized form within 2 (two) working days from the Deemed Date of Allotment and ensure completion of all statutory formalities as required for such dematerialized credit within the said time period. The Debentures since issued in electronic (dematerialized) form, will be governed as per the provisions of the Depository Act, Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, rules notified by NSDL/ CDSL/ Depository Participant from time to time and other applicable laws and rules notified in respect thereof. The Debentures shall be allotted in dematerialized form only.

Market Lot

The market lot will be one Debenture ("**Market Lot**"). Since the Debentures are being issued only in dematerialized form, the odd lots will not arise either at the time of issuance or at the time of transfer of Debentures.

Trading of Debentures

The marketable lot for the purpose of trading of Debentures shall be 1 (one) Debenture of face value of ₹ 1,00,000 (Indian Rupees One Lakh) each. Trading of Debentures would be permitted in demat mode only in standard denomination of ₹ 1,00,000 (Indian Rupees One Lakh) and such trades shall be cleared and settled in recognized stock exchange(s) subject to conditions specified by SEBI. In case of trading in Debentures which has been made over the counter, the trades shall be reported on a recognized stock exchange having a nationwide trading terminal or such other platform as may be specified by SEBI.

Mode of Transfer of Debentures

The Debentures shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the CDSL/NSDL/Depository Participant of the transferor/transferee and any other Applicable Laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Debentures held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the records of the Depository. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with the Issuer.

Transfer of Debentures to and from NRIs/ OCBs, in case they seek to hold the Debentures and are eligible to do so, will be governed by the then prevailing guidelines of RBI.

Common Form of Transfer

The Issuer undertakes that it shall use a common form/procedure for transfer of Debentures issued under terms of this Placement Memorandum.

Interest on Application Money

Since the Pay-In Date and the Deemed Date of Allotment fall on the same date, interest on application money shall not be applicable. Further, no interest on application money will be payable in case the Issue is withdrawn

by the Issuer in accordance with the Operational Guidelines.

No interest on application money will be payable to the investors.

The Issuer shall not be liable to pay any interest in case of invalid applications or applications liable to be rejected including applications made by person who is not an Eligible Investor.

Interest on the Debentures

The face value of the Debentures outstanding shall carry interest at the coupon rate from deemed date of allotment and the coupon rate & frequency of payment (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) are mentioned at summary term sheet.

The interest payment shall be made through electronic mode to the debentureholders whose names appear on the list of beneficial owners given by the depository participant to R&TA as on the record date fixed by Issuer in the bank account which is linked to the demat of the bondholder. However, in absence of complete bank details i.e. correct/updated bank account number, IFSC/RTGS code /NEFT code etc., issuer shall be required to make payment through cheques / DDs on the due date at the sole risk of the debentureholders. Interest or other benefits with respect to the Debentures would be paid to those Debentureholders whose names appear on the list of beneficial owners given by the depository participant to R&TA as on the Record Date.

Right to further issue under the ISINs

The Issuer reserves right to effect multiple issuances under the same ISIN in accordance with Chapter VIII of SEBI Operational Circular dated August 10, 2021. The Issue can be made either by way creation of a fresh ISIN or by way of issuance under the existing ISIN at premium, par or discount as the case may be in line with the Operational Circular.

Right to Re-purchase, Re-issue or Consolidate the Bonds

The Issuer will have power, exercisable at its sole and absolute discretion from time to time, to re-purchase a part or all of its Debentures from the secondary markets or otherwise, at any time prior to the Redemption Date, subject to applicable law and in accordance with the applicable guidelines or regulations, if any.

In the event of a part or all of the Issuer's Debentures being repurchased as aforesaid or redeemed under any circumstances whatsoever, the Issuer shall have, and shall be deemed always to have had, the power to re-issue the Debentures either by re-issuing the same Debentures or by issuing other debentures in their place. The Issuer shall have right to consolidate the Debentures under present series in accordance with applicable law.

Further the Issuer, in respect of such re-purchased or re-deemed Debentures shall have the power, exercisable either for a part or all of those Debentures, to cancel, keep alive, appoint nominee(s) to hold or re-issue at such price and on such terms and conditions as it may deem fit and as permitted under the ISIN circulars or by laws or regulations.

Deduction of Tax at Source

All payments to be made by the Company to the Debenture Holders under the Transaction Documents shall be made free and clear of and without deduction for or on account of taxes, except as required under the Income Tax Act, 1961, in the case of payment of interest under any Transaction Document or any interest to be paid on the withheld premium or any other amount payable in relation to the Debentures, as applicable. Provided that, the Company within the time stipulated under Applicable Laws delivers to the Debenture Trustee/ Debenture Holders tax withholding or tax deduction certificates in respect of such withholding or deduction made in any Fiscal Year, evidencing that such deducted taxes or withholdings have been duly remitted to the appropriate Governmental Authority.

If the Company is required to make a tax deduction, it shall make that tax deduction and any payment required in connection with such tax deduction within the time allowed and in the minimum amount required by Applicable Law.

List of Beneficial Owners

The Issuer shall request the Depository to provide a list of Debenture Holders as at the end of the Record Date. This shall be the list, which shall be considered for payment of interest or repayment of principal amount, as the case may be.

Succession

In the event of the demise of the sole/first holder of the Debenture(s) or the last survivor, in case of joint holders for the time being, the Issuer shall recognize the executor or administrator of the deceased Debenture Holder or the holder of succession certificate or other legal representative as having title to the Debenture(s). The Issuer shall not be bound to recognize such executor or administrator, unless such executor or administrator obtains probate, wherever it is necessary, or letter of administration or such holder is the holder of succession certificate or other legal representation, as the case may be, from a Court in India having jurisdiction over the matter. The Issuer may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or succession certificate or other legal representation, in order to recognize such holder as being entitled to the Debenture (s) standing in the name of the deceased Debenture Holder on production of sufficient documentary proof or indemnity.

Where a non-resident Indian becomes entitled to the Debenture by way of succession, the following steps have to be complied:

- Documentary evidence to be submitted to the legacy cell of the RBI to the effect that the Debenture was acquired by the NRI as part of the legacy left by the deceased holder.
- Proof that the NRI is an Indian National or is of Indian origin.
- Such holding by the NRI will be on a non -repatriation basis

Joint Holders

Payment of the principal amount of each of the Debentures and interest and other monies payable thereon shall be made to the respective Debenture Holder and in case of joint Debenture Holders, to the one whose name stands first in the register of Debenture Holder(s).

Governing Law and Jurisdiction

The Transaction Documents and the rights and obligations of the Parties thereunder shall be construed in accordance with and be governed by the laws of India.

For all matters for which the courts of law would have jurisdiction, the courts and tribunals in Chennai shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Transaction Documents and that accordingly any proceedings arising out of or in connection with the Transaction Documents may be brought in such courts or the tribunals and the Obligors irrevocably submit to and accept for itself and in respect of their property, generally and unconditionally, the jurisdiction of those courts or tribunals.

Investor Relations and Grievance Redressal

Arrangements have been made to redress investor grievances expeditiously as far as possible. The Issuer shall endeavour to resolve the investor's grievances within 30 (thirty) days of its receipt. All grievances related to the issue quoting the Application Number (including prefix), number of Debentures applied for, amount paid on application and details of collection centre where the Application was submitted, may be addressed to the Compliance Officer at Registered Office of the Issuer. All investors are hereby informed that the Issuer has designated a Compliance Officer who may be contacted in case of any pre-issue/ post-issue related problems such as non-credit of letter(s) of allotment/ debenture certificate(s) in the demat account, non-receipt of refund order(s), interest warrant(s)/ cheque(s) etc. Contact details of the Compliance Officer are given elsewhere in this Placement Memorandum.

CC) PROJECT DETAILS: GESTATION PERIOD OF THE PROJECT; EXTENT OF PROGRESS MADE IN THE PROJECT; DEADLINES FOR COMPLETION OF THE PROJECT; THE SUMMARY OF THE PROJECT APPRAISAL REPORT (IF ANY), SCHEDULE OF IMPLEMENTATION OF THE PROJECT

Not Applicable

DD) DISCLOSURE PRESCRIBED UNDER PAS-4 OF COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES), RULES, 2014 BUT NOT CONTAINED IN THIS SCHEDULE, IF ANY

FORM NO PAS-4 – PRIVATE PLACEMENT OFFER LETTER

[Pursuant to Section 42 of the Companies Act, 2013 and Rule 14(3) of the Companies (Prospectus and Allotment of Securities) Rules, 2014]

1. General Information (Issuer Information):

| Sr. No | Particular | Details |
|--------|--|--|
| a | Name, address, website and other contact details of the company indicating both registered office and corporate office; | MRF Limited CIN: L25111TN1960PLC004306 Registered Office & Corporate office:: No:114, Greams Road, Chennai – 600 006 Tel: 044-28292777 Fax: 91-44-28295087 Email: mrfshare@mrfmail.com Website: www.mrftyres.com |
| b | Date of incorporation of the company; | Incorporated as a Private Limited Company on 5th November,1960 and converted into a Public Company on 10th April,1961. |
| c | Business carried on by the company and its subsidiaries with the details of branches or units, if any; | Please refer to Clause (M) |
| d | Brief particulars of the management of the company; | The Company is managed by a Chairman & Managing Director, Vice Chairman & Managing Director, Managing Director and Whole -time Directors under the control and supervision of the board of directors. |
| e | Names, addresses, DIN and occupations of the directors; | Please refer to Clause (N) |
| f | Management's perception of risk factors; | Please refer to Clause (K) |
| g | Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of – i) statutory dues; ii) debentures and interest thereon; iii) deposits and interest thereon; iv) loan from any bank or financial institution and interest thereon | NIL |
| h | Names, designation, address and phone number, email ID of the nodal/ compliance officer of the company, if any, for the private placement offer process; | Mr. S Dhanvanth Kumar Company Secretary MRF Limited, No.114, Greams Road, Chennai – 600006. Phone : (044) 28292777, E-mail : dhanvanth.s@mrfmail.com |

| | | |
|----|--|----|
| i. | Any default in Annual filing of the Company under the Companies Act, 2013 or rules made thereunder | No |
|----|--|----|

2. Particulars of The Offer

| Para No | Particulars | Details |
|---------|--|--|
| a. | Financial Position of the Company for last 3 financial years | Please refer Annexure G |
| b. | Date of passing of board resolution | Board resolution dated 8th November, 2022 authorising issue of Non-Convertible debentures on private placement basis. |
| c. | Date of passing of special resolution by way of Postal Ballot, authorizing the offer of securities | Shareholder Resolution passed at the Annual General Meeting of the Company held on 12.02.2015 under Section 180 (1)(c) of the Companies Act, 2013 increasing the borrowing limits of the Company to Rs. 5000 Crores. |
| d. | Kind of securities offered (i.e. whether share or debenture) and class of security; the total number of shares or other securities to be issued | 15000 Listed, Rated, Unsecured, Redeemable, Non-Convertible Debentures of the face value of Rs. 1,00,000 (Rupees One Lakh) each, aggregating to Rs. 150,00,00,000/- (Rupees One Hundred Fifty crores) |
| e. | Price at which the security is being offered including the premium, if any, along with justification of the price | At Par, Rs. 1,00,000 (Rupees One Lakh) per Debenture |
| f. | Name and address of the valuer who performed valuation of the security offered, and basis on which the price has been arrived at along with report of the registered valuer; | Not applicable |
| g. | Relevant date with reference to which the price has been arrived at ["Relevant Date" means a date atleast thirty days prior to the date on which the general meeting of the company is scheduled to be held] | Not applicable |
| h. | The class or classes of persons to whom the allotment is proposed to be made | The Allotment shall be made to class or classes of persons in accordance with applicable laws including Companies Act, 2013. |
| i. | Intention of promoters, directors or key managerial personnel to subscribe to the offer (applicable in case they intend to subscribe to the offer) | Not Applicable, as the issue is for non-convertible debentures. |
| j. | The proposed time within which the allotment shall be completed | The Allotment shall be completed on the Deemed Date of Allotment. |
| k. | The change in control, if any, in the company that would occur consequent to the private placement | Not Applicable as the issue is for non-convertible debentures. |
| l. | The number of persons to whom allotment on preferential basis/ private placement/ rights issue has already been made during the year, in terms of number of securities as well as price | Nil |
| m. | The justification for the allotment proposed to be made for consideration other than | Not Applicable as there will be no consideration other than cash. |

| | | |
|----|---|---|
| | cash together with valuation report of the Registered Valuer | |
| n. | Amount which the company intends to raise by way of securities; | Rs. 150,00,00,000 (Rs. One Hundred Fifty Crores) |
| o. | Terms of raising securities: Duration of securities , if applicable, Rate of dividend or rate of interest, mode of payment and repayment; | Please refer to Summary Term Sheet |
| p. | Proposed time schedule for which the offer letter is valid | Please refer to Summary of Term Sheet at page number 47 of this Placement Memorandum |
| q. | Purposes and objects of the offer | The proceeds of the Issue are proposed to be used for capital expenditure payments for projects at multiple manufacturing locations of the company. |
| r. | Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects; | NIL |
| s. | Principle terms of assets charged as security, if applicable; | Not applicable |
| t. | The details of significant and material orders passed by the Regulators, Courts and Tribunals impacting the going concern status of the company and its future operations | Nil |

3. The pre-issue and post-issue shareholding pattern of the company:

The pre-issue and post-issue equity shareholding pattern of the company:

| Sl. No. | Category | Pre-issue | | Post-issue | |
|---------|-----------------------------|--------------------|-------------------|--------------------|-------------------|
| | | No. of shares held | % of Shareholding | No. of shares held | % of Shareholding |
| A | Promoter Holding | | | | |
| 1 | Indian | | | | |
| | Individual | 536012 | 12.64 | 536012 | 12.64 |
| | LLP | - | - | - | - |
| | Bodies Corporate | 628364 | 14.82 | 628364 | 14.82 |
| | Sub-total | 1164376 | 27.45 | 1164376 | 27.45 |
| 2 | Foreign promoters | 17775 | 0.42 | 17775 | 0.42 |
| | Sub-total (A) | 1182151 | 27.87 | 1182151 | 27.87 |
| B | Non-Promoters' holding | - | - | - | - |
| 1 | Institutional Investors | 1255185 | 29.60 | 1255185 | 29.60 |
| 2 | Non-Institutional Investors | - | - | - | - |
| | Private Corporate Bodies | 799970 | 18.86 | 799970 | 18.86 |
| | Directors and relatives | 2340 | 0.06 | 2340 | 0.06 |
| | Indian public | 538381 | 12.69 | 538381 | 12.69 |

| | | | | | |
|--|---|---------|--------|---------|--------|
| | Others (including Non-Resident Indians) | 463116 | 10.92 | 463116 | 10.92 |
| | Sub-total (B) | 3058992 | 72.13 | 3058992 | 72.13 |
| | Grand Total | 4241143 | 100.00 | 4241143 | 100.00 |

The pre-issue equity shareholding pattern of the Company is as on quarter ended December 31, 2022. The post-issue equity shareholding pattern of the Company will not change consequent to the present issue of Bonds. The pre-issue and post-issue preference shareholding pattern of the company is Nil as the Issuer has not issued any preference shares

4. Disclosures with regard to interest of directors, litigation etc.

- i. Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons

NIL

- ii. Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed.

NIL

- iii. Remuneration of directors (during the current year and last three financial years)

FY 2021-22

(In Rs)

| SI | Name | Designation | Salary and perquisites | Commission | Sitting Fees | Total |
|----|--------------------------------|---|---------------------------|------------|--------------|-----------|
| 1 | Mr. K M Mammen | Chairman & Managing Director | 172905110 | 87500000 | - | 260405110 |
| 2 | Mr Arun Mammen | Vice Chairman and Managing Director | 129957449 | 87500000 | - | 217457449 |
| 3 | Mr Rahul Mammen Mappillai | Managing Director | 113213659 | 87500000 | - | 200713659 |
| 4 | Mr Samir Thariyan Mappillai | Whole-time Director | 35264064 | 21600000 | - | 56864064 |
| 5 | Mr Varun Mammen | Whole-time Director | 35435599 | 21600000 | - | 57035599 |
| 6 | Mr Ashok Jacob | Independent Director | - | - | 100000 | 100000 |
| 7 | Mr V Sridhar | Independent Director | - | - | 220000 | 220000 |

| | | | | | | |
|----|-------------------------|------------------------|---|---|--------|--------|
| 8 | Mr Vijay R Kirloskar | Independent Director | - | - | 50000 | 50000 |
| 9 | Mr Ranjit I Jesudasen | Independent Director | - | - | 280000 | 280000 |
| 10 | Dr. Salim Joseph Thomas | Independent Director | - | - | 100000 | 100000 |
| 11 | Mr Jacob Kurian | Independent Director | - | - | 210000 | 210000 |
| 12 | Dr. (Mrs) Cibi Mammen | Non-Executive Director | - | - | 100000 | 100000 |
| 13 | Mrs Ambika Mammen | Non-Executive Director | - | - | 100000 | 100000 |
| 14 | Mrs Vimla Abraham | Independent Director | - | - | 100000 | 100000 |

FY 2020-21

(In Rs.)

| SI | Name | Designation | Salary and perquisites | Commission | Sitting Fees | Total |
|----|-----------------------------|-------------------------------------|------------------------|------------|--------------|-----------|
| 1 | Mr. K M Mammen | Chairman & Managing Director | 172163560 | 116325000 | - | 288488560 |
| 2 | Mr Arun Mammen | Vice Chairman and Managing Director | 124813891 | 108027000 | - | 232840891 |
| 3 | Mr Rahul Mammen Mappillai | Managing Director | 108277279 | 94370400 | - | 202647679 |
| 4 | Mr Samir Thariyan Mappillai | Whole-time Director | 30278779 | 18000000 | - | 48278779 |
| 5 | Mr Varun Mammen | Whole-time Director | 30396455 | 18000000 | - | 48396455 |
| 6 | Mr Ashok Jacob | Independent Director | - | - | 100000 | 100000 |
| 7 | Mr V Sridhar | Independent Director | - | - | 200000 | 200000 |
| 8 | Mr Vijay R Kirloskar | Independent Director | - | - | 50000 | 50000 |
| 9 | Mr Ranjit I Jesudasen | Independent Director | - | - | 240000 | 240000 |
| 10 | Dr. Salim Joseph Thomas | Independent Director | - | - | 100000 | 100000 |

| | | | | | | |
|----|-----------------------|------------------------|---|---|--------|--------|
| 11 | Mr Jacob Kurian | Independent Director | - | - | 190000 | 190000 |
| 12 | Dr. (Mrs) Cibi Mammen | Non-Executive Director | - | - | 100000 | 100000 |
| 13 | MrsAmbika Mammen | Non-Executive Director | - | - | 100000 | 100000 |
| 14 | Mrs Vimla Abraham | Independent Director | - | - | 100000 | 100000 |

FY 2019-2020

(In Rs.)

| SI | Name | Designation | Salary and perquisites | Commission | Sitting Fees | Total |
|----|-----------------------------|-------------------------------------|------------------------|------------|--------------|-----------|
| 1 | Mr. K M Mammen | Chairman & Managing Director | 168702513 | 116325000 | - | 285027513 |
| 2 | Mr Arun Mammen | Vice Chairman and Managing Director | 123315821 | 108027000 | - | 231342821 |
| 3 | Mr Rahul Mammen Mappillai | Managing Director | 107333049 | 94370400 | - | 201703449 |
| 4 | Mr Samir Thariyan Mappillai | Whole-time Director | 23871286 | 18000000 | - | 41871286 |
| 5 | Mr Varun Mammen | Whole-time Director | 2388709 | 18000000 | - | 41858709 |
| 6 | Mr Ashok Jacob | Independent Director | - | - | 40000 | 40000 |
| 7 | Mr V Sridhar | Independent Director | - | - | 200000 | 200000 |
| 8 | Mr Vijay R Kirloskar | Independent Director | - | - | 50000 | 50000 |
| 9 | Mr Ranjit I Jesudasen | Independent Director | - | - | 240000 | 240000 |
| 10 | Dr. Salim Joseph Thomas | Independent Director | - | - | 70000 | 70000 |
| 11 | Mr Jacob Kurian | Independent Director | - | - | 190000 | 190000 |
| 12 | Dr. (Mrs) Cibi Mammen | Non-Executive Director | - | - | 65000 | 65000 |
| 13 | Mrs Ambika Mammen | Non-Executive Director | - | - | 90000 | 90000 |
| 14 | Mrs Vimla Abraham | Independent Director | - | - | 90000 | 90000 |

| | | | | | | |
|----|----------------|----------------------|---|---|-------|-------|
| 15 | Mr N Kumar | Independent Director | - | - | - | - |
| 16 | Mr M Meyyappan | Independent Director | - | - | 40000 | 40000 |

- iv. Related party transactions entered during the last three financial years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provided

Financial Year ended 31.3.2022

(Rs. in Cr)

| Nature of Transaction | Subsidiary Companies | KMP | Close member of the KMP | Companies in which Directors are interested | Other Related Parties |
|---|----------------------|-------|-------------------------|---|-----------------------|
| Sale of Materials | 0.01 | - | - | 5.00 | 0.55 |
| Purchase of Materials/Machinery | 2,049.50 | - | - | 180.84 | - |
| Sale of Finished Goods | 1.43 | - | - | - | - |
| Payment towards Service | - | - | - | 17.82 | - |
| Selling and Distribution Expenses | - | - | - | 1.72 | - |
| Dividend Received | 0.10 | | | | |
| Other Receipts | 0.15 | - | - | 1.84 | - |
| Professional charges | - | - | - | - | 0.17 |
| Contribution to Retirement Benefit fund /Others | | | | | 94.87 |
| <u>Compensation*</u> | | | | | |
| Short term Employee benefit (including Commission payable to KMP) | - | 82.96 | 2.40 | - | - |
| Sitting fees | - | - | 0.02 | - | - |

Financial Year ended 31.3.2021

(Rs. in Cr)

| Nature of Transaction | Subsidiary Companies | KMP | Close member of the KMP | Companies in which Directors are interested | Other Related Parties |
|---------------------------------|----------------------|-----|-------------------------|---|-----------------------|
| Sale of Materials | 0.02 | - | - | 4.25 | - |
| Purchase of Materials/Machinery | 1,180.97 | - | - | 136.48 | - |
| Sale of Finished Goods | 1.35 | - | - | - | - |
| Payment towards Service | - | - | - | 12.27 | - |

| | | | | | |
|---|------|-------|------|------|--------|
| Selling and Distribution Expenses | - | - | - | 1.28 | - |
| Dividend Received | 0.10 | - | - | - | - |
| Other Receipts | 0.15 | - | - | 1.77 | - |
| Professional charges | | | | | 0.22 |
| Contribution to Retirement Benefit fund /Others | - | - | - | - | 180.71 |
| Compensation* | | | | | |
| Short term Employee benefit (including Commission payable to KMP) | | 85.78 | 2.27 | | - |
| Sitting fees | - | | 0.02 | - | - |

Financial Year ended 31.3.2020

(Rs. in Cr)

| Nature of Transactions | Subsidiary Companies | KMP | Close member of the KMP | Companies in which Directors are interested | Other Related Parties |
|---|----------------------|-------|-------------------------|---|-----------------------|
| Sale of Materials | 0.01 | - | - | 0.04 | - |
| Purchase of Materials/Machinery | 1,631.90 | - | - | 180.40 | - |
| Sale of Finished Goods | 1.05 | - | - | - | - |
| Payment towards Service | - | - | - | 14.59 | - |
| Selling and Distribution Expenses | - | - | - | 1.38 | - |
| Dividend Received | 0.10 | - | - | - | - |
| Other Receipts | 0.14 | - | - | 0.84 | - |
| Professional charges | - | - | - | - | 0.14 |
| Contribution to Retirement Benefit fund /Others | - | - | - | - | 113.74 |
| Compensation* | | | | | |
| Short term Employee benefit (including Commission payable to KMP) | - | 83.48 | 1.98 | - | - |
| Sitting fees | - | - | - | 0.02 | - |

- v. Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark.

NIL

- vi. Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of offer letter in the case of company and all of its subsidiaries. Also if there were any prosecutions filed (whether pending

or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for the company and all of its subsidiaries.

NIL

vii. Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company

NIL

5. Financial Position of the Company

(a) Capital Structure of the Company as on December 31, 2022

(i) (a) the authorised, issued, subscribed and paid up capital of the Issuer:

| Particulars | No. of Securities | Description | Aggregate Nominal Value (In Crore) |
|--|-------------------|--|------------------------------------|
| Authorised Capital | 90,00,000 | Equity Shares of Rs. 10 each | 9.00 |
| | 1,00,000 | Taxable, Redeemable Cumulative Preference Shares of Rs. 100 each | 1.00 |
| | | Total | 10.00 |
| Issued Capital, subscribed Capital and paid up capital | 42,41,143 | Equity shares of Rs. 10 each | 4.24 |
| | | Total | 4.24 |

(i) (b) size of the present offer; NA

(i) (c) paid up capital:

| Para No | Particulars | Details |
|---------|--|----------------|
| (A) | After the offer | 4.24 |
| (B) | After conversion of convertible instruments | Not Applicable |
| (C) | Share premium account (before and after the offer) | Not Applicable |

(ii) The details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration.

| Date of Allotment | No. of equity Shares | Face Value | Issue Price | Consideration (Cash, Other than cash etc.) | Nature of Allotment | Cumulative Paid-up Capital | | | Remarks |
|-------------------|----------------------|---------------|---------------|--|---------------------|--|---------------------------|----------------------|---------|
| | | | | | | No. of Equity Shares (Of face value of Rs. 10) | Equity Share Capital (Rs) | Equity Share Premium | |
| 06/06/1961 | 1250000 | Rs. 10/- each | Rs. 10/- each | Cash/ Other than cash | Public Issue | 1250000 | 1250000 | - | - |

| | | | | | | | | | |
|------------|---------|------------------|------------------------|--------------------|--|---------|----------|------------------------------|---|
| 01/04/1966 | 625000 | Rs. 10/- each | Rs. 10/- each | Cash | Rights 1 : 2 | 1875000 | 18750000 | - | - |
| 11/04/1970 | 562500 | Rs. 10/- each | - | Other than cash | Bonus 3 : 10 | 2437500 | 24375000 | - | - |
| 25/09/1975 | 1218618 | Rs. 10/- each | - | Other than cash | Bonus 1 : 2 | 3656118 | 36561180 | - | - |
| 20/02/1982 | 200000 | Rs. 10/- each | Rs. 15/- each | Cash | Issued on conversio n of Loan | 3856118 | 38561180 | Rs.5/- each | - |
| 24/01/1991 | 25 | Rs. 10/- each | - | Other than cash | Issued pursuant to Amalgama tion scheme | 3856143 | 38561430 | - | - |
| 04/03/1992 | 385000 | Rs. 10/- each | Rs. 252/- Per share | Cash | Issued on Private Placement Basis | 4241143 | 42411430 | Rs. 242/- Per share | - |

(b) Profits of the company (as per stand alone financial results), before and after making provision for tax, for the three financial years immediately preceding the date of circulation of offer letter;

| | FY 21-22 | FY 20-21 | FY 19-20 |
|-----|----------|----------|----------|
| PBT | 879.16 | 1700.27 | 1399.32 |
| PAT | 647.34 | 1249.05 | 1394.98 |

(c) Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid/interest paid):

| Parameters | Audited as on 31.03.2022 | Audited as on 31.03.2021 | Audited as on 31.03.2020 |
|-------------------------|-----------------------------|-----------------------------|-----------------------------|
| Dividend Amounts | 63.61 Crores | 63.61 Crores | 42.41 Crores |
| Interest Coverage Ratio | 11.06 | 14.06 | 10.62 |

(d) A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of circulation of offer letter:

Please refer to **Annexure G** of this Placement Memorandum.

(e) Audited Cash Flow Statement for the three years immediately preceding the date of circulation of offer letter;

Please refer to **Annexure G** of this Placement Memorandum.

(f) Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company.

NIL

EE) UNDERTAKING BY THE ISSUER

The Issuer undertakes that:

- (i) The Investors are advised to read the risk factors carefully before taking an investment decision in this issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risks involved. The securities have not been recommended or approved by the any regulatory authority in India, including the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'Risk factors' given under Section K and section on 'General Risks'.
- (ii) The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Placement Memorandum contains all information with regard to the Issuer and the issue, that the information contained in the offer document is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.
- (iii) Issuer has no side letter with any debt securities holder except the one(s) disclosed in the Placement Memorandum. Any covenants later added shall be disclosed on the stock exchange website where the debt is listed.

FF) DECLARATION

General Risk

Investment in non-convertible securities involves a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under Section of "Risk Factors" of this Placement Memorandum. These risks are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities.

The Directors of the Issuer confirm that:

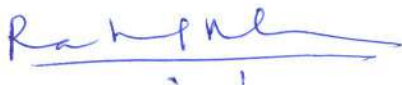
- (i) the Issuer is in compliance with the provisions of Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992, Companies Act and the rules and regulations made thereunder
- (ii) the compliance with the Act and the rules does not imply that payment of interest or coupon or repayment of these bonds, is guaranteed by the Central Government
- (iii) the monies received under the offer shall be used only for the purposes and objects indicated in the Offer document.
- (iv) whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to Memorandum of Association and Articles of Association.

The undersigned has been authorised by the Board of Directors of the company vide resolution number 16 dated 8th November, 2022 to sign this form and declare that all the requirements of the Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

The Issuer has complied with the provisions of the Companies Act, 2013 and the rules made thereunder and the compliance with the said Act and the rules made thereunder do not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government. Further the monies received under the offer shall be used only for the purposes and objects indicated in this private placement offer letter.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

FOR MRF LIMITED



RAHUL MAMMEN MAPPILLAI
MANAGING DIRECTOR



Date: 23.02.2023

Place: Chennai

ANNEXURES

Forming part of this Placement Memorandum

Annexure A: Consent Letter from Debenture Trustee

Annexure B: Rating Letters along with Press Release

Annexure C: Copy of Board Resolution authorising the Issue

Annexure D: Copy of Shareholders Resolution under Section 180(1)(c)

Annexure E: Shareholding Pattern as on December 31, 2022 as per listing regulations

Annexure F: In-Principle Approval from NSE

Annexure G: - Audited Financial Statements on standalone and consolidated basis for a period of three completed financial years with the Auditor's Report along with the requisite schedules, foot notes, summary etc.

Annexure H: Limited Review Report along with Unaudited Financial Statements for the quarter ended September 30, 2022 and for the quarter ended December 31, 2022

ATSL/CO/22-23/0148

November 21, 2022

To,
MRF Limited
 New No.114 (Old No..124),
 Greams Road,
 Chennai - 600006

Dear Sir/ Madam,

Sub.: Consent to act as Debenture Trustee for the proposed privately placed issue of Unsecured Listed Redeemable Non-Convertible Debentures issue aggregating upto Rs.150 Crore by MRF Limited ("Issuer").


We, Axis Trustee Services Limited, hereby give our consent to act as the Debenture Trustee for the abovementioned issue of Debentures having a tenure of more than one year and are agreeable to the inclusion of our name as Debenture Trustee in the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum and/or application to be made to the Stock Exchange for the listing of the said Debentures.

Axis Trustee Services Limited (ATSL) consenting to act as Debenture Trustee is purely its business decision and not an indication on the Issuer's standing or on the Debenture Issue. By consenting to act as Debenture Trustee, ATSL does not make nor deems to have made any representation on the Issuer, its Operations, the details and projections about the Issuer or the Debentures under Offer made in the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document. Applicants / Investors are advised to read carefully the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document and make their own enquiry, carry out due diligence and analysis about the Issuer, its performance and profitability and details in the Shelf Prospectus/ Private Placement offer letter/ Information Memorandum / Offer Document before taking their investment decision. ATSL shall not be responsible for the investment decision and its consequence.

We also confirm that we are not disqualified to be appointed as Debentures Trustee within the meaning of Rule 18(2)(c) of the Companies (Share Capital and Debenture) Rules, 2014.

Yours truly,

For Axis Trustee Services Limited


Rahul Vaishya
 Asst. General Manager



No. CARE/CRO/RL/2022-23/1204

Shri Madhu P. Nainan
Executive Vice President
MRF Limited
 No 114 (Old No 124) Greams Road,
 Chennai
 Tamil Nadu 600006

October 14, 2022

Credit rating for proposed Non-Convertible Debenture issue

Please refer to your request for rating of proposed long-term Non-convertible Debenture (NCD) issue aggregating to Rs.150.00 crore of your Company.

2. The following ratings have been assigned by our Rating Committee:

| Sr. No. | Instrument | Amount (Rs. crore) | Rating ¹ | Rating Action |
|---------|-----------------------------------|--|---|-----------------|
| 1. | Non Convertible Debentures | 150.00 | CARE AAA; Stable (Triple A; Outlook: Stable) | Assigned |
| | Total Instruments | 150.00 (Rs. One Hundred Fifty Crore Only) | | |

- Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of six months from the date of our initial communication of rating to you (that is October 03, 2022).
- In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.
- Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

| Instrument type | ISIN | Issue Size (Rs cr) | Coupon Rate | Coupon Payment Dates | Terms of Redemption | Redemption date | Name and contact details of Debenture Trustee | Details of top 10 investors |
|-----------------|------|--------------------|-------------|----------------------|---------------------|-----------------|---|-----------------------------|
|-----------------|------|--------------------|-------------|----------------------|---------------------|-----------------|---|-----------------------------|

- Kindly arrange to submit to us a copy of each of the documents pertaining to the NCD issue, including the offer document and the trust deed.
- The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as **Annexure 2**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have

¹Complete definitions of the ratings assigned are available at www.careedge.in and in other CARE Ratings Ltd.'s publications.
 CARE Ratings Limited

inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by October 15, 2022, we will proceed on the basis that you have no comments to offer.

8. CARE Ratings Ltd. reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
9. CARE Ratings Ltd. reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE Ratings Ltd. warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE Ratings Ltd. so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE Ratings Ltd. shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE Ratings Ltd. shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
10. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
11. Users of this rating may kindly refer our website www.careedge.in for latest update on the outstanding rating.
12. Our ratings are **not** recommendations to buy, sell or hold any securities.
13. If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE Ratings Ltd.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,



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Encl.: As above

CARE Ratings Limited

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Disclaimer

The ratings issued by CARE Ratings Limited are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings Limited has based its ratings/outlooks based on information obtained from reliable and credible sources. CARE Ratings Limited does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings Limited have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings Limited or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE Ratings Limited is, inter-alia, based on the capital deployed by the partners/proprietor and the current financial strength of the firm. The rating/outlook may undergo a change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE Ratings Limited is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE Ratings Limited's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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ANNEXURE B**MRF Limited**

October 17, 2022

Rating

| Facilities/Instruments | Amount (₹ crore) | Rating ¹ | Rating Action |
|------------------------------------|--|--|---------------|
| Non-convertible debentures | 150.00 | CARE AAA; Stable (Triple A; Outlook: Stable) | Assigned |
| Total long-term instruments | 150.00 (₹ One hundred fifty crore only) | | |

Details of instruments/facilities in Annexure-1.

Detailed rationale and key rating drivers

The reaffirmation of the ratings assigned to the bank facilities of MRF Limited (MRF) continues to derive strength from its long operational track record, strong market leadership position in the domestic tyre industry characterised by presence across all the user segments and strong presence in the replacement market aided by wide distribution network and strong brand image with diverse product offering. The rating considers the company's healthy financial risk profile characterised by its sizeable net worth, stable earnings, strong liquidity position and comfortable debt protection metrics. These strengths are, however, partially offset by the vulnerability of MRF's revenues to the cyclical nature in automotive demand and susceptibility of margins to the volatile raw material prices, both natural rubber and crude-linked derivatives and competitive nature of the industry.

Rating sensitivities**Positive factors – Factors that could lead to positive rating action/upgrade: NA****Negative factors – Factors that could lead to negative rating action/downgrade:**

- Continuous decline in the market share along with increase in debt levels with net overall gearing (including dealer deposits) above 0.50x and net debt/PBILDT > 1x on a sustained basis
- Sharp deterioration in MRF's profitability indicators or debt coverage metrics- negatively impacting its credit profile.

Detailed description of the key rating drivers**Key rating strengths**

Market leadership position in domestic tyre industry with pan-market presence: MRF continues to be the market leader in the domestic tyre industry with significant presence in the entire segment. The company also has established presence in almost all sub-segments of the tyre industry, viz., two-wheeler, truck and bus, passenger car and jeep, small commercial vehicles (SCVs) and light commercial vehicles (LCVs), farm, off the road (OTR) and aviation, etc. During FY22 (refers to the period April 1 to March 31), share of MRF in the total estimated industry production (Source: Automotive Tyre Manufacturers Association) (ATMA)) stood at around 29-30% while revenue market share stood at 25%, reflecting continuation of market leadership position.

Strong brand image and wide distribution network: With long track record of operations and well-established pan-India distribution network, the company enjoys strong brand image. As on March 31, 2022, the company had active network of more than 5,000 dealers, translating into strong presence in the replacement market which is critical to the overall profitability. MRF has a strong presence in the replacement market which contributed to around 73% of the total revenue during FY22 (PY: 75%). With such high share of revenue coming from the replacement market, risks arising out of strong competition and the cyclical nature of the automobile industry are relatively limited. In addition to this, the company has strong export revenue which contributed up to 9.6% of the total revenue in FY22 (PY: 8%). Major export destinations of MRF during FY22 continued to be Bangladesh, Philippines and Indonesia.

Improved revenue growth; momentum expected to continue: During FY22, the strong demand scenario has resulted in the total operating income increasing by around 20% (sales volume increased by 8.54% and realisation improved by 7.45%). The company has witnessed strong growth in the Truck and Bus Radial Segment of 25%, Passenger Line Radial Tyres of 27% and 2-Wheeler Segment of 37%. The improved performance comes on the back of strong export market and improved demand

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

from the original equipment manufacturer (OEM) market. The growth momentum continued in FY23 with Q1FY23 sales increasing by 36% on a y-o-y basis and 8% on a sequential basis. The y-o-y growth was mainly on account of lower base of Q1FY22 sales which was impacted due to COVID-19 second wave, due to shut down of OEMs and dealer networks for about a month (April-May 2021) in some of the states.

Going forward the company is expecting a strong growth in the radial tyre segment, passenger car radials (PCR) and light and medium commercial vehicle (LMCV) segments. Unlike other market players the company is not planning to majorly expand its export revenues and chooses to focus on the domestic market primarily.

Diversified product portfolio and wide distribution network: The customer-wise revenue mix of MRF stood at 17%: 73%: 10% for the OEM: replacement: export customers respectively in FY22 and as against 16%: 75%: 8% in FY21. Higher revenue share from the relatively stable and margin-accretive replacement segment continues to lend stability to MRF's revenue profile. While the overall demand in the replacement segment was robust in FY22 and supported the volumes, the growth in OEM and export segment was higher than replacement in FY22. The export revenue saw the highest growth on y-o-y basis of 34.18% followed by OEM market (26.41%) and replacement market (14%).

MRF's operational profile remains strong, supported by its established presence across products. The segment-wise revenue mix for FY22 stands at Truck & Bus - 49%, 2 Wheeler & 3 Wheeler - 15%, LCV - 13%, Passenger car - 11% and others - 13%. The diversified segmental mix supports MRF favourably, especially during periods of industry slowdown.

Strong financial risk profile: The company's financial position continues to remain strong and comfortable. The overall gearing was comfortable at 0.26x as on March 31, 2022 (0.30x as on March 31, 2021). MRF also had cash and liquid investments of ₹4,287 crore as on March 31, 2022, resulting in a negative net debt. During FY22, the interest coverage ratio (PBILDT/ Interest) stood at 8.08 times (PY: 10.57 times) and total debt to PBILDT stood at 1.8x (PY: 1.33x) as on March 31, 2022. The company has discontinued its supplier finance program, to support the domestic rubber dealers. Due to this the LC / acceptances have reduced substantially from ₹1,598 crore to ₹427 crore.

For FY22, the operating cycle of the company improved marginally to 57 days (PY: 58 days) despite the sharp rise seen in the prices of raw material owing to the geopolitical instability.

Key rating weaknesses

Margins moderation amid raw material price volatility and vulnerable to cyclical demand in automotive demand:

MRF's performance is dependent on automotive demand, which exhibits cyclical demand in most segments. With over half of the revenues derived from the commercial segment, any slowdown in economic growth or pace of investments in infrastructure and allied sectors can affect demand, as witnessed in the past. However, with bulk of revenues from the replacement segment, MRF is relatively better placed.

Inherent to the tyre industry, raw material cost forms the largest cost head, accounting for 60-65% of the total cost. Rubber and crude oil are global commodities and prices vary across all international markets. The tyre business is highly sensitive to movement in rubber & crude oil prices. During FY22 and Q1FY23 the raw material prices witnessed an unprecedented increase. In March 2022 the prices saw a sharp jump on account of the geo-political uncertainties and the Russia-Ukraine war. The prices of natural rubber witnessed a sharp rise for the last 15-18 months on account of withholding of exports by countries as well as COVID-19 impact. However, the prices of natural rubber seem to have peaked in June 2022 as the spot for natural rubber (Thailand spot/RSS4 Kottayam) fell from its Q1FY23 average.

In light of the above, during FY22, despite the volume and better realisation the profitability margins (PBILDT) dipped in from 18% in FY21 to 11% in FY22 primarily due to the unprecedented increase in cost of raw materials. Despite timely price hikes by tyre companies over the last 6-8 quarters, RM cost inflation has continued to rise, leading to a significant margin compression. The prices of raw material remained inflated in Q1FY23 as well in light of the geopolitical instability resulting in a further decline in the PBILDT margin to 9%. The prices of key raw material have softened in the recent past and the effect of the same shall be visible from H2FY23.

Competition nature of industry: The group faces competition from other established players in the domestic tyre manufacturing though MRF has been able to retain its overall market position across various segments over the years. The domestic tyre industry witnessed sizeable investments towards capacity addition over the last few years by various players. MRF has also spent towards capacity addition in the last two years and this in turn had impacted its return on capital employed (RoCEs) levels compared to its past averages.

ESG profile: The tyre sector has an impact on the environment owing to emissions, generation of waste and consumption of water. Tyre manufacturing process is dependent on natural resources, such as natural rubber, as key raw materials. Due to the

nature of operations affecting local community and health hazards involved in the manufacturing process, the sector also has a social impact. MRF has consistently focused on mitigating its environmental and social risks. CARE Ratings Limited (CARE Ratings) believes MRF's commitment to ESG will support its credit profile.

Environmental: To improve the sustainability, the company is working on the multipronged 4R strategy, that is reduce (by reduction in CO2 emission by low RR tyres) – recycle (promoting recycled materials from end-of-life tyres as raw materials for new tyres) – reuse (by making multiple re-treadable tyres and doing the retreading process) and renewable (by promoting critical tyre raw materials from environmentally sustainable sources such as biomass, waste materials, etc.). Furthermore, about 2% of the raw materials are recycled materials and 94% of the manufactured raw materials are sourced from suppliers who have ISO 14001 certification.

Social: On the social front, the company has a rich organisational culture rooted in its core values of respect for people. The company's CSR activities are directed towards fulfilling the needs of various communities with regard to promotion of education, healthcare and public infrastructure. MRF also supports skill-development initiatives for increasing employability of rural youth and also for sports.

Governance: The company has always adopted high standards of governance. Its business processes are crafted to deliver long-term value for investors through prudent fiscal practices and sound business strategy combined with fair disclosure practices.

Liquidity: Strong:

Liquidity is marked by strong cash accruals expected to be in the range of ₹2,000 - ₹2,500 crore against the scheduled repayment obligations of ₹289 crore during Q3FY23. Cash and liquid investments as on June 30, 2022, stood at ₹3,024 crore and average fund-based working capital utilisation of MRF for the 12-month period ended June 2022 remained at around 18.5%. MRF has annual capex commitments to the tune of ₹1,000-1,500 crore which will largely be taken care out of the sufficient accruals it is generating.

Analytical approach: Consolidated owing to strong operational and strategic linkages with its subsidiaries. The entities are in the same line of business, sell under common brands and have common management and control. The entities considered in consolidation are mentioned in **Annexure 6** below.

Change in approach: CARE Ratings Limited (CARE Ratings) had earlier taken a standalone approach. However, as the subsidiaries are also in similar line of business and have operational & management linkages with MRF Ltd, the approach is being changed to Consolidated.

Applicable criteria

[Consolidation](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Auto Ancillary Companies](#)

[Manufacturing Companies](#)

[Definition of Default](#)

About the company

MRF Ltd (MRF), India's largest manufacturer of automotive tyres and tubes, was incorporated as a private limited company in 1960 to take over the business of a partnership firm 'The Madras Rubber Factory', started by the late K M Mammen Mapillai. Over the years, the company has established a country-wide dealer network and enjoys a strong brand equity. MRF had an

installed tyre manufacturing capacity of 74.51 million tyres and tubes manufacturing capacity of 47.46 million units as on March 31, 2021, spread over nine plants across India. Other business operations of the company consist of manufacturing pre-cured treads, tread rubber, specialty paints, etc.

| Brief Financials (₹ crore) | March 31, 2021 (A) | March 31, 2022 (A) | June 30, 2022 (UA) |
|----------------------------|--------------------|--------------------|--------------------|
| Total operating income | 16,185 | 19,317 | 5,696 |
| PBILDT | 2,975.65 | 2,049.79 | 527.84 |
| PAT | 1,277.07 | 669.24 | 123.6 |
| Overall gearing (times) | 0.30 | 0.34 | NA |
| Interest coverage (times) | 10.57 | 8.08 | 8.00 |

A: Audited, UA: Un-Audited, NA: Not Available

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of instruments/facilities

| Name of the Instrument | ISIN | Date of Issuance (MM-YY) | Coupon Rate (%) | Maturity Date (MM-YY) | Size of the Issue (₹ crore) | Rating Assigned along with Rating Outlook |
|---|------|--------------------------|-----------------|-----------------------|-----------------------------|---|
| Debentures-Non-Convertible Debentures (Proposed) | | - | - | - | 150.00 | CARE AAA; Stable |

Annexure-2: Rating history for the last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating History | | | |
|---------|--|-----------------|------------------------------|------------------|---|--|---|---|
| | | Type | Amount Outstanding (₹ crore) | Rating | Date(s) and Rating(s) assigned in 2022-2023 | Date(s) and Rating(s) assigned in 2021-2022 | Date(s) and Rating(s) assigned in 2020-2021 | Date(s) and Rating(s) assigned in 2019-2020 |
| 1 | Fund-based - LT-Working Capital limits | LT | 2200.00 | CARE AAA; Stable | 1)CARE AAA; Stable (06-Oct-22) | 1)CARE AAA; Stable (29-Sep-21) 2)CARE AAA; Stable (13-Apr-21) | 1)CARE AAA; Stable (30-Sep-20) | 1)CARE AAA; Stable (04-Oct-19) |
| 2 | Non-fund-based - ST-BG/LC | ST | 1500.00 | CARE A1+ | 1)CARE A1+ (06-Oct-22) | 1)CARE A1+ (29-Sep-21) 2)CARE A1+ (13-Apr-21) | 1)CARE A1+ (30-Sep-20) | 1)CARE A1+ (04-Oct-19) |
| 3 | Debentures-Non-convertible | LT | - | - | - | - | 1)Withdrawn (30-Sep-20) | 1)CARE AAA; Stable |

| | | | | | | | | |
|----|---------------------------------------|--------|---------|-----------------------------|---|--|---|-------------------------------------|
| | debentures | | | | | | | (04-Oct-19) |
| 4 | Debentures-Non-convertible debentures | LT | - | - | - | - | 1)Withdrawn (30-Sep-20) | 1)CARE AAA; Stable (04-Oct-19) |
| 5 | Debentures-Non-convertible debentures | LT | - | - | - | 1)Withdrawn (29-Sep-21) | 1)CARE AAA; Stable (30-Sep-20) | 1)CARE AAA; Stable (04-Oct-19) |
| 6 | Fixed deposit | LT | - | - | - | - | 1)Withdrawn (30-Sep-20) | 1)CARE AAA (FD); Stable (04-Oct-19) |
| 7 | Debentures-Non-convertible debentures | LT | - | - | - | - | 1)Withdrawn (30-Sep-20) | 1)CARE AAA; Stable (04-Oct-19) |
| 8 | Fund-based/Non-fund-based-LT/ST | LT/ST* | 1000.00 | CARE AAA; Stable / CARE A1+ | 1)CARE AAA; Stable / CARE A1+ (06-Oct-22) | 1)CARE AAA; Stable / CARE A1+ (29-Sep-21) 2)CARE AAA; Stable / CARE A1+ (13-Apr-21) | 1)CARE AAA; Stable / CARE A1+ (30-Sep-20) | - |
| 9 | Fund-based - LT-Term loan | LT | 740.00 | CARE AAA; Stable | 1)CARE AAA; Stable (06-Oct-22) | 1)CARE AAA; Stable (29-Sep-21) 2)CARE AAA; Stable (13-Apr-21) | - | - |
| 10 | Debentures-Non-convertible debentures | LT | 150.00 | CARE AAA; Stable | | | | |

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: NA

Annexure-4: Complexity level of various instruments rated for this company

| Sr. No. | Name of Instrument | Complexity Level |
|---------|---------------------------------------|------------------|
| 1 | Debentures-Non-convertible debentures | Simple |

Annexure-5: Bank lender details for this company

To view the lender-wise details of bank facilities please [click here](#)

Annexure-6: Entities being consolidated

| Companies consider under consideration | Subsidiary/Associate | % of share held |
|--|----------------------|-----------------|
| MRF Corp Limited | Subsidiary | 100 |
| MRF International Limited | Subsidiary | 100 |
| MRF Lanka Pvt Limited | Subsidiary | 100 |
| MRF SG PTE Ltd | Subsidiary | 100 |

Note on complexity levels of the rated instruments: CARE Ratings Limited (CARE Ratings) has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

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**For the detailed Rationale Report and subscription information,
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**Extract of the resolution passed at the
meeting of the Board of Directors of MRF Limited
held on Tuesday, 8th November, 2022 through Video Conference**

- 1) **RESOLVED THAT** pursuant to the provisions of Sections 42, 71 and all other applicable provisions, if any, of the Companies Act, 2013, read with the rules made thereunder as may be amended from time to time and any other applicable laws including the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended from time to time and other applicable SEBI Regulations and guidelines, the provisions of Memorandum and Articles of the Association of the Company, consent of the Board be and is hereby accorded to issue Secured / Unsecured Non-Convertible Debentures (NCD) for a sum not exceeding Rs.150 crores [Rupees One hundred and fifty Crores Only], in one or more series / tranches, to such eligible investors on a private placement basis on such terms and conditions as are considered necessary for raising the required funds.

- 2) **RESOLVED FURTHER THAT** Mr. K M Mammen, Chairman and Managing Director, Mr. Arun Mammen, Vice Chairman and Managing Director, Mr. Rahul Mammen Mappillai, Managing Director, Mr. Madhu P Nainan, Executive Vice President Finance and Mr. S Dhanvanth Kumar, Company Secretary of the Company be and are hereby severally authorised to negotiate and finalise the terms and conditions of the issue as they deem fit including appointment of arrangers, trustees, Registrar and Transfer Agents [RTA] and Legal Counsel and sign the final terms for private placement of NCDs and execute all other documents that may be necessary in connection with the issue of NCDs on a private placement basis.

- 3) **RESOLVED FURTHER THAT** Mr. K M Mammen, Chairman and Managing Director, Mr. Arun Mammen, Vice Chairman and Managing Director, Mr. Rahul Mammen Mappillai, Managing Director, Mr. Madhu P Nainan, Executive Vice President Finance and Mr. S Dhanvanth Kumar, Company Secretary of the Company be and are hereby severally authorised to approve, finalize and settle the Disclosure Document / Information Memorandum or any other document and that the same be signed by one

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or more of them before submission to the National Stock Exchange of India Ltd (NSE) / BSE Ltd (BSE) and other authorities in connection with the above issue.

- 4) **RESOLVED FURTHER THAT** Mr. K M Mammen, Chairman and Managing Director, Mr. Arun Mammen, Vice Chairman and Managing Director, Mr. Rahul Mammen Mappillai, Managing Director, Mr. Madhu P Nainan, Executive Vice President Finance and Mr. S Dhanvanth Kumar, Company Secretary of the Company be and are hereby authorised to approve, finalize and settle the draft tri-partite agreement to be entered into between NSDL / CDSL and the Registrar and Transfer Agent [RTA] and sign the same, before submission to NSDL / CDSL and execute all other documents that may be necessary in connection with the issue and allotment of NCDs on a private placement basis.
- 5) **RESOLVED FURTHER THAT** Mr. K M Mammen, Chairman and Managing Director, Mr. Arun Mammen, Vice Chairman and Managing Director, Mr. Rahul Mammen Mappillai, Managing Director, Mr. Madhu P Nainan, Executive Vice President Finance and Mr. S Dhanvanth Kumar, Company Secretary of the Company be and are hereby severally authorised to make the requisite application to the NSE/BSE and execute any agreement, deed, undertaking as may be required towards obtaining the in-principle / final approval for listing of the NCDs.
- 6) **RESOLVED FURTHER THAT** Mr. K M Mammen, Chairman and Managing Director, Mr. Arun Mammen, Vice Chairman and Managing Director, Mr. Rahul Mammen Mappillai, Managing Director, Mr. Madhu P Nainan, Executive Vice President Finance and Mr. S Dhanvanth Kumar, Company Secretary of the Company be and are hereby authorised to file Information Memorandum, Return of Allotment and all other necessary forms relating to the issue of Non-Convertible Debentures aforesaid with the Ministry of Corporate Affairs.
- 7) **RESOLVED FURTHER THAT** Mr. K M Mammen, Chairman and Managing Director, Mr. Arun Mammen, Vice Chairman and Managing Director, Mr. Rahul Mammen Mappillai, Managing Director, Mr. Madhu P Nainan, Executive Vice President Finance and Mr. S Dhanvanth Kumar, Company Secretary of the Company be and are hereby authorised severally to sign and submit necessary applications to NSDL/CDSL for

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creation of ISIN's and for corporate action with respect to credit of Letter of Allotment / NCD's to various allottees in demat form.

- 8) **RESOLVED FURTHER THAT** in case the Company proposes to issue secured debentures, Mr. K M Mammen, Chairman and Managing Director, Mr. Arun Mammen, Vice Chairman and Managing Director, Mr. Rahul Mammen Mappillai, Managing Director, Mr. Madhu P Nainan, Executive Vice President Finance and Mr. S Dhanvanth Kumar, Company Secretary of the Company be and are hereby severally authorised to finalise the Debenture Trust Deed to be executed in favour of the debenture trustees and create mortgage/charge on the Company's movable / immovable properties for securing the debentures and that Mr. K M Mammen, Chairman & Managing Director, Mr. Arun Mammen, Vice Chairman and Managing Director and Mr. Rahul Mammen Mappillai, Managing Director of the Company be and are hereby authorised severally to sign and execute the Debenture Trust Deed and all other necessary documents required for the same and that the Common Seal be affixed thereon in the presence of any one of the above Directors who do sign the same in token thereof.
- 9) **RESOLVED FURTHER THAT** the Company do create a charge by way of Hypothecation / Mortgage of Fixed Assets as and by way of security for the Debentures with such ranking and Asset Cover, as agreed in consultation with the Debenture Trustees and that Mr. K M Mammen, Chairman and Managing Director, Mr. Arun Mammen, Vice Chairman and Managing Director, Mr. Rahul Mammen Mappillai, Managing Director, Mr. Madhu P Nainan, Executive Vice President Finance and Mr. S Dhanvanth Kumar, Company Secretary of the Company be and are hereby severally authorised to approve, finalize and settle drafts of the Hypothecation Deed / Mortgage Deed as and when it is received from the trustees and execute the same and that the Common Seal be affixed thereon in the presence of any one of the above Directors who do sign the same in token thereof.
- 10) **RESOLVED FURTHER THAT**, if necessary, the Company do file the requisite particulars of Debentures with the Registrar of Companies immediately upon execution of the Debenture Trust Deed and upon receipt of the Certificate of registration of

contd..



charge, the Company do issue Debenture Certificate(s) (in physical or dematerialization format) and that Mr. S. Dhanvanth Kumar, Company Secretary be and is hereby authorised to sign and submit necessary applications to NSDL/CDSL for corporate action with respect to credit of Debentures to the respective allottees.

11) RESOLVED FURTHER THAT the Finance Committee of the Board of Directors comprising of 1) Mr. K M Mammen, Chairman & Managing Director, 2) Mr. Arun Mammen, Vice Chairman and Managing Director, 3) Mr. Rahul Mammen Mappillai, Managing Director be and are hereby further authorised to do the following:

- i) Finalise and approve the terms of issue including interest rate, maturity (which shall not exceed 10 years from the date of issue), repayment terms, security etc., allot the debentures to the debenture holders;
- ii) To alter or modify the terms of the issue, to authorise the repurchase of the debt securities, approving the private placement offer letter in Form PAS-4 in terms of the Companies (Prospectus and Allotment Rules) 2014 and/or Placement Document with disclosures under the Schedule II of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, and arrangement for the submission of any amendments, supplements thereto, with any applicable statutory and/or regulatory authorities, institutions or bodies, as may be required;
- iii) To appoint trustees for the debenture holders, Registrars to the issue [RTA], Arrangers to the issue and legal counsel.
- iv) Approve applications to be submitted NSDL / CDSL for creation of ISIN's and for credit of allotment of debentures in dematerialized form.
- v) Approve applications to be submitted to NSE/BSE for in-principle approval and for listing of debentures in WDM segment of the Stock Exchange.
- vi) To authorise undertaking such actions required pursuant to participation on the Electronic Debt Bidding (EBP) Platform of the BSE/NSE;
- vii) To authorize execution of all documents, instruments, deeds, amendments, papers, applications, notices or letters as may be required for the filing, registration, negotiation or dealing in any manner with the regulatory authorities in connection with the debt securities including but not limited to Registrar of Companies, Ministry

contd..

of Corporate Affairs, National Securities Depository Limited/ Central Depository Services (India) Limited, the Securities and Exchange Board of India (SEBI), National Stock Exchange of India Limited and/or BSE Limited and such other authorities as may be required;

- viii) To execute all documents, file forms and take all necessary and appropriate steps relating to the creation and registration of any security created by the Company under any of the transaction documents (to which it is a party) including the registration of charges with the relevant registrar of companies, any depository or any other authorities under applicable laws and complete all listing and registration formalities with the relevant sub-registrar of assurances and other relevant governmental authorities as may be necessary;
- ix) Issue the Letter of Allotment and Debenture Certificates in demat / physical form in favour of the Investors.
- x) Authorise executives of the Company sign, execute and to take such action as may be necessary to complete the issue of debt securities and all connected formalities including listing of debentures, delivery of debentures in electronic form, payment of stamp duty, security creation, undertakings, deeds and all other documents, execution of various documents with debenture trustees, arrangers to the issue and for all post issue formalities etc.
- xi) Authorise affixation of Common Seal of the Company in terms of Memorandum and Articles of Association of the Company to the documents as may be required by the debenture holders / trustees.
- xii) To do all such acts, deeds and things as may be necessary or incidental thereto in relation to the issue.

- CERTIFIED TRUE COPY -

For MRF LIMITED,


COMPANY SECRETARY



MRF

MRF Limited, Regd. Office : 114, Greams Road, Chennai 600 006

E-mail : mrfshare@mrfmail.com; Tel.: 044-28292777; Fax : 91-44-28295087

CIN : L25111TN1960PLC004306; Website: www.mrftyres.com

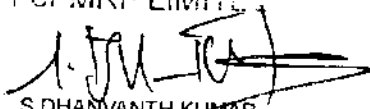
CERTIFIED TRUE COPY OF THE SPECIAL RESOLUTION PASSED BY THE SHAREHOLDERS AT THE ANNUAL GENERAL MEETING OF THE COMPANY HELD ON THURSDAY, THE 12TH FEBRUARY, 2015, AT 11.00 A.M. AT TTK AUDITORIUM, "THE MUSIC ACADEMY", NO.168, TTK ROAD, CHENNAI 600 014

"RESOLVED that in supersession of the special resolution passed by the members by way of postal ballot on 30.06.2014, the consent of the Company be and is hereby accorded pursuant to the provisions of Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013, to the Board of Directors to borrow (excluding temporary loans obtained from the Banks in the ordinary course of business) for the purpose of the business of the Company, such sum(s) of money (in foreign currency or Indian rupee) from time to time with or without security on such terms and conditions as the Board of Directors may deem fit, notwithstanding that the money or monies to be borrowed by the Company together with the money already borrowed and remaining outstanding at any time may exceed the aggregate of the paid-up capital and free reserves of the Company, provided however that the money or monies to be borrowed by the Company together with the money already borrowed shall not, at any time exceed `5,000 crore (Rupees Five thousand crore only).

RESOLVED FURTHER that the Board of Directors be and is hereby authorized to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution."

Certified True Copy

For MRF LIMITED


S DHANVANTH KUMAR
COMPANY SECRETARY

**MRF**

MRF Limited, Regd. Office : 114, Greaves Road, Chennai 600 006
E-mail : mrfshare@mrfmail.com; Tel.: 044-28292777; Fax : 91-44-28295087
CIN : L25111TN1960PLC004306; Website: www.mrftyres.com

071/SH/SE/SHPTN/31.12/KGG
January 13, 2023

COURIER

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

Bombay Stock Exchange Ltd
Floor 24 P J Towers
Dalal Street
Mumbai 400 001

Dear Sir(s),

Sub: Shareholding Pattern for the Quarter ended 31st December, 2022

Please find enclosed Shareholding Pattern under Regulation 31 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 of our Company for the quarter ended 31st December, 2022.

Kindly acknowledge receipt.

Thanking you.

Yours faithfully,
For MRF LIMITED

S DHANVANTH KUMAR
COMPANY SECRETARY

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| General information about company | |
|--|-----------------------|
| Scrip code | 500290 |
| NSE Symbol | MRF |
| MSEI Symbol | NOTLISTED |
| ISIN | INE883A01011 |
| Name of the company | MRF LIMITED |
| Whether company is SME | No |
| Class of Security | Equity Shares |
| Type of report | Quarterly |
| Quarter Ended / Half year ended/Date of Report (For Prelisting / Allotment) | 31-12-2022 |
| Date of allotment / extinguishment (in case Capital Restructuring selected) / Listing Date | |
| Shareholding pattern filed under | Regulation 31 (1) (b) |
| Whether the listed entity is Public Sector Undertaking (PSU)? | No |

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| Sr. No. | Particular | Yes/No | Promoter and Promoter Group | Public shareholder | Non Promoter- Non Public |
|---------|--|--------|-----------------------------|--------------------|--------------------------|
| 1 | Whether the Listed Entity has issued any partly paid up shares? | No | No | No | No |
| 2 | Whether the Listed Entity has issued any Convertible Securities ? | No | No | No | No |
| 3 | Whether the Listed Entity has issued any Warrants ? | No | No | No | No |
| 4 | Whether the Listed Entity has any shares against which depository receipts are issued? | No | No | No | No |
| 5 | Whether the Listed Entity has any shares in locked-in? | No | No | No | No |
| 6 | Whether any shares held by promoters are pledge or otherwise encumbered? | No | No | | |
| 7 | Whether company has equity shares with differential voting rights? | No | No | No | No |
| 8 | Whether the listed entity has any significant beneficial owner? | No | | | |

| Table I - Summary Statement holding of specified securities | | | | | | | | | | | | | | | | | | | | | | | |
|---|---------------------------------|----------------------------------|--|--|---|---|--|---|---------------|------------|----------------------------|--|---|--|--|-------------------------------------|-------------------|---|--|--|------------------------------|---|---|
| Note : Data will be automatically populated from shareholding pattern sheet - Data Entry Restricted in this sheet | | | | | | | | | | | | | | | | | | | | | | | |
| Category y (I) | Category of shareholder (II) | Nos. Of shareholders (III) | No. of fully paid up equity shares held (IV) | No. Of Partly paid- up equity shares held (V) | No. Of shares underlying Depository Receipts (VI) | Total nos. shares held (VII) = (IV)+(V)+ (VI) | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) | Number of Voting Rightsheld in each class of securities(IX) | | | | No. Of Shares Underlying Outstanding convertible securities (X) | No. of Shares Underlying Outstanding Warrants (XI) | No. Of Shares Underlying Outstanding convertible securities and No. Of Warrants (XI) (a) | Shareholding , as a % assuming full conversion of convertible securities (- as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2) | Number of Locked in shares (XII) | | Number of Shares pledged or otherwise encumbered (XIII) | | Number of equity shares held in dematerialized form (XIV) | Sub-categorization of shares | | |
| | | | | | | | | No of Voting (XIV) Rights | | | Total as a % of (A+B+C) | | | | | Shareholding (No. of shares) under | | | | | | | |
| | | | | | | | | Class eg: X | Class eg:Y | Total | | | | | | Sub-category (i) | Sub-category (ii) | Sub-category (iii) | | | | | |
| (A) | Promoter & Promoter Group | 106 | 1182151 | | | 1182151 | 27.87 | 11,82,151.00 | | 1182151.00 | 27.87 | | | | 27.87 | | | | | 1182151 | | | |
| (B) | Public | 41775 | 3058992 | | | 3058992 | 72.13 | 3058992.00 | | 3058992.00 | 72.13 | | | | 72.13 | | | | | 2622221 | 0 | 0 | 0 |
| (C) | Non Promoter- Non Public | | | | | | | | | | | | | | | | | | | | | | |
| (C1) | Shares underlying DRs | | | | | | | | | | | | | | | | | | | | | | |
| (C2) | Shares held by Employee Trusts | | | | | | | | | | | | | | | | | | | | | | |
| | Total | 41881 | 4241143 | | | 4241143 | 100 | 4241143.00 | | 4241143.00 | 100.00 | | | | 100 | | | | | 3804372 | 0 | 0 | 0 |

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|--|---|----------------------------|--|--|---|---|---|---|------------|---------|-------------------------------------|---|--|--|---|------------------------------------|-------------------|---|--|---|------------------------------|---|---|---|
| Sr. | Category & Name of the Shareholders (I) | Nos. Of shareholders (III) | No. of fully paid up equity shares held (IV) | No. Of Partly paid-up equity shares held (V) | No. of shares underlying Depository Receipts (VI) | Total nos. shares held (VII) = (IV)+(V)+ (VI) | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities(X) | | | | No. Of Shares Underlying Outstanding convertible securities (X) | No. of Shares Underlying Outstanding Warrants (Xi) | No. Of Shares Underlying Outstanding convertible securities and No. Of Warrants (Xi) (a) | Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2) | Number of Locked in shares (XII) | | Number of Shares pledged or otherwise encumbered (XIII) | | Number of equity shares held in dematerialized form (XIV) | Sub-categorization of shares | | | |
| | | | | | | | | No of Voting (XIV)Rights | | | Total as a % of Total Voting rights | | | | | Shareholding (No. of shares) under | | | | | | | | |
| | | | | | | | | Class eg: X | Class eg:y | Total | | | | | | Sub-category (i) | Sub-category (ii) | Sub-category (iii) | | | | | | |
| A Table II - Statement showing shareholding pattern of the Promoter and Promoter Group | | | | | | | | | | | | | | | | | | | | | | | | |
| Indian | | | | | | | | | | | | | | | | | | | | | | | | |
| (a) | Individuals/Hindu undivided Family | 88 | 536012 | | | 536012 | 12.64 | 536012.00 | | 536012 | 12.64 | | | | 12.64 | | | | | | 536012 | | | |
| (b) | Central Government/ State Government(s) | | | | | | | | | | | | | | | | | | | | | | | |
| (c) | Financial Institutions/ Banks | | | | | | | | | | | | | | | | | | | | | | | |
| (d) | Any Other (specify) | 11 | 628364 | | | 628364 | 14.82 | 628364.00 | | 628364 | 14.82 | | | | 14.82 | | | | | | 628364 | | | |
| Sub-Total (A)(1) | | 99 | 1164376 | | | 1164376 | 27.45 | 1164376.00 | | 1164376 | 27.45 | | | | 27.45 | | | | | | 1164376 | | | |
| Foreign | | | | | | | | | | | | | | | | | | | | | | | | |
| (a) | Individuals (Nonresident Individuals/ Foreign Individuals) | 7 | 17775 | | | 17775 | 0.42 | 17775.00 | | 17775 | 0.42 | | | | 0.42 | | | | | | 17775 | | | |
| (b) | Government | | | | | | | | | | | | | | | | | | | | | | | |
| (c) | Institutions | | | | | | | | | | | | | | | | | | | | | | | |
| (d) | Foreign Portfolio Investor | | | | | | | | | | | | | | | | | | | | | | | |
| (e) | Any Other (specify) | | | | | | | | | | | | | | | | | | | | | | | |
| Sub-Total (A)(2) | | 7 | 17775 | | | 17775 | 0.42 | 17775.00 | | 17775 | 0.42 | | | | 0.42 | | | | | | 17775 | | | |
| Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2) | | 106 | 1182151 | | | 1182151 | 27.87 | 1182151.00 | | 1182151 | 27.87 | | | | 27.87 | | | | | | 1182151 | | | |
| Details of Shares which remain unclaimed for Promoter & Promoter Group | | | | | | | | | | | | | | | | | | | | | | | | |
| B Table III - Statement showing shareholding pattern of the Public shareholder Note : Kindly show details of shareholders having more than one percentage of total no of shares. Please refer software manual. | | | | | | | | | | | | | | | | | | | | | | | | |
| Institutions (Domestic) | | | | | | | | | | | | | | | | | | | | | | | | |
| (a) | Mutual Funds | 42 | 279596 | | | 279596 | 6.59 | 279596 | | 279596 | 6.59 | | | | 6.59 | | | | | | 279496 | 0 | 0 | 0 |
| (b) | Venture Capital Funds | | | | | | | | | | | | | | | | | | | | | | | |
| (c) | Alternate Investment Funds | 4 | 369 | | | 369 | 0.01 | 369 | | 369 | 0.01 | | | | 0.01 | | | | | | 369 | 0 | 0 | 0 |
| (d) | Banks | 14 | 2828 | | | 2828 | 0.07 | 2828 | | 2828 | 0.07 | | | | 0.07 | | | | | | 2591 | 0 | 0 | 0 |
| (e) | Insurance Companies | | | | | | | | | | | | | | | | | | | | | | | |
| (f) | Provident Funds/ Pension Funds | | | | | | | | | | | | | | | | | | | | | | | |
| (g) | Asset reconstruction companies | | | | | | | | | | | | | | | | | | | | | | | |
| (h) | Sovereign Wealth Funds | | | | | | | | | | | | | | | | | | | | | | | |
| (i) | NBFCs registered with RBI | | | | | | | | | | | | | | | | | | | | | | | |
| (j) | Other Financial Institutions | | | | | | | | | | | | | | | | | | | | | | | |
| (k) | Any Other (specify) | 33 | 199499 | | | 199499 | 4.70 | 199499 | | 199499 | 4.70 | | | | 4.70 | | | | | | 199499 | 0 | 0 | 0 |
| Sub-Total (B)(1) | | 93 | 482292 | | | 482292 | 11.37 | 482292 | | 482292 | 11.37 | | | | 11.37 | | | | | | 481955 | 0 | 0 | 0 |
| Institutions (Foreign) | | | | | | | | | | | | | | | | | | | | | | | | |
| (a) | Foreign Direct Investment | | | | | | | | | | | | | | | | | | | | | | | |
| (b) | Foreign Venture Capital Investors | | | | | | | | | | | | | | | | | | | | | | | |
| (c) | Sovereign Wealth Funds | | | | | | | | | | | | | | | | | | | | | | | |
| (d) | Foreign Portfolio Investors Category I | 444 | 772793 | | | 772793 | 18.22 | 772793 | | 772793 | 18.22 | | | | 18.22 | | | | | | 772793 | 0 | 0 | 0 |
| (e) | Foreign Portfolio Investors Category II | | | | | | | | | | | | | | | | | | | | | | | |
| (f) | Overseas Depositories (holding DRs) (balancing figure) | | | | | | | | | | | | | | | | | | | | | | | |
| (g) | Any Other (specify) | 2 | 100 | | | 100 | 0.00 | 100 | | 100 | 0.00 | | | | 0.00 | | | | | | 0 | 0 | 0 | 0 |
| Sub-Total (B)(2) | | 446 | 772893 | | | 772893 | 18.22 | 772893 | | 772893 | 18.22 | | | | 18.22 | | | | | | 772793 | 0 | 0 | 0 |
| Central Government / State Government(s) | | | | | | | | | | | | | | | | | | | | | | | | |
| (a) | Central Government / President of India | | | | | | | | | | | | | | | | | | | | | | | |
| (b) | State Government / Governor | | | | | | | | | | | | | | | | | | | | | | | |
| (c) | Shareholding by Companies or Bodies Corporate where Central / State Government is a promoter | | | | | | | | | | | | | | | | | | | | | | | |
| Sub-Total (B)(3) | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-institutions | | | | | | | | | | | | | | | | | | | | | | | | |
| (a) | Associate companies / Subsidiaries | | | | | | | | | | | | | | | | | | | | | | | |
| (b) | Directors and their relatives (excluding independent directors and nominee directors) | | | | | | | | | | | | | | | | | | | | | | | |
| (c) | Key Managerial Personnel | 2 | 7 | | | 7 | 0.00 | 7 | | 7 | 0.00 | | | | 0.00 | | | | | | 7 | 0 | 0 | 0 |
| (d) | Relatives of promoters (other than 'immediate relatives' of promoters disclosed under 'Promoter and Promoter Group' category) | 1 | 300 | | | 300 | 0.01 | 300 | | 300 | 0.01 | | | | 0.01 | | | | | | 300 | 0 | 0 | 0 |
| (e) | Trusts where any person belonging to 'Promoter and Promoter Group' category is 'trustee', 'beneficiary', or 'author of the trust' | | | | | | | | | | | | | | | | | | | | | | | |
| (f) | Investor Education and Protection Fund (IEPF) | 1 | 46944 | | | 46944 | 1.11 | 46944 | | 46944 | 1.11 | | | | 1.11 | | | | | | 46944 | 0 | 0 | 0 |
| (g) | Resident Individuals holding nominal share capital up to Rs. 2 lakhs | 38442 | 540721 | | | 540721 | 12.75 | 540721 | | 540721 | 12.75 | | | | 12.75 | | | | | | 494017 | 0 | 0 | 0 |
| (h) | Resident Individuals holding nominal share capital in excess of Rs. 2 lakhs | | | | | | | | | | | | | | | | | | | | | | | |
| (i) | Non Resident Indians (NRIs) | 1326 | 34526 | | | 34526 | 0.81 | 34526 | | 34526 | 0.81 | | | | 0.81 | | | | | | 33778 | 0 | 0 | 0 |
| (j) | Foreign Nationals | | | | | | | | | | | | | | | | | | | | | | | |
| (k) | Foreign Companies | | | | | | | | | | | | | | | | | | | | | | | |
| (l) | Bodies Corporate | 397 | 799970 | | | 799970 | 18.86 | 799970 | | 799970 | 18.86 | | | | 18.86 | | | | | | 771784 | 0 | 0 | 0 |
| (m) | Any Other (specify) | 1067 | 381339 | | | 381339 | 8.99 | 381339 | | 381339 | 8.99 | | | | 8.99 | | | | | | 20643 | 0 | 0 | 0 |
| Sub-Total (B)(4) | | 41236 | 1803807 | | | 1803807 | 42.53 | 1803807.00 | | 1803807 | 42.53 | | | | 42.53 | | | | | | 1367473 | 0 | 0 | 0 |
| Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)+(B)(4) | | 41775 | 3058992 | | | 3058992 | 72.13 | 3058992 | | 3058992 | 72.13 | | | | 72.13 | | | | | | 2622221 | 0 | 0 | 0 |
| Details of the shareholders acting as persons in Concert for Public | | | | | | | | | | | | | | | | | | | | | | | | |

| Table IV - Statement showing shareholding pattern of the Non Promoter- Non Public shareholder | | | | | | | | | | | | | | | | | | | | |
|--|--|--|-------|---------|--|---------|--------|------------|--|---------|--------|--|--|--------|--|--|--|---------|---|---|
| C | | Custodian/DP Holder - Name of DP Holders (If Available) | | | | | | | | | | | | | | | | | | |
| (1) | | Employee Benefit Trust / Employee Welfare Trust under MCA (Share Based Employee Benefits and Sweat Equity) Regulations, 2001 | | | | | | | | | | | | | | | | | | |
| (2) | | Total NonPromoter- Non Public Shareholding (C)=(C1)+(C2) | | | | | | | | | | | | | | | | | | |
| | | Total (A+B+C) | 41881 | 4241143 | | 4241143 | 100.00 | 4241143.00 | | 4241143 | 100.00 | | | 100.00 | | | | 3804372 | 0 | 0 |
| | | Total (A+B+C) | 41881 | 4241143 | | 4241143 | 100.00 | 4241143.00 | | 4241143 | 100.00 | | | 100.00 | | | | 3804372 | 0 | 0 |
| Disclosure of notes on shareholding pattern | | | | | | | | Add Notes | | | | | | | | | | | | |
| Disclosure of notes in case of promoter holding in dematerialised form is less than 100 percentage | | | | | | | | Add Notes | | | | | | | | | | | | |
| Disclosure of notes in case of public share holding is less than 25 percentage | | | | | | | | Add Notes | | | | | | | | | | | | |
| Disclosure of notes on shareholding pattern for company remarks explanatory | | | | | | | | Add Notes | | | | | | | | | | | | |

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|-------------|---|-------------------|--|---|---|---|----------|-------------------------------------|--|---|------------------------------|------------------|--|
| Searial No. | Name of the Shareholders (I) | PAN (II) | No. of fully paid up equity shares held (IV) | Total nos. shares held (VII) = (IV)+(V)+ (VI) | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities (IX) | | | Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(Xi)(a) As a % of (A+B+C2) | Number of equity shares held in dematerialized form (XIV) | Reason for not providing PAN | Shareholder type | |
| | | | | | | No of Voting (XIV) Rights | | Total as a % of Total Voting rights | | | | | |
| | | | | | | Class eg:X | Total | | | | | | |
| A1(a) | Individuals/Hindu undivided Family | | | | | | | | | | | | |
| | <div>Add</div> | <div>Delete</div> | | | | | | | | | | | |
| 1 | K M MAMMEN [SINGLY] & K M MAMMEN [JOINTLY WITH ARUN MAMMEN] | | 53435 | 53435 | 1.26 | 53435.00 | 53435.00 | 1.26 | 1.26 | 53435 | | Promoter | |
| 2 | AMBIKA MAMMEN | | 2489 | 2489 | 0.06 | 2489.00 | 2489.00 | 0.06 | 0.06 | 2489 | | Promoter | |
| 3 | RAHUL MAMMEN MAPPILLAI | | 4538 | 4538 | 0.11 | 4538.00 | 4538.00 | 0.11 | 0.11 | 4538 | | Promoter | |
| 4 | SAMIR THARIYAN MAPPILLAI | | 4470 | 4470 | 0.11 | 4470.00 | 4470.00 | 0.11 | 0.11 | 4470 | | Promoter | |
| 5 | MEERA MAMMEN | | 15840 | 15840 | 0.37 | 15840.00 | 15840.00 | 0.37 | 0.37 | 15840 | | Promoter | |
| 6 | VARUN MAMMEN | | 8706 | 8706 | 0.21 | 8706.00 | 8706.00 | 0.21 | 0.21 | 8706 | | Promoter | |
| 7 | ADITI MAMMEN GUPTA | | 4744 | 4744 | 0.11 | 4744.00 | 4744.00 | 0.11 | 0.11 | 4744 | | Promoter | |
| 8 | ARUN MAMMEN | | 27560 | 27560 | 0.65 | 27560.00 | 27560.00 | 0.65 | 0.65 | 27560 | | Promoter | |
| 9 | CIBI MAMMEN | | 500 | 500 | 0.01 | 500.00 | 500.00 | 0.01 | 0.01 | 500 | | Promoter | |
| 10 | RAMANI JOSEPH | | 2509 | 2509 | 0.06 | 2509.00 | 2509.00 | 0.06 | 0.06 | 2509 | | Promoter Group | |
| 11 | KIRAN JOSEPH | | 1850 | 1850 | 0.04 | 1850.00 | 1850.00 | 0.04 | 0.04 | 1850 | | Promoter Group | |
| 12 | ARJUN JOSEPH | | 1850 | 1850 | 0.04 | 1850.00 | 1850.00 | 0.04 | 0.04 | 1850 | | Promoter Group | |
| 13 | K S JOSEPH | | 483 | 483 | 0.01 | 483.00 | 483.00 | 0.01 | 0.01 | 483 | | Promoter Group | |
| 14 | K C MAMMEN | | 9043 | 9043 | 0.21 | 9043.00 | 9043.00 | 0.21 | 0.21 | 9043 | | Promoter Group | |
| 15 | SARAH CHERIAN TRUST (K C MAMMEN & MAMMEN JACOB) | | 4950 | 4950 | 0.12 | 4950.00 | 4950.00 | 0.12 | 0.12 | 4950 | | Promoter Group | |
| 16 | ANNAMMA MAMMEN | | 11265 | 11265 | 0.27 | 11265.00 | 11265.00 | 0.27 | 0.27 | 11265 | | Promoter Group | |
| 17 | ANNU KURIEN | | 11940 | 11940 | 0.28 | 11940.00 | 11940.00 | 0.28 | 0.28 | 11940 | | Promoter Group | |
| 18 | MARY KURIEN | | 10839 | 10839 | 0.26 | 10839.00 | 10839.00 | 0.26 | 0.26 | 10839 | | Promoter Group | |
| 19 | SARASU JACOB | | 13984 | 13984 | 0.33 | 13984.00 | 13984.00 | 0.33 | 0.33 | 13984 | | Promoter Group | |
| 20 | ANNAMMA PHILIP | | 8900 | 8900 | 0.21 | 8900.00 | 8900.00 | 0.21 | 0.21 | 8900 | | Promoter Group | |
| 21 | MAMMEN PHILIP | | 8480 | 8480 | 0.20 | 8480.00 | 8480.00 | 0.20 | 0.20 | 8480 | | Promoter Group | |
| 22 | PETER PHILIP | | 7445 | 7445 | 0.18 | 7445.00 | 7445.00 | 0.18 | 0.18 | 7445 | | Promoter Group | |
| 23 | MEERA PHILIP | | 28534 | 28534 | 0.67 | 28534.00 | 28534.00 | 0.67 | 0.67 | 28534 | | Promoter Group | |
| 24 | KARUN PHILIP | | 4000 | 4000 | 0.09 | 4000.00 | 4000.00 | 0.09 | 0.09 | 4000 | | Promoter Group | |

| | | | | | | | | | | | | |
|----|----------------------------|--|-------|-------|------|----------|----------|------|------|-------|--|----------------|
| 25 | ADITH POULOSE MAMMEN | | 1185 | 1185 | 0.03 | 1185.00 | 1185.00 | 0.03 | 0.03 | 1185 | | Promoter Group |
| 26 | ROHAN MATHEW MAMMEN | | 1635 | 1635 | 0.04 | 1635.00 | 1635.00 | 0.04 | 0.04 | 1635 | | Promoter Group |
| 27 | CHALAKUZH Y POULOSE MAMMEN | | 530 | 530 | 0.01 | 530.00 | 530.00 | 0.01 | 0.01 | 530 | | Promoter Group |
| 28 | THANGAM MAMMEN | | 5981 | 5981 | 0.14 | 5981.00 | 5981.00 | 0.14 | 0.14 | 5981 | | Promoter Group |
| 29 | PHILIP MATHEW | | 11762 | 11762 | 0.28 | 11762.00 | 11762.00 | 0.28 | 0.28 | 11762 | | Promoter Group |
| 30 | BINA MATHEW | | 1568 | 1568 | 0.04 | 1568.00 | 1568.00 | 0.04 | 0.04 | 1568 | | Promoter Group |
| 31 | AMIT MATHEW | | 3570 | 3570 | 0.08 | 3570.00 | 3570.00 | 0.08 | 0.08 | 3570 | | Promoter Group |
| 32 | RIYAD MATHEW | | 4520 | 4520 | 0.11 | 4520.00 | 4520.00 | 0.11 | 0.11 | 4520 | | Promoter Group |
| 33 | SHREYA JOSEPH | | 5120 | 5120 | 0.12 | 5120.00 | 5120.00 | 0.12 | 0.12 | 5120 | | Promoter Group |
| 34 | MAMMEN MATHEW | | 11015 | 11015 | 0.26 | 11015.00 | 11015.00 | 0.26 | 0.26 | 11015 | | Promoter Group |
| 35 | PREMA MAMMEN MATHEW | | 10881 | 10881 | 0.26 | 10881.00 | 10881.00 | 0.26 | 0.26 | 10881 | | Promoter Group |
| 36 | JAYANT MAMMEN MATHEW | | 2190 | 2190 | 0.05 | 2190.00 | 2190.00 | 0.05 | 0.05 | 2190 | | Promoter Group |
| 37 | MARIAM MAMMEN MATHEW | | 100 | 100 | 0.00 | 100.00 | 100.00 | 0.00 | 0.00 | 100 | | Promoter Group |
| 38 | JACOB MATHEW | | 20977 | 20977 | 0.49 | 20977.00 | 20977.00 | 0.49 | 0.49 | 20977 | | Promoter Group |
| 39 | AMMU MATHEW | | 2650 | 2650 | 0.06 | 2650.00 | 2650.00 | 0.06 | 0.06 | 2650 | | Promoter Group |
| 40 | HARSHA MATHEW | | 1250 | 1250 | 0.03 | 1250.00 | 1250.00 | 0.03 | 0.03 | 1250 | | Promoter Group |
| 41 | MALINI MATHEW | | 1800 | 1800 | 0.04 | 1800.00 | 1800.00 | 0.04 | 0.04 | 1800 | | Promoter Group |
| 42 | MAMMEN EAPEN | | 4128 | 4128 | 0.10 | 4128.00 | 4128.00 | 0.10 | 0.10 | 4128 | | Promoter Group |
| 43 | OMANA MAMMEN | | 4703 | 4703 | 0.11 | 4703.00 | 4703.00 | 0.11 | 0.11 | 4703 | | Promoter Group |
| 44 | SHILPA MAMMEN | | 4412 | 4412 | 0.10 | 4412.00 | 4412.00 | 0.10 | 0.10 | 4412 | | Promoter Group |
| 45 | SHIRIN MAMMEN | | 1450 | 1450 | 0.03 | 1450.00 | 1450.00 | 0.03 | 0.03 | 1450 | | Promoter Group |
| 46 | GEETHA ZACHARIAH | | 6113 | 6113 | 0.14 | 6113.00 | 6113.00 | 0.14 | 0.14 | 6113 | | Promoter Group |
| 47 | MEERA NINAN | | 6167 | 6167 | 0.15 | 6167.00 | 6167.00 | 0.15 | 0.15 | 6167 | | Promoter Group |
| 48 | SUSY THOMAS | | 5278 | 5278 | 0.12 | 5278.00 | 5278.00 | 0.12 | 0.12 | 5278 | | Promoter Group |
| 49 | ANNA THOMAS CHACKO | | 1291 | 1291 | 0.03 | 1291.00 | 1291.00 | 0.03 | 0.03 | 1291 | | Promoter Group |
| 50 | ASWATHY VARGHESE | | 9450 | 9450 | 0.22 | 9450.00 | 9450.00 | 0.22 | 0.22 | 9450 | | Promoter Group |
| 51 | ROSHIN VARGHESE | | 6679 | 6679 | 0.16 | 6679.00 | 6679.00 | 0.16 | 0.16 | 6679 | | Promoter Group |
| 52 | MAMY PHILIP | | 6922 | 6922 | 0.16 | 6922.00 | 6922.00 | 0.16 | 0.16 | 6922 | | Promoter Group |
| 53 | ANNA PHILIP | | 350 | 350 | 0.01 | 350.00 | 350.00 | 0.01 | 0.01 | 350 | | Promoter Group |
| 54 | SUSAN KURIAN | | 9137 | 9137 | 0.22 | 9137.00 | 9137.00 | 0.22 | 0.22 | 9137 | | Promoter Group |
| 55 | HANNAH KURIAN | | 600 | 600 | 0.01 | 600.00 | 600.00 | 0.01 | 0.01 | 600 | | Promoter Group |
| 56 | TARA JOSEPH | | 3150 | 3150 | 0.07 | 3150.00 | 3150.00 | 0.07 | 0.07 | 3150 | | Promoter Group |
| 57 | ELIZABETH JACOB MATTHAI | | 4000 | 4000 | 0.09 | 4000.00 | 4000.00 | 0.09 | 0.09 | 4000 | | Promoter Group |

| | | | | | | | | | | | | |
|----|-------------------------|--|-------|-------|------|----------|----------|------|------|-------|--|----------------|
| 58 | BEEBI MAMMEN | | 20237 | 20237 | 0.48 | 20237.00 | 20237.00 | 0.48 | 0.48 | 20237 | | Promoter Group |
| 59 | JACOB MAMMEN | | 35120 | 35120 | 0.83 | 35120.00 | 35120.00 | 0.83 | 0.83 | 35120 | | Promoter Group |
| 60 | ROY MAMMEN | | 12439 | 12439 | 0.29 | 12439.00 | 12439.00 | 0.29 | 0.29 | 12439 | | Promoter Group |
| 61 | RACHEL KATTUKARAN | | 17047 | 17047 | 0.40 | 17047.00 | 17047.00 | 0.40 | 0.40 | 17047 | | Promoter Group |
| 62 | ACCAMMA KURUVILLA | | 2328 | 2328 | 0.05 | 2328.00 | 2328.00 | 0.05 | 0.05 | 2328 | | Promoter Group |
| 63 | VIKRAM KURUVILLA | | 109 | 109 | 0.00 | 109.00 | 109.00 | 0.00 | 0.00 | 109 | | Promoter Group |
| 64 | RANJEET JACOB | | 28 | 28 | 0.00 | 28.00 | 28.00 | 0.00 | 0.00 | 28 | | Promoter Group |
| 65 | ASHWATHI JACOB | | 151 | 151 | 0.00 | 151.00 | 151.00 | 0.00 | 0.00 | 151 | | Promoter Group |
| 66 | SHONA BHOJNAGARWALA | | 50 | 50 | 0.00 | 50.00 | 50.00 | 0.00 | 0.00 | 50 | | Promoter Group |
| 67 | PREMINDA JACOB | | 98 | 98 | 0.00 | 98.00 | 98.00 | 0.00 | 0.00 | 98 | | Promoter Group |
| 68 | M A MATHEW | | 6595 | 6595 | 0.16 | 6595.00 | 6595.00 | 0.16 | 0.16 | 6595 | | Promoter Group |
| 69 | LATHA MATTHEW | | 5723 | 5723 | 0.13 | 5723.00 | 5723.00 | 0.13 | 0.13 | 5723 | | Promoter Group |
| 70 | MARIEN MATHEW | | 160 | 160 | 0.00 | 160.00 | 160.00 | 0.00 | 0.00 | 160 | | Promoter Group |
| 71 | NISHA SARAH MATTHEW | | 164 | 164 | 0.00 | 164.00 | 164.00 | 0.00 | 0.00 | 164 | | Promoter Group |
| 72 | NITHYA SUSAN MATTHEW | | 169 | 169 | 0.00 | 169.00 | 169.00 | 0.00 | 0.00 | 169 | | Promoter Group |
| 73 | SHANTA MAMMEN | | 4938 | 4938 | 0.12 | 4938.00 | 4938.00 | 0.12 | 0.12 | 4938 | | Promoter Group |
| 74 | GEORGE MAMMEN | | 808 | 808 | 0.02 | 808.00 | 808.00 | 0.02 | 0.02 | 808 | | Promoter Group |
| 75 | ANNA RAPHAEL | | 258 | 258 | 0.01 | 258.00 | 258.00 | 0.01 | 0.01 | 258 | | Promoter Group |
| 76 | MICAH MAMMEN PARAMBI | | 100 | 100 | 0.00 | 100.00 | 100.00 | 0.00 | 0.00 | 100 | | Promoter Group |
| 77 | MARIA MAMMEN | | 84 | 84 | 0.00 | 84.00 | 84.00 | 0.00 | 0.00 | 84 | | Promoter Group |
| 78 | MARIKA MAMMEN APPIAH | | 100 | 100 | 0.00 | 100.00 | 100.00 | 0.00 | 0.00 | 100 | | Promoter Group |
| 79 | ASHOK KURIYAN | | 1878 | 1878 | 0.04 | 1878.00 | 1878.00 | 0.04 | 0.04 | 1878 | | Promoter Group |
| 80 | SARA KURIYAN | | 1880 | 1880 | 0.04 | 1880.00 | 1880.00 | 0.04 | 0.04 | 1880 | | Promoter Group |
| 81 | KIRAN KURIYAN | | 403 | 403 | 0.01 | 403.00 | 403.00 | 0.01 | 0.01 | 403 | | Promoter Group |
| 82 | ZACHARIAH KURIYAN | | 3411 | 3411 | 0.08 | 3411.00 | 3411.00 | 0.08 | 0.08 | 3411 | | Promoter Group |
| 83 | REENU ZACHARIAH | | 517 | 517 | 0.01 | 517.00 | 517.00 | 0.01 | 0.01 | 517 | | Promoter Group |
| 84 | K Z KURIYAN | | 650 | 650 | 0.02 | 650.00 | 650.00 | 0.02 | 0.02 | 650 | | Promoter Group |
| 85 | K K MAMMEN MAPPILLAI | | 7399 | 7399 | 0.17 | 7399.00 | 7399.00 | 0.17 | 0.17 | 7399 | | Promoter Group |
| 86 | GEETHA MAMMEN MAPPILLAI | | 250 | 250 | 0.01 | 250.00 | 250.00 | 0.01 | 0.01 | 250 | | Promoter Group |
| 87 | ADARSH MAMMEN VERGHESE | | 2000 | 2000 | 0.05 | 2000.00 | 2000.00 | 0.05 | 0.05 | 2000 | | Promoter Group |
| 88 | KAVYA VERGHESE | | 2000 | 2000 | 0.05 | 2000.00 | 2000.00 | 0.05 | 0.05 | 2000 | | Promoter Group |
| 89 | KIRAN KATTUKARAN | | 0 | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0 | | Promoter Group |
| 90 | ELA KATTUKARAN | | 0 | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0 | | Promoter Group |

| | | | | | | | | | | | | |
|---------------------------------------|----------------|-----------------------|--------|--------|-------|-----------|-----------|-------|-------|--------|--|----------------|
| 91 | REBECCA JOSEPH | | 0 | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0 | | Promoter Group |
| 92 | SOMA PHILIPS | | 0 | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0 | | Promoter Group |
| Click here to go back | | Total | 536012 | 536012 | 12.64 | 536012.00 | 536012.00 | 12.64 | 12.64 | 536012 | | |

| Searial No. | Category | Name of the Shareholders (I) | PAN (II) | No. of the Shareholders (I) | No. of fully paid up equity shares held (IV) | Total nos. shares held (VII) = (IV)+(V)+ (VI) | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities (IX) | | | Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2) | Number of equity shares held in dematerialized form (XIV) | Reason for not providing PAN | Shareholder type |
|-----------------------|---------------------|--|----------|-----------------------------|--|---|--|---|-----------|-------------------------------------|---|---|------------------------------|------------------|
| | | | | | | | | No of Voting (XIV) Rights | | Total as a % of Total Voting rights | | | | |
| | | | | | | | | Class eg: X | Total | | | | | |
| A1(d) | Any Other (specify) | | | | | | | | | | | | | |
| <div>AddDelete</div> | | | | | | | | | | | | | | |
| 1 | Bodies Corporate | COMPREHENSIVE INVESTMENT AND FINANCE COMPANY PVT. LT | | 1 | 441834 | 441834 | 10.42 | 441834.00 | 441834.00 | 10.42 | 10.42 | 441834 | | Promoter |
| 2 | Bodies Corporate | PENINSULAR INVESTMENTS PRIVATE LIMITED | | 1 | 124367 | 124367 | 2.93 | 124367.00 | 124367.00 | 2.93 | 2.93 | 124367 | | Promoter |
| 3 | Bodies Corporate | JCEE MANUFACTURING AND SERVICES PVT LTD | | 1 | 13415 | 13415 | 0.32 | 13415.00 | 13415.00 | 0.32 | 0.32 | 13415 | | Promoter |
| 4 | Bodies Corporate | BRAGA INDUSTRIES LLP | | 1 | 29457 | 29457 | 0.69 | 29457.00 | 29457.00 | 0.69 | 0.69 | 29457 | | Promoter |
| 5 | Bodies Corporate | DEVON MACHINES PVT LTD | | 1 | 1000 | 1000 | 0.02 | 1000.00 | 1000.00 | 0.02 | 0.02 | 1000 | | Promoter |
| 6 | Bodies Corporate | M M HOUSING PRIVATE LIMITED | | 1 | 179 | 179 | 0.00 | 179.00 | 179.00 | 0.00 | 0.00 | 179 | | Promoter Group |
| 7 | Bodies Corporate | MAMMEN MAPPILLAI INVESTMENTS LTD | | 1 | 1209 | 1209 | 0.03 | 1209.00 | 1209.00 | 0.03 | 0.03 | 1209 | | Promoter Group |
| 8 | Bodies Corporate | THE MALAYALA MANORAMA COMPANY LIMITED | | 1 | 6109 | 6109 | 0.14 | 6109.00 | 6109.00 | 0.14 | 0.14 | 6109 | | Promoter Group |
| 9 | Bodies Corporate | STABLE INVESTMENTS AND FINANCE COMPANY LTD | | 1 | 3964 | 3964 | 0.09 | 3964.00 | 3964.00 | 0.09 | 0.09 | 3964 | | Promoter Group |
| 10 | Bodies Corporate | BADRA ESTATES AND INDUSTRIES LIMITED | | 1 | 6530 | 6530 | 0.15 | 6530.00 | 6530.00 | 0.15 | 0.15 | 6530 | | Promoter Group |
| 11 | Bodies Corporate | M.M.PUBLICATIONS LIMITED | | 1 | 300 | 300 | 0.01 | 300.00 | 300.00 | 0.01 | 0.01 | 300 | | Promoter Group |
| Click here to go back | | | | Total | 11 | 628364 | 628364 | 14.82 | 628364.00 | 628364.00 | 14.82 | 628364 | | |

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| Searial No. | Name of the Shareholders (I) | PAN (II) | No. of fully paid up equity shares held (IV) | Total nos. shares held (VII) = (IV)+(V)+ (VI) | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities (IX) | | | Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2) | Number of equity shares held in dematerialized form (XIV) | Reason for not providing PAN | Shareholder type |
|--|--|----------|--|---|---|---|----------|-------------------------------------|--|---|------------------------------|------------------|
| | | | | | | No of Voting (XIV) Rights | | Total as a % of Total Voting rights | | | | |
| | | | | | | Class eg: X | Total | | | | | |
| A2(a) | Individuals (NonResident Individuals/ Foreign Individuals) | | | | | | | | | | | |
| <div><div>Add</div><div>Delete</div></div> | | | | | | | | | | | | |
| 1 | SARAH THOMAS | | 12433 | 12433 | 0.29 | 12433.00 | 12433.00 | 0.29 | 0.29 | 12433 | | Promoter Group |
| 2 | PETER K PHILIPS | | 1160 | 1160 | 0.03 | 1160.00 | 1160.00 | 0.03 | 0.03 | 1160 | | Promoter Group |
| 3 | SUSAN ABRAHAM | | 68 | 68 | 0.00 | 68.00 | 68.00 | 0.00 | 0.00 | 68 | | Promoter Group |
| 4 | USHA EAPEN GEORGE | | 1210 | 1210 | 0.03 | 1210.00 | 1210.00 | 0.03 | 0.03 | 1210 | | Promoter Group |
| 5 | ANITA MANI | | 1304 | 1304 | 0.03 | 1304.00 | 1304.00 | 0.03 | 0.03 | 1304 | | Promoter Group |
| 6 | JOSEPH KANIANTHRA PHILIPS | | 1000 | 1000 | 0.02 | 1000.00 | 1000.00 | 0.02 | 0.02 | 1000 | | Promoter Group |
| 7 | RADHIKA MARIA MAMMEN | | 600 | 600 | 0.01 | 600.00 | 600.00 | 0.01 | 0.01 | 600 | | Promoter Group |
| 8 | KAVITA PHILIP | | 0 | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0 | | Promoter Group |
| Click here to go back | | Total | 17775 | 17775 | 0.42 | 17775.00 | 17775.00 | 0.42 | 0.42 | 17775 | | |

| Searial No. | Name of the Shareholders (I) | PAN (II) | No. of fully paid up equity shares held (IV) | Total nos. shares held (VII) = (IV)+(V)+ (VI) | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities (IX) | | | Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2) | Number of equity shares held in dematerialized form (XIV) | Reason for not providing PAN | Sub-categorization of shares | | | |
|-----------------------|--|--|--|---|--|---|-----------|-------------------------------------|---|---|------------------------------|------------------------------------|-------------------|--------------------|--|
| | | | | | | No of Voting (XIV) Rights | | Total as a % of Total Voting rights | | | | Shareholding (No. of shares) under | | | |
| | | | | | | Class eg: X | Total | | | | | Sub-category (i) | Sub-category (ii) | Sub-category (iii) | |
| B1(a) | Mutual Funds | | | | | | | | | | | | | | |
| | <div>AddDelete</div> | Disclosure of shareholder holding more than 1% of total number of shares | | | | | | | | | | | | | |
| 1 | SBI Mutual Fund through its various accounts | | 198119 | 198119 | 4.67 | 198119.00 | 198119.00 | 4.67 | 4.67 | 198119 | | 0 | 0 | 0 | |
| 2 | KOTAK MAHINDRA through its various accounts | | 60444 | 60444 | 1.43 | 60444.00 | 60444.00 | 1.43 | 1.43 | 60444 | | 0 | 0 | 0 | |
| Click here to go back | | Total | 258563 | 258563 | 6.10 | 258563.00 | 258563.00 | 6.10 | 6.10 | 258563 | | 0 | 0 | | |

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| Searial No. | Name of the Shareholders (I) | PAN (II) | No. of fully paid up equity shares held (IV) | Total nos. shares held (VII) = (IV)+(V)+ (VI) | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities (IX) | | | Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2) | Number of equity shares held in dematerialized form (XIV) | Reason for not providing PAN | Sub-categorization of shares | | | |
|---|--|----------|--|---|--|---|-----------|-------------------------------------|---|---|------------------------------|------------------------------------|-------------------|--------------------|--|
| | | | | | | No of Voting (XIV) Rights | | Total as a % of Total Voting rights | | | | Shareholding (No. of shares) under | | | |
| | | | | | | Class eg: X | Total | | | | | Sub-category (i) | Sub-category (ii) | Sub-category (iii) | |
| B2(d) | Foreign Portfolio Investors Category I | | | | | | | | | | | | | | |
| <div><div>AddDelete</div>Disclosure of shareholder holding more than 1% of total number of shares</div> | | | | | | | | | | | | | | | |
| 1 | Nalanda India Equity Fund Limited | | 183900 | 183900 | 4.34 | 183900.00 | 183900.00 | 4.34 | 4.34 | 183900 | | 0 | 0 | 0 | |
| Click here to go back | | Total | 183900 | 183900 | 4.34 | 183900.00 | 183900.00 | 4.34 | 4.34 | 183900 | | 0 | 0 | 0 | |

| Searial No. | Name of the Shareholders (I) | PAN (II) | No. of fully paid up equity shares held (IV) | Total nos. shares held (VII) = (IV)+(V)+ (VI) | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities (IX) | | | Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2) | Number of equity shares held in dematerialized form (XIV) | Reason for not providing PAN | Sub-categorization of shares | | |
|-----------------------|--|--|--|---|--|---|-----------|-------------------------------------|---|---|------------------------------|------------------------------------|-------------------|--------------------|
| | | | | | | No of Voting (XIV) Rights | | Total as a % of Total Voting rights | | | | Shareholding (No. of shares) under | | |
| | | | | | | Class eg: X | Total | | | | | Sub-category (i) | Sub-category (ii) | Sub-category (iii) |
| B4(I) | Bodies Corporate | | | | | | | | | | | | | |
| <div>AddDelete</div> | | Disclosure of shareholder holding more than 1% of total number of shares | | | | | | | | | | | | |
| 1 | Evertrue Charitable & Educational Foundation | | 126855 | 126855 | 2.99 | 126855.00 | 126855.00 | 2.99 | 2.99 | 126855 | | 0 | 0 | 0 |
| 2 | ENAM Securities Pvt Ltd | | 117443 | 117443 | 2.77 | 117443.00 | 117443.00 | 2.77 | 2.77 | 117443 | | 0 | 0 | 0 |
| 3 | MOWI Foundation | | 507984 | 507984 | 11.98 | 507984.00 | 507984.00 | 11.98 | 11.98 | 507984 | | 0 | 0 | 0 |
| Click here to go back | | | Total | 752282 | 752282 | 17.74 | 752282.00 | 752282.00 | 17.74 | 752282 | | 0 | 0 | 0 |

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| Serial No. | Category | Category / More than 1 percentage | Name of the Shareholders (I) | PAN (II) | No. of the Shareholders (I) | No. of fully paid up equity shares held (IV) | Total nos. shares held (VII) = (IV)+(V)+ (VI) | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities (IX) | | | Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2) | Number of equity shares held in dematerialized form (XIV) | Reason for not providing PAN | Sub-categorization of shares | | |
|--------------|---|-----------------------------------|--------------------------------|----------|-----------------------------|--|---|--|---|--------|-------------------------------------|---|---|------------------------------|------------------------------------|-------------------|--------------------|
| | | | | | | | | | No of Voting (XIV) Rights | | Total as a % of Total Voting rights | | | | Shareholding (No. of shares) under | | |
| | | | | | | | | | Class eg: X | Total | | | | | Sub-category (i) | Sub-category (ii) | Sub-category (iii) |
| B2(g) | Any Other (specify) | | | | | | | | | | | | | | | | |
| | <div> <div>Add</div> <div>Delete</div> </div> | | | | | | | | | | | | | | | | |
| 1 | Other | Category | Foregin Institutional Investor | | 2 | 100 | 100 | 0.00 | 100 | 100.00 | 0.00 | 0.00 | 0 | | 0 | 0 | 0 |
| | Click here to go back | | | Total | 2 | 100 | 100 | 0.00 | 100 | 100.00 | 0.00 | 0.00 | 0 | | 0 | 0 | 0 |

| Searial No. | Category | Category / More than 1 percentage | Name of the Shareholders (I) | PAN (II) | No. of the Shareholders (I) | No. of fully paid up equity shares held (IV) | Total nos. shares held (VII) = (IV)+(V)+ (VI) | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities (IX) | | | Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2) | Number of equity shares held in dematerialized form (XIV) | Reason for not providing PAN | Sub-categorization of shares | | | | |
|-------------|----------------------|--|---|----------|-----------------------------|--|---|--|---|-----------|-------------------------------------|---|---|------------------------------|------------------------------------|-------------------|--------------------|---|---|
| | | | | | | | | | No of Voting (XIV) Rights | | Total as a % of Total Voting rights | | | | Shareholding (No. of shares) under | | | | |
| | | | | | | | | | Class eg: X | Total | | | | | Sub-category (i) | Sub-category (ii) | Sub-category (iii) | | |
| B1(k) | Any Other (specify) | | | | | | | | | | | | | | | | | | |
| | <div>AddDelete</div> | | | | | | | | | | | | | | | | | | |
| 1 | Other | Category | Qualified Institutional Buyers | | 33 | 199499 | 199499 | 4.70 | 199499 | 199499.00 | 4.70 | 4.70 | 199499 | | 0 | 0 | 0 | | |
| 2 | Other | More than 1 percentage of shareholding | The New India Assurance Company Limited | | 1 | 65913 | 65913 | 1.55 | 65913 | 65913.00 | 1.55 | 1.55 | 65913 | | 0 | 0 | 0 | | |
| | | | | | | Click here to go back | Total | 33 | 199499 | 199499 | 4.70 | 199499 | 199499.00 | 4.70 | 4.70 | 199499 | 0 | 0 | 0 |

| Searial No. | Category | Category / More than 1 percentage | Name of the Shareholders (I) | PAN (II) | No. of the Shareholders (I) | No. of fully paid up equity shares held (IV) | Total nos. shares held (VII) = (IV)+(V)+ (VI) | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities (IX) | | | Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2) | Number of equity shares held in dematerialized form (XIV) | Reason for not providing PAN | Sub-categorization of shares | | | | |
|----------------------|---------------------|-----------------------------------|------------------------------|----------|---------------------------------------|--|---|---|---|--------|-------------------------------------|--|---|------------------------------|------------------------------------|-------------------|--------------------|---|---|
| | | | | | | | | | No of Voting (XIV) Rights | | Total as a % of Total Voting rights | | | | Shareholding (No. of shares) under | | | | |
| | | | | | | | | | Class eg: X | Total | | | | | Sub-category (i) | Sub-category (ii) | Sub-category (iii) | | |
| B4(m) | Any Other (specify) | | | | | | | | | | | | | | | | | | |
| <div>AddDelete</div> | | | | | | | | | | | | | | | | | | | |
| 1 | Trusts | Category | | | | 19 | 360828 | 360828 | 8.51 | 360828 | 360828 | 8.51 | 8.51 | 133 | | 0 | 0 | 0 | |
| 2 | HUF | Category | | | | 1002 | 13852 | 13852 | 0.33 | 13852 | 13852 | 0.33 | 0.33 | 13851 | | 0 | 0 | 0 | |
| 3 | Clearing Members | Category | | | | 46 | 6659 | 6659 | 0.16 | 6659 | 6659 | 0.16 | 0.16 | 6659 | | 0 | 0 | 0 | |
| | | | | | Click here to go back | Total | 1067 | 381339 | 381339 | 9.00 | 381339.00 | 381339.00 | 9.00 | 9.00 | 20643 | | 0 | 0 | 0 |

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| Table VI - Statement showing foreign ownership limits | | |
|---|---------------------|---------------------|
| Particular | Approved limits (%) | Limits utilized (%) |
| As on shareholding date | 100.00 | 18.44 |
| As on the end of previous 1st quarter | 100.00 | 16.72 |
| As on the end of previous 2nd quarter | 100.00 | 16.31 |
| As on the end of previous 3rd quarter | 100.00 | 15.84 |
| As on the end of previous 4th quarter | 100.00 | 14.89 |
| Notes :- 1) "Approved Limits (%)" means the limit approved by Board of Directors / shareholders of the Listed entity. In case the listed entity has no Board approved limit, provide details of sectoral / statutory cap prescribed by Government / Regulatory Authorities 2) Details of Foreign ownership includes foreign ownership / investments as specified in Rule 2(s) of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, made under the Foreign Exchange Management Act, 1999. | | |



National Stock Exchange Of India Limited

Ref. No.:NSE/LIST/5937

February 10, 2023

The Company Secretary
MRF Limited
114, Greaves Road,
Chennai- 600006.

Kind Attn.: Mr. S Dhanvanth Kumar

Dear Sir,

Sub.: In-principle approval for listing of Non-Convertible Debentures on private placement basis

This is with reference to your application dated February 10, 2023 requesting for in-principle approval for listing of rated, unsecured, redeemable, non-cumulative, taxable, Non-convertible Debentures of face value of Rs. 100000/- each, for issue size aggregating to Rs 15000 lakhs, to be issued by MRF Limited on private placement basis. In this regard, the Exchange is pleased to grant in-principle approval for the said issue, subject to adequate disclosures to be made in the Offer Document in terms of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time, applicable SEBI Circulars and other applicable laws in this regard and provided the Company includes the following Disclaimer Clause as given below in the Offer Document after the SEBI disclaimer clause:

“As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). It is to be distinctly understood that the aforesaid submission or in-principle approval given by NSE vide its letter Ref.: NSE/LIST/5937 dated February 10, 2023 or hosting the same on the website of NSE in terms of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time, should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer’s securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever”

This Document is Digitally Signed



Ref. No.: NSE/LIST/5937

February 10, 2023

Please note that the approval given by the Exchange should not in any way be deemed or construed that the draft Offer Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this draft offer document; nor does it warrant that the securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project.

Kindly also note that these debt instruments may be listed on the Exchange after the allotment process has been completed, provided the securities of the issuer are eligible for listing on the Exchange as per our listing criteria and the issuer fulfills the listing requirements of the Exchange. The issuer is responsible to ensure compliance with all the applicable guidelines issued by appropriate authorities from time to time including Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time, applicable SEBI Circulars and other applicable laws in this regard.

Specific attention is drawn towards Para 1 of Chapter XV of SEBI Operational Circular No. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021. Accordingly, Issuers of privately placed debt securities in terms of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and for whom accessing the electronic book platform (EBP) is not mandatory shall upload details of the issue with any one of the EBPs within one working day of allotment of securities. The details can be uploaded using the following links:

<https://www.nse-ebp.com>
<https://www.nseebp.com/ebp/rest/reportingentity?new=true>

Kindly ensure compliance with SEBI Circular No SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/167 dated November 30, 2022 with respect to the timelines for listing of securities issued on a private placement basis.

Kindly note, this Exchange letter should not be construed as approval under any other Act /Regulation/Rule/Bye laws (except as referred above) for which the Company may be required to obtain approval from other department(s) of the Exchange. The Company is requested to separately take up matter with the concerned departments for approval, if any.

Yours faithfully,
For National Stock Exchange of India Limited

Priya Iyer
Senior Manager

This Document is Digitally Signed

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MRF LIMITED

1. Opinion

We have audited the Separate financial statements (also known as Standalone Financial Statements) of MRF Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31st March, 2020, and its profit (financial performance including Other Comprehensive Income), the Changes in Equity and its Cash Flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing specified under Section

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

3. Emphasis of Matters

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

4. Key Audit Matters

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

| Sr. No. | Key Audit Matter | Our Response |
|---------|--|---|
| 1 | Defined benefit obligation The valuation of the retirement benefit schemes in the Company is determined with reference to various actuarial assumptions including discount rate, future salary increases, rate of inflation, mortality rates and attrition rates. Due to the size of these schemes, small changes in these assumptions can have a material impact on the estimated defined benefit obligation. | <p>We have examined the key controls over the process involving member data, formulation of assumptions and the financial reporting process in arriving at the provision for retirement benefits. We tested the controls for determining the actuarial assumptions and the approval of those assumptions by senior management. We found these key controls were designed, implemented and operated effectively, and therefore determined that we could place reliance on these key controls for the purposes of our audit.</p> <p>We tested the employee data used in calculating the obligation and where material, we also considered the treatment of curtailments, settlements, past service costs, remeasurements, benefits paid, and any other amendments made to obligations during the year. From the evidence obtained, we found the data and assumptions used by management in the actuarial valuations for retirement benefit obligations to be appropriate.</p> |



| Sr. No. | Key Audit Matter | Our Response |
|---------|---|--|
| 2 | Warranty Provision The Company makes an estimated provision for assurance type warranties at the point of sale. This estimate is based on historical claims data. | We understood and tested the controls over the assumptions applied in arriving at the warranty provision, particularly vouching of relevant data elements with provision calculations; validation of formula used in the warranty spread sheet; management review control of the relevant internal and external factors impacting the provision. |

5. Information Other than the Standalone Financial Statements and Auditor's Report thereon

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

6. Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, Changes in

Equity and Cash Flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

7. Auditor's Responsibility for the audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance

is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone financial statements.

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

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion, The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures

in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern. Refer Note 27 j ii) to the Standalone Financial Statements which describes the impact of the outbreak of Corona virus (COVID-19) on the business operations of the Company. In view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.

- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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



8. Report on Other Legal and Regulatory Requirements

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

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) As required by section 197(16) of the Act, based on our audit, we report that the Company has paid and provided for remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 27 m to the Standalone Financial Statements;
 - ii. The Company has long-term contracts including derivative contracts for which there were no material foreseeable losses; and
 - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the company.

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

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

Place : Mumbai
Date : 29th June, 2020.

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

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

Place : Hyderabad
Date : 29th June, 2020.

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

- i) In respect of its Property, Plant and Equipment:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;
 - b) The Assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size and the nature of its business. The frequency of verification is reasonable and no material discrepancies have been noticed on such physical verification;
 - c) On the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the Company.
- ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. As regards materials lying with third parties, confirmations have been obtained.
- iii) The Company has not granted any loans, secured or unsecured during the year to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the clauses 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- iv) In our opinion the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to loans granted and investments made during the year.
- v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.
- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for

the maintenance of cost records under section 148 (1) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

- vii) a) The Company is regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales-Tax, Service Tax, Goods Service Tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with appropriate authorities, where applicable. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2020 for a period of more than six months from the date they became payable.
- b) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

| Statute and nature of dues | Financial year to which the matter pertains | Forum where the dispute is pending | ₹ Crores |
|--|--|------------------------------------|----------|
| CENTRAL SALES TAX ACT, 1956 and VAT LAWS | | | |
| Sales tax / VAT and penalty | 1999-2000, 2000-01, 2002-03, 2003-04, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2014-15, 2015-16, 2016-17, 2017-18 | Appellate Commissioner | 4.63 |
| | 1997-98, 1998-99, 1999-00, 2000-01, 2001-02, 2003-04, 2004-05, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2013-14, 2014-15, 2016-17 | Appellate Tribunal | 17.72 |
| | 1996-97, 2006-07 to 2016-17 | High Court | 15.05 |
| | 1996-97, 2000-01 to 2002-03 | Supreme Court | 0.12 |
| CUSTOMS ACT, 1962 | | | |
| Customs Duty and penalty | 1992-93 to 1994-95 | High Court | 74.89 |



| Statute and nature of dues | Financial year to which the matter pertains | Forum where the dispute is pending | ₹ Crores |
|---|--|--|----------|
| CENTRAL EXCISE ACT, 1944 AND FINANCE ACT 1994 | | | |
| Excise duty, Service tax and penalty | 2012-13 to 2016-17 | Director General Goods and Service Tax | 221.31 |
| | 1997-98, 2006-07, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18 | Appellate Commissioner | 1.06 |
| | 2008-09 to 2016-17 | Appellate Tribunal | 21.65 |
| | 2001-02 | Supreme Court | 0.06 |
| INCOME TAX, 1961 | | | |
| Income Tax | 2009-10, 2013-14, 2015-16 | Appellate Commissioner | 18.54 |
| | 2010-11, 2014-15 | Appellate Tribunal | 20.78 |
| | 2002-03 and 2004-05 | High Court | 4.51 |

- viii) The Company has not defaulted in repayment of its loans or borrowings to banks and debenture holders.
- ix) The Company has not raised any moneys by way of Initial public offer or further Public offer (Including debt instruments), during the year. Moneys raised by way of Term Loan were applied for the purpose for which those are raised.
- x) On the basis of our examination and according to the information and explanations given to us, no fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the year, nor have we been informed of any such case by the management.
- xi) The managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

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

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

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

Place : Mumbai
Date : 29th June, 2020.

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

Place : Hyderabad
Date : 29th June, 2020.

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

**1. REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH
REFERENCE TO FINANCIAL STATEMENTS UNDER CLAUSE (i)
OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT,
2013 (“THE ACT”)**

We have audited the internal financial controls with reference to Financial Statements of MRF LIMITED (“the Company”) as of March 31, 2020 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

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

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

3. AUDITORS’ RESPONSIBILITY

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) issued by Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to

the extent applicable to an audit of Internal Financial Controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Financial Statements were established and maintained and if such controls operated effectively in all material respects.

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

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

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

A Company’s internal financial control with reference to Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control with reference to Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance



with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

5. INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

6. OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to

Financial Statements and such controls were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

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

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

Place : Mumbai
Date : 29th June, 2020.

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

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

Place : Hyderabad
Date : 29th June, 2020.

MRF LIMITED, CHENNAI**BALANCE SHEET AS AT 31ST MARCH, 2020**

| | | | (₹ Crores) |
|--|-------------------------------|------------------|------------------------------|
| | Note | As at 31.03.2020 | As at 31.03.2019 |
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 2 (a) | 8820.72 | 6751.32 |
| Capital Work-in-Progress | 2 (b) | 1734.56 | 1403.19 |
| Other Intangible Assets | 2 (c) | 28.46 | 16.20 |
| Financial Assets | | | |
| - Investments | 3 | 26.53 | 1078.00 |
| - Loans | 4 | 12.22 | 0.31 |
| - Other financial assets | 5 | 18.22 | 16.03 |
| Non Current Tax Asset (Net) | | 232.22 | 207.44 |
| Other non-current assets | 6 | 323.37 | 434.69 |
| Current Assets | | | |
| Inventories | 7 | 2852.69 | 2950.93 |
| Financial Assets | | | |
| - Investments | 3 | 1513.65 | 2770.39 |
| - Trade Receivables | 8 | 2257.03 | 2361.62 |
| - Cash and cash equivalents | 9 | 1104.23 | 57.52 |
| - Bank balances other than cash and cash equivalents | 10 | 2.62 | 2.55 |
| - Loans | 4 | 2.89 | 0.61 |
| - Other financial assets | 5 | 50.75 | 33.91 |
| Other current assets | 6 | 173.95 | 142.77 |
| Assets Classified as held for sale | 2(d) | - | 0.20 |
| TOTAL ASSETS | | 19154.11 | 18227.68 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share Capital | SOCE | 4.24 | 4.24 |
| Other Equity | SOCE | 12000.11 | 10649.06 |
| Total Equity | | 12004.35 | 10653.30 |
| LIABILITIES | | | |
| Non-Current Liabilities | | | |
| Financial Liabilities | | | |
| - Borrowings | 11 | 779.03 | 1054.73 |
| - Other Financial Liabilities | 16 | 327.48 | - |
| Provisions | 12 | 189.16 | 167.80 |
| Deferred Tax Liabilities (Net) | 13 | 427.83 | 839.20 |
| Other non-current liabilities | 14 | 250.64 | 76.29 |
| Current Liabilities | | | |
| Financial Liabilities | | | |
| - Borrowings | 11 | 241.99 | 408.86 |
| - Trade Payables | | | |
| (A) total outstanding dues of micro enterprises and small enterprises; and | 15 | 17.02 | 21.25 |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises | 15 | 2323.12 | 2306.39 |
| - Other Financial Liabilities | 16 | 730.63 | 761.65 |
| Other Current Liabilities | 14 | 1709.78 | 1781.13 |
| Provisions | 12 | 153.08 | 149.23 |
| Current Tax Liabilities (Net) | | - | 7.85 |
| Total Liabilities | | 7149.76 | 7574.38 |
| TOTAL EQUITY AND LIABILITIES | | 19154.11 | 18227.68 |
| Significant Accounting Policies | 1 | | |
| Accompanying Notes are an integral part of these financial statements | | | |
| This is the Balance Sheet referred to in our report of even date | | | |
| For SCA AND ASSOCIATES | For MAHESH, VIRENDER & SRIRAM | | |
| Chartered Accountants | Chartered Accountants | | |
| Firm Reg. No. 101174W | Firm Reg. No. 001939S | | |
| Shivratan Agarwal | B R Mahesh | JACOB KURIAN | |
| Partner | Partner | V SRIDHAR | |
| Mem. No. 104180 | Mem. No. 18628 | Directors | K M MAMMEN |
| Mumbai | Hyderabad | Chennai | Chairman & Managing Director |
| Dated 29th June, 2020 | | | |



MRF LIMITED, CHENNAI

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

(₹ Crores)

| | Note | Year ended 31.03.2020 | Year ended 31.03.2019 |
|---|----------------------|--------------------------|--------------------------|
| INCOME | | | |
| Revenue from Operations | 17 | 15991.14 | 15837.00 |
| Other Income | 18 | 330.50 | 417.47 |
| TOTAL INCOME | | 16321.64 | 16254.47 |
| EXPENSES | | | |
| Cost of materials consumed | 19 | 9461.73 | 10220.40 |
| Purchases of Stock-in-Trade | 27(p(2)) | 22.30 | 29.86 |
| Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress | 20 | 24.88 | (608.60) |
| Employee Benefits expense | 21 | 1320.51 | 1144.28 |
| Finance Costs | 22 | 274.26 | 247.79 |
| Depreciation and Amortisation expense | 2 (a (1, 2)) and (c) | 980.62 | 806.27 |
| Other Expenses | 23 | 2838.02 | 2805.58 |
| TOTAL EXPENSES | | 14922.32 | 14645.58 |
| PROFIT BEFORE TAX | | 1399.32 | 1608.89 |
| TAX EXPENSE (Refer Note 26) | | | |
| Current Tax | | 401.80 | 330.00 |
| Deferred Tax | | (397.46) | 182.02 |
| TOTAL TAX EXPENSE | | 4.34 | 512.02 |
| PROFIT FOR THE YEAR | | 1394.98 | 1096.87 |
| OTHER COMPREHENSIVE INCOME (OCI) | | | |
| Items that will not be reclassified to Profit or Loss | | | |
| Remeasurements of Defined benefit plans | 27(g2iv) | (26.82) | (9.74) |
| Income Tax relating to items that will not be reclassified to Profit or Loss | | 6.75 | 3.40 |
| Items that may be reclassified to Profit or Loss | | | |
| Designated Cash Flow Hedges | | 13.98 | (16.56) |
| Income tax relating to items that may be reclassified to Profit or Loss | | (3.52) | 5.79 |
| TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX | | (9.61) | (17.11) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 1385.37 | 1079.76 |
| EARNINGS PER EQUITY SHARE | | | |
| | 27 o | | |
| Basic | | 3289.16 | 2586.26 |
| Diluted | | 3289.16 | 2586.26 |
| Significant Accounting Policies | 1 | | |

Accompanying Notes are an integral part of these financial statements

This is the Statement of Profit and Loss referred to in our report of even date

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

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

Shivratan Agarwal
Partner

Mem. No. 104180
Mumbai

Dated 29th June, 2020

B R Mahesh
Partner

Mem. No. 18628
Hyderabad

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR
Directors
Chennai

K M MAMMEN
Chairman & Managing Director

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

(₹ Crores)

EQUITY SHARE CAPITAL

| | | As at 31.03.2020 | As at 31.03.2019 |
|---|----------------|---------------------|---------------------|
| | <u>Number</u> | <u>Amount</u> | <u>Amount</u> |
| Authorised Share Capital | 9000000 | 9.00 | 9.00 |
| Issued Share Capital (Excludes 71 bonus shares not issued and not allotted on non-payment of call monies) | 4241143 | 4.24 | 4.24 |
| Subscribed Share Capital | 4241143 | 4.24 | 4.24 |
| Fully Paid-up Share Capital | 4241143 | 4.24 | 4.24 |
| Balance at the beginning of the year | 4241143 | 4.24 | 4.24 |
| Changes in equity share capital during the year: | - | - | - |
| Balance at the end of the reporting year | 4241143 | 4.24 | 4.24 |

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

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

The Company has declared two interim dividends aggregating to ₹ 2.54 Crores (Previous year ₹ 2.54 Crores) which has already been distributed during the Financial Year 2019-20.

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

| | As at 31.03.2020 | | As at 31.03.2019 | |
|--|------------------|-------|------------------|-------|
| | No. | % | No. | % |
| Comprehensive Investment and Finance Company Private Limited | 440719 | 10.39 | 440294 | 10.38 |
| MOWI Foundation | 507984 | 11.98 | 507984 | 11.98 |



(₹ crores)

| OTHER EQUITY | Reserves and Surplus | | | | Other Comprehensive Income(OCI) | | TOTAL |
|---|----------------------|-----------------|------------------------------|-------------------|---------------------------------------|---|-----------------|
| | Securities Premium | General Reserve | Debenture Redemption Reserve | Retained Earnings | Effective portion of Cash Flow Hedges | Remeasurements of Defined Benefit Plans | |
| Balance at the beginning of the comparative reporting year - 1st April 2018 | 9.42 | 9523.13 | 103.40 | - | (5.26) | (30.73) | 9599.96 |
| Profit for the Comparative Year ending 31st March 2019 | - | - | - | 1096.87 | - | - | 1096.87 |
| Other Comprehensive Income for the Comparative Year ending 31st March 2019 | - | - | - | - | (10.77) | (6.34) | (17.11) |
| Total Comprehensive Income for the Comparative year | - | | - | 1096.87 | (10.77) | (6.34) | 1079.76 |
| Transactions with owners in their capacity as owners: | | | | | | | |
| Dividends and Dividend Distribution Tax; | - | - | - | - | - | - | - |
| - Interim Dividends (₹ 6 per share) | - | - | - | (2.54) | - | - | (2.54) |
| - Final Dividend (₹54 per share) | - | - | - | (22.91) | - | - | (22.91) |
| - Dividend Distribution Tax | - | - | - | (5.21) | - | - | (5.21) |
| Transfer to General Reserve | - | 1054.08 | - | (1054.08) | - | - | - |
| Transfer (from) / to Debenture Redemption Reserve | - | - | 12.13 | (12.13) | - | - | - |
| Balance at the beginning of the year | 9.42 | 10577.21 | 115.53 | - | (16.03) | (37.07) | 10649.06 |
| Transition impact of IND AS 116 (Net of Tax) (Ref Note 2(a 2)-1) | - | (20.58) | - | - | - | - | (20.58) |
| Profit for the Current Reporting year ending 31st March 2020 | - | - | - | 1394.98 | - | - | 1394.98 |
| Other Comprehensive Income | - | - | - | - | 10.46 | (20.07) | (9.61) |
| Hedged Transaction resulting in recognition of Non Financial Asset (Basis Adjustment) (Refer Note 24Bi)b)iii) | - | - | - | - | 16.92 | - | 16.92 |
| Total Comprehensive Income for the Reporting year | - | (20.58) | - | 1394.98 | 27.38 | (20.07) | 1381.71 |
| Total Comprehensive Income for the Reporting year including Transition adjustment | - | (20.58) | - | 1394.98 | 27.38 | (20.07) | 1381.71 |

(₹ crores)

| OTHER EQUITY (contd.) | Reserves and Surplus | | | | Other Comprehensive Income(OCI) | | TOTAL |
|--|----------------------|-----------------|------------------------------|-------------------|---------------------------------------|---|-----------------|
| | Securities Premium | General Reserve | Debenture Redemption Reserve | Retained Earnings | Effective portion of Cash Flow Hedges | Remeasurements of Defined Benefit Plans | |
| Transactions with owners in their capacity as owners: | | | | | | | |
| Dividends and Dividend Distribution Tax; | - | - | - | - | - | - | - |
| - Interim Dividends (₹ 6 per share) | - | - | - | (2.54) | - | - | (2.54) |
| - Final Dividend (₹54 per share) | - | - | - | (22.91) | - | - | (22.91) |
| - Dividend Distribution Tax | - | - | - | (5.21) | - | - | (5.21) |
| Transfer to General Reserve | - | 1364.32 | - | (1364.32) | - | - | - |
| Transfer (from)/to Debenture Redemption Reserve | - | 115.53 | (115.53) | - | - | - | - |
| Balance at the end of the reporting year ending 31st March 2020 | 9.42 | 12036.48 | - | - | 11.35 | (57.14) | 12000.11 |

| | |
|---|--|
| Securities Premium | Amounts received in excess of par value on issue of shares is classified as Securities Premium. |
| General Reserve | General Reserve represents accumulated profits and is created by transfer of profits from Retained Earnings and it is not an item of Other Comprehensive Income and the same shall not be subsequently reclassified to Statement of Profit and Loss. |
| Debenture Redemption Reserve | In line with the amended Rule 18(7) of the Companies (Shares Capital and Debenture) Rules, 2014 with effect from 18th Sep 2019, Debenture Redemption Reserve is no longer required to be maintained and hence the same is transferred back to General Reserve as on 31st March, 2020. |
| Retained Earnings | Retained earnings are the Profits that the company has earned till date, less any transfer to General reserve and Dividend. |
| Effective portion of Cash Flow Hedges | Gains / Losses on Effective portion of cashflow hedges are initially recognized in Other Comprehensive Income as per IND AS 109. These gains or losses are reclassified to the Statement of Profit or Loss when the forecasted transaction affects earnings, except for hedge transactions resulting in recognition of non financial assets which are included in the carrying amount of the asset ("Basis Adjustments") |
| Remeasurements of Defined Benefit Plans | Gains / Losses arising on Remeasurements of Defined Benefit Plans are recognised in the Other Comprehensive Income as per IND AS-19 and shall not be reclassified to the Statement of Profit or Loss in the subsequent years. |

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

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

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

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

B R Mahesh
Partner
Mem. No. 18628
Hyderabad

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR
Directors
Chennai

K M MAMMEN
Chairman & Managing Director


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

(₹ Crores)

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

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

(₹ Crores)

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

Refer Note 9

Note to Cash Flow Statement:

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

(₹ Crores)

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

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

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

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

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

B R Mahesh
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MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR
Directors
Chennai

K M MAMMEN
Chairman & Managing Director



Note 1 - Significant Accounting Policies under IND AS

A) **General Information**

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

The Company is India’s largest tyre manufacturer and ranked amongst the Top 20 Global Manufacturers, with 10 state-of-the-art factories across India. It is also India’s largest Original Equipment Manufacturer (OEM) tyre supplier with an expansive tyre range from two-wheelers to fighter aircrafts.

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

The company is the ultimate parent of MRF Group.

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

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

i. **Statement of Compliance**

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

ii. **Basis of preparation and presentation**

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

- a) Certain financial assets/liabilities measured at fair value (refer Note 1C)20) and
- b) Any other item as specifically stated in the accounting policy.(refer Note 27g)

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

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

The financial statements of the Company for the year ended 31st March, 2020 were authorised for issue in accordance with a resolution of the directors on 29th June, 2020.

iii. **Major Sources of Estimation Uncertainty**

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

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

Property, Plant and Equipment:

Useful life of Property, Plant and Equipment and Intangible Assets are as specified in Schedule II to the Companies Act, 2013 and on certain assets based on technical advice which considered the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support. The Company reviews the useful life of Property, Plant and Equipment at the end of

each reporting period. This reassessment may result in change in depreciation charge in future periods. (refer Note 1(C1))

Impairment of Non-financial Assets:

For calculating the recoverable amount of non-financial assets, the company is required to estimate the value-in-use of the asset or the Cash Generating Unit and the fair value less costs to disposal. For calculating value in use the company is required to estimate the cash flows to be generated from using the asset. The fair value of an asset is estimated using a valuation technique where observable prices are not available. Further, the discount rate used in value in use calculations includes an estimate of risk assessment specific to the asset. (refer Note 1(C4))

Impairment of Financial Assets:

The company impairs financial assets other than those measured at fair value through profit or loss or designated at fair value through other comprehensive income on expected credit losses. The estimation of expected credit loss includes the estimation of probability of default (PD), loss given default (LGD) and the exposure at default (EAD). Estimation of probability of default apart from involving trend analysis of past delinquency rates include an estimation on forward-looking information relating to not only the counterparty but also relating to the industry and the economy as a whole. The probability of default is estimated for the entire life of the contract by estimating the cash flows that are likely to be received in default scenario. The lifetime PD is reduced to 12 month PD based on an assessment of past history of default cases in 12 months. Further, the loss given default is calculated based on an estimate of the value of the security recoverable as on the reporting date. The exposure at default is the amount outstanding at the balance sheet date. (refer Note 1(C21(a)))

Defined Benefit Plans:

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligations are determined using actuarial valuations. An actuarial

valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. (refer Note 27g)

Fair Value Measurement of Financial Instruments:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. (refer Note 1(C20))

Income Taxes

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

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



Leases

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

Allowance for credit losses on receivables :

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

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

The company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables and Investments. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because

of this pandemic, the company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts . The company based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

C) Summary of Significant Accounting Policies:

1) Property, Plant and Equipment (PPE)

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

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses except for freehold land which is not depreciated. Cost includes purchase price after deducting trade discount / rebate, import duties, non-refundable taxes, cost of replacing the component parts, borrowing costs (as per sl.no.15 below) and other costs that are directly attributable and necessary to bring the asset to its working condition in the manner intended by the management, and the initial estimates of the cost of dismantling /removing the item and restoring the site on which it is located.

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

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

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

| Description of the Asset | Estimated Useful life (On Single shift working) |
|--|--|
| Tangible (Owned Assets): | |
| Building - Factory | 30 Years |
| - Other than factory buildings | 60 Years |
| Plant and Equipment | 5-21 Years |
| Moulds | 6 Years |
| Furniture and Fixtures | 5 Years |
| Computer Servers | 5 Years |
| Computers | 3 Years |
| Office Equipment | 5 Years |
| Other Assets, viz., Electrical Fittings, Fire Fighting/Other Equipments and Canteen Utensils | 10 Years |
| Renewable Energy Saving Device – Windmills | 22 Years |
| Vehicles | 5 Years |

| Description of the Asset | Estimated Useful life (On Single shift working) |
|--|--|
| Aircraft | 10 and 20 Years |
| Right of Use Assets (Leased Assets) : | |
| - Buildings-Other than factory buildings | 1-21 Years |
| - Vehicles | 2 Years |
| - Land – Leasehold | Primary period of lease |
| Intangible(Owned Assets): | |
| Software | 5 Years |

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

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

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

Further, the Company has identified and determined separate useful life for each major component of Property, Plant and Equipment, if they are materially different from that of the remaining assets, for providing depreciation.



2) **Intangible Assets:**

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

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

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

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

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

3) **Assets held for Sale:**

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through sale rather than through continuing use. The condition for classification of held for sale is met when the non-current asset is available for immediate sale and the same is highly probable of being completed within one year from the date of classification as held for sale. Non-current assets held for

sale are measured at the lower of carrying amount and fair value less cost to sell. Non-current assets that ceases to be classified as held for sale shall be measured at the lower of carrying amount before the non-current asset was classified as held for sale adjusted for any depreciation/amortization and its recoverable amount at the date when it no longer meets the "Held for Sale" criteria.

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

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

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

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

5) **Inventories:**

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

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

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

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

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

Inventory obsolescence is based on assessment of the future uses. Obsolete and slow moving items are subjected to continuous technical monitoring and are valued at lower of cost and estimated net realisable value. When Inventories are sold, the carrying amount of those items are recognised as expenses in the period in which the related revenue is recognised.

6) **Leases:**

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

The Company as a lessee

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

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

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

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

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not



be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

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

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

The Company as a lessor

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

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

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

7) Government Grants:

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

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

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

8) Provisions, Contingent Liabilities and Contingent Assets:

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

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

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

the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received from it. Unavoidable cost are determined based on cost that are directly attributable to having and executing the contracts.

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

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

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

9) Foreign Currency Transactions:

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

10) Share Capital and Securities Premium:

Ordinary shares are classified as equity, incremental costs directly attributable to the issue of new shares are shown in equity as a deduction net of tax from the proceeds. Par value of the equity share is recorded as share capital and the amount received in excess of the par value is classified as securities premium.

11) Dividend Distribution to equity shareholders:

The Company recognises a liability to make cash distributions

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

12) Cash Flows and Cash and Cash Equivalents:

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

13) Revenue Recognition:

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

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

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

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

Revenue is measured based on the transaction price, which is the consideration, adjusted for turnover/product/prompt payment discounts to customer as specified in the contract with the customers. When the level of discount varies with



increase in levels of revenue transactions, the Company recognises the liability based on its estimate of the customer's future purchases. The Company recognises changes in the estimated amount of obligations for discounts in the period in which the change occurs. Revenue also excludes taxes collected from customers.

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

The Company provides warranties for general repairs and does not provide extended warranties or maintenance services in its contracts with customers and are assurance type warranties. Claims preferred during the year against such obligations are netted off from revenue, consistent with its current practice. Provision for warranties is made for probable future claims on sales effected and are estimated based on previous claim experience and are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with its current practice.

Use of significant judgements in revenue recognition.

- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of consideration or variable consideration with elements such as turnover/product/ prompt payment discounts. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point

in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

14) Other Income :

Dividend Income

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

Interest Income

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

15) Borrowing costs:

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

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

The capitalisation on borrowing costs commences when the company incurs expenditure for the asset, incurs borrowing cost and undertakes activities that are necessary to prepare the asset for its intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in

which active development of a qualifying asset is suspended. The capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

16) Employee Benefits:

a) Short term Employee Benefits

All employee benefits payable wholly within twelve months of rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., are recognised during the period in which the employee renders related services and are measured at undiscounted amount expected to be paid when the liabilities are settled.

b) Long Term Employee Benefits

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

c) Post Employment Benefits

The Company provides the following post employment benefits:

- i) Defined benefit plans such as gratuity, trust managed Provident Fund and post-retirement medical benefit (PRMB); and

- ii) Defined contributions plan such as provident fund, pension fund and superannuation fund.

d) Defined benefits Plans

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

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

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

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

Eligible employees of the company receive benefits from a provident fund trust which is a defined benefit



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

e) Defined Contribution Plans

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

17) Taxes on Income:

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

a) Current Tax

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

b) Deferred Tax

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

18) Earnings per Share:

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

19) Current versus non-current classification:

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

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

All other assets are classified as non-current.

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

All other liabilities are classified as non-current.

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

20) Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of asset and liability if market participants would take those into consideration. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such basis except for Inventories, Leases and value in use of non financial assets. Normally at initial recognition, the transaction price is the best evidence of fair value.

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

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

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

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



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

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

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

21) **Financial Instruments:**

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

a) **Financial Assets**

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

Investments in subsidiaries

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

Financial assets other than investment in subsidiaries

Financial assets of the Company comprise trade receivable, cash and cash equivalents, Bank balances, Investments in equity shares of companies other than in subsidiaries, Investment in units of Mutual Funds, loans/

advances to employee / related parties / others, security deposit, claims recoverable etc.

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in Statement of Profit and Loss. Where transaction price is not the measure of fair value and fair value is determined using a valuation method that uses data from observable market, the difference between transaction price and fair value is recognised in Statement of Profit and Loss on the date of recognition if the fair value pertains to Level 1 or Level 2 of the fair value hierarchy and in other cases spread over life of the financial instrument using effective interest method.

Subsequent measurement

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

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

Financial assets measured at amortized cost

Financial assets are measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are amortized using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition

and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss in finance costs.

Financial assets at fair value through OCI (FVTOCI)

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

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

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

Any financial asset that does not meet the criteria for classification as at amortised cost or as financial assets at fair value through other comprehensive income, is classified as financial assets at fair value through profit or loss. Further, financial assets at fair value through profit or loss also include financial assets held for trading and financial assets designated upon initial recognition

at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are fair valued at each reporting date with all the changes recognised in the Statement of profit and loss.

Derecognition

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

Impairment of financial assets

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

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

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

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



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

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

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

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

b) Financial Liabilities

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

Initial recognition and measurement

All financial liabilities at initial recognition are classified as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable

transaction costs. Any difference between the proceeds (net of transaction costs) and the fair value at initial recognition is recognised in the Statement of Profit and Loss depending upon the level of fair value.

Subsequent measurement

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

Financial Liabilities classified as Amortised Cost:

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

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

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged / cancelled / expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de recognition of the original liability and

the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

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

c) **Derivatives**

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

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

D) **Recent accounting pronouncements**

The Ministry of Corporate Affairs (MCA) notifies new standard for amendments to the existing standards. There is no such notifications which would have been applicable from 1st April 2020.



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

NOTE 2 (a) : PROPERTY, PLANT AND EQUIPMENT

(₹ Crores)

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

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

1734.56 1403.19

(₹ Crores)

NOTE 2 (a 1) : Owned Assets

| Particulars | Land Freehold | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Air Craft | Office equipment | Computers | Moulds | Other Assets | Total | NOTE 2 (c) INTANGIBLES | NOTE 2 (d) ASSETS CLASSIFIED AS HELD FOR SALE |
|---|---------------|-----------|---------------------|------------------------|----------|-----------|------------------|-----------|---------|--------------|----------|------------------------|---|
| | | | | | | | | | | | | Computer Software | Plant & Machinery |
| GROSS BLOCK | | | | | | | | | | | | | |
| Carrying Value as at 31 March 2018 | 526.09 | 1769.89 | 4741.42 | 16.83 | 28.41 | - | 27.22 | 32.19 | 400.18 | 291.38 | 7833.61 | 30.90 | - |
| Additions | - | 153.71 | 1021.53 | 4.14 | 15.29 | 82.99 | 8.16 | 12.75 | 116.43 | 72.15 | 1487.15 | 4.80 | - |
| Disposals | - | (4.62) | (36.87) | (0.71) | (1.31) | - | (2.09) | (9.53) | (16.33) | (9.65) | (81.11) | (0.24) | - |
| Carrying Value as at 31 March 2019 | 526.09 | 1918.98 | 5726.08 | 20.26 | 42.39 | 82.99 | 33.29 | 35.41 | 500.28 | 353.88 | 9239.65 | 35.46 | 3.91 |
| Additions | 44.49 | 767.43 | 1589.73 | 5.70 | 9.34 | 0.99 | 5.70 | 10.65 | 141.97 | 64.58 | 2640.58 | 19.83 | - |
| Disposals | - | (0.11) | (15.97) | (1.50) | (2.25) | - | (3.27) | (0.56) | (6.00) | (8.91) | (38.57) | - | (3.91) |
| Carrying Value as at 31 March 2020 | 570.58 | 2686.30 | 7299.84 | 24.46 | 49.48 | 83.98 | 35.72 | 45.50 | 636.25 | 409.55 | 11841.66 | 55.29 | - |
| Accumulated depreciation / Amortisation as at 31 March 2018 | - | 133.95 | 1432.00 | 8.65 | 11.43 | - | 13.51 | 17.15 | 149.61 | 92.71 | 1859.01 | 13.43 | - |
| Depreciation / Amortisation for the year | - | 59.91 | 586.72 | 3.31 | 6.94 | 4.40 | 5.94 | 8.31 | 77.42 | 46.20 | 799.15 | 6.07 | - |
| Disposals | - | (0.67) | (34.97) | (0.65) | (1.23) | - | (2.05) | (9.52) | (16.29) | (9.21) | (74.59) | (0.24) | - |
| Accumulated depreciation / Amortisation as at 31 March 2019 | - | 193.19 | 1983.75 | 11.31 | 17.14 | 4.40 | 17.40 | 15.94 | 210.74 | 129.70 | 2583.57 | 19.26 | 3.71 |
| Depreciation / Amortisation for the year | - | 73.01 | 657.19 | 3.57 | 7.75 | 5.91 | 6.30 | 9.38 | 90.29 | 51.78 | 905.18 | 7.57 | - |
| Disposals | - | - | (15.66) | (1.41) | (2.12) | - | (3.26) | (0.55) | (5.60) | (8.27) | (36.87) | - | (3.71) |
| Accumulated depreciation / Amortisation as at 31 March 2020 | - | 266.20 | 2625.28 | 13.47 | 22.77 | 10.31 | 20.44 | 24.77 | 295.43 | 173.21 | 3451.88 | 26.83 | - |
| Net Block | | | | | | | | | | | | | |
| As at 31 March 2019 | 526.09 | 1725.79 | 3742.33 | 8.95 | 25.25 | 78.59 | 15.89 | 19.47 | 289.54 | 224.18 | 6656.08 | 16.20 | 0.20 |
| As at 31 March 2020 | 570.58 | 2420.10 | 4674.56 | 10.99 | 26.71 | 73.67 | 15.28 | 20.73 | 340.82 | 236.34 | 8389.78 | 28.46 | - |

Note:

- Freehold land includes agricultural land - ₹ 0.12 Crores (31st March, 2019 - ₹ 0.12 Crores).
- Other assets represents Electrical Fittings, Fire Fighting/Other Equipments and Canteen Utensils.
- The amount of Borrowing Cost capitalised during the year ended 31st March, 2020 - ₹ 11.84 Crores (31st March, 2019 - ₹ 11.16 Crores.)
- Capital expenditure on Research and Development (including Building) during the year - ₹ 34.65 Crores (31st March, 2019 ₹ 55.50 Crores) refer Note 27 h (ii).

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

NOTE 2 (a 2): Leased Assets

(₹ Crores)

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

Note:

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



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

NOTE 3: INVESTMENTS

| Particulars | Face Value ₹ | No. of Shares / Units | | (₹ Crores) | |
|---|---------------------|-----------------------|---------------------|---------------------|---------------------|
| | | As at 31.03.2020 | As at 31.03.2019 | As at 31.03.2020 | As at 31.03.2019 |
| Nos. | | | | | |
| Non-Current Investments | | | | | |
| Fully Paid-up | | | | | |
| Quoted | | | | | |
| Equity Shares (at fair value through Profit or Loss) | | | | 4.81 | 6.00 |
| Unquoted | | | | | |
| In Mutual Fund Units: (at fair value through Profit or Loss) | | | | | |
| Income Plan: Growth Option | | | | - | 1050.28 |
| Others: (at fair value through Profit or Loss) * | | | | 0.07 | 0.07 |
| * Note: The Company had invested in Co-operative Societies, MRF Foundation and in certain other companies towards the corpus. These are non participative shares and normally no dividend is accrued. The Company has carried these investments at its transaction value considering it to be its fair value. | | | | | |
| Unquoted | | | | | |
| Subsidiary Companies: (At Cost) | | | | | |
| Ordinary Shares in MRF SG PTE. LTD | - | 1273200 | 1273200 | 6.11 | 6.11 |
| Equity Shares in MRF Corp Ltd. - ₹ 1500 (31.03.2019 - ₹ 1500) | 10 | 50100 | 50100 | - | - |
| Equity Shares in MRF International Ltd. | 10 | 532470 | 532470 | 0.53 | 0.53 |
| Equity Shares in MRF Lanka Pvt. Ltd. | Sri Lankan Rupee 10 | 34160324 | 34160324 | 15.01 | 15.01 |
| Total | | | | 26.53 | 1078.00 |
| Aggregate Market Value of Quoted Investments | | | | 4.81 | 6.00 |
| Aggregate Amount of Unquoted Investments | | | | 21.72 | 1072.00 |

Current Investments

Fully paid up -Unquoted

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

| | | |
|---|----------------|----------------|
| Income Plan: Growth Option | 1513.65 | 2770.39 |
| Aggregate Amount of Unquoted Investments | 1513.65 | 2770.39 |

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

NOTE 4 : LOANS (Unsecured, considered good)

(₹ Crores)

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

NOTE 5 : OTHER FINANCIAL ASSETS

(₹ Crores)

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

NOTE 6 : OTHER ASSETS

(₹ Crores)

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



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

NOTE 7 : INVENTORIES

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

NOTE 8 : TRADE RECEIVABLES

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

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

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

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

NOTE 10 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| | (₹ Crores) | |
|----------------------------|---------------------|---------------------|
| | As at 31.03.2020 | As at 31.03.2019 |
| Unclaimed Dividend Account | 2.62 | 2.55 |
| Total | 2.62 | 2.55 |

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

NOTE 11 : BORROWINGS

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

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

NOTE 12 : PROVISIONS

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



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

NOTE 13 : DEFERRED TAX LIABILITIES - (NET)

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

NOTE 14 : OTHER LIABILITIES

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

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

Movement of contract liabilities is as under:

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

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

NOTE 15 : TRADE PAYABLES

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

NOTE 16 : OTHER FINANCIAL LIABILITIES

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



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

NOTE 17 : REVENUE FROM OPERATIONS

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

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

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

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

NOTE 18 : OTHER INCOME

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

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

NOTE 19 : COST OF MATERIALS CONSUMED

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

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

| | (₹ Crores) | |
|----------------------|--------------------------|--------------------------|
| | Year Ended 31.03.2020 | Year Ended 31.03.2019 |
| Closing Stock: | | |
| Finished Goods | 1238.79 | 1218.45 |
| Stock-in-Trade | 34.85 | 41.29 |
| Work-in-Progress | 232.70 | 271.48 |
| | 1506.34 | 1531.22 |
| Less: Opening Stock: | | |
| Finished Goods | 1218.45 | 670.53 |
| Stock-in-Trade | 41.29 | 41.95 |
| Work-in-Progress | 271.48 | 210.14 |
| | 1531.22 | 922.62 |
| Total | 24.88 | (608.60) |

NOTE 21 : EMPLOYEE BENEFITS EXPENSE

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

NOTE 22 : FINANCE COSTS

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



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

NOTE 23 : OTHER EXPENSES

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

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

NOTE 24 :

A. Capital Management

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

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

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

B. Financial Risk Management

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

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

i) Market Risk

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

a) Interest Rate Risk :

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



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

If the interest rates had been 1% higher / lower and all other variables held constant, the company's profit for the year ended 31st March, 2020 would have been decreased/increased by - ₹ 5.03 Crores. (Previous year - ₹ 2.48 Crores).

b) Currency Risk :

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

Unhedged Short Term Exposures:

| | 31.03.2020 | 31.03.2019 |
|-----------------------|------------|------------|
| Financial Assets | 221.64 | 194.42 |
| Financial Liabilities | 141.07 | 150.53 |

The company is mainly exposed to changes in US Dollar. The sensitivity to a 5% (Previous year 3%) increase or decrease in US Dollar against INR with all other variables held constant will be +/-) - ₹ 1.70 Crores (Previous year - ₹ 0.75 Crores)

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

Hedged Foreign Currency exposures:

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

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

The outstanding position and exposures are as under :

i) Foreign Currency forward contracts designated as Hedge Instruments :

| | Currency | Amount | | ₹ Crores | Nature | Cross Currency |
|-----------------------------|----------|------------------|--|----------|-----------------|----------------|
| Currency/Interest Rate Swap | USD | 87.00 Million | | 555.51 | ECB Loan | |
| | | (125.67) Million | | (798.07) | | |
| Forward Contract | USD | 122.84 Million | | 909.11 | Import purchase | INR |
| | | (111.92) Million | | (816.86) | | |

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

ii) Other Forward Contract Outstanding :

| | Currency | Amount | | ₹ Crores | Nature | Cross Currency |
|------------------|----------|-----------------|--|----------|-----------------|----------------|
| Forward Contract | USD | 8.92 Million | | 64.80 | Import purchase | INR |
| | | (48.06) Million | | (341.51) | | |

Figures in brackets are in respect of Previous year

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

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

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

c) Price Risk :

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

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

As at 31st March, 2020 the investments in debt mutual funds amounts to - ₹ 1513.65 Crores (Previous year - ₹ 3820.67 Crores). A 1% point increase or decrease in the NAV with all other variables held constant would have lead to approximately an additional - ₹ 15 Crores (Previous year - ₹ 38 Crores) on either side in the statement of profit and loss.

ii) Credit Risk

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

The Company's marketing policies are well structured and all replacement sales are predominantly through dealers and the outstanding are secured by dealer deposits. As regards sales to Original Equipment (O.E.), and other institutional sales, the Company carries out periodic credit checks and also limits the exposure by establishing maximum payment period for customers and by offering prompt payment discounts. The outstanding trade receivables due for a period exceeding 180 days as at the year ended 31st March, 2020 is - 0.32% (31st March, 2019 - 0.28%) of the total trade receivables.

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

The Company uses Expected Credit Loss (ECL) Model to assess the impairment loss or gain. The allowance for lifetime ECL on customer balances for the year ended 31 March, 2020 was - ₹ 2.31 Crores and for the year ended 31 March, 2019 was - ₹ 2.17 Crores.



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

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

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

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

iii) Liquidity Risk

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

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

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

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

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

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

The details of the contractual maturities of significant financial liabilities as at 31st March, 2020 are as under:

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

Figures in brackets are in respect of Previous year

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

NOTE 25 :

A) Fair Values and Hierarchy

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

| Particulars | Hierarchy | Carrying Value | | Fair Value | |
|-----------------------|-----------|----------------|------------|------------|------------|
| | | As at | As at | As at | As at |
| | | 31.03.2020 | 31.03.2019 | 31.03.2020 | 31.03.2019 |
| Financial Assets | | | | | |
| - Investments | Level One | 1279.03 | 3531.81 | 1518.46 | 3826.67 |
| Financial Liabilities | | | | | |
| - Borrowings | Level Two | 1159.96 | 1524.74 | 1166.03 | 1521.55 |

B) Fair Value changes in Financial Instruments

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

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

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

1. The Fair values of Mutual Funds and Quoted Equities are based on NAV / Quoted Price at the reporting date. Further, the Company had invested in Co-operative Societies and in certain other companies towards the corpus. These are non participative shares and normally no dividend is accrued. The Company has carried these investments at its transaction value considering it to be its fair value.
2. The Company enters into Derivative financial instruments with counterparties principally with Banks with investment grade credit ratings. The Interest Rate swaps, foreign exchange forward contracts are valued using valuation techniques which employs the use of market observable inputs namely, Marked-to-Market.



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

NOTE 26 : Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

(₹ Crores)

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

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

NOTE 27 ADDITIONAL/EXPLANATORY INFORMATION :

- a. Disclosure required by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 186(4) of the Companies Act, 2013:
 1. Amount of Loans and advances in the nature of loans outstanding from /to subsidiaries - ₹ Nil (Previous year - ₹ Nil)
 2. Loans to employees have been considered to be outside the purview of disclosure requirements.
 3. Investment by Loanee in the shares of the Parent company - Nil (Previous year - Nil)

- b. Lease Disclosure:

Maturity analysis of lease liabilities

(₹ Crores)

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

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

(₹ Crores)

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

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

Notes :

- (i) Cash outflow towards warranty provision would generally occur during the next two years.
- (ii) Litigation and related disputes represents estimates mainly for probable claims arising out of litigation/disputes pending with authorities under various statutes (i.e. Service Tax, Excise and Customs Duty, Electricity/Fuel Surcharge, Cess). The probability and the timing of the outflow with regard to these matters will depend on the final outcome of the litigations/disputes.
- (iii) Figures in brackets are in respect of Previous year.

d. Related party disclosures:

- (a) Names of related parties and nature of relationship where control exists are as under:

| | |
|-----------------------|-------------------------------|
| Subsidiary Companies: | i) MRF Corp Ltd |
| | ii) MRF International Ltd |
| | iii) MRF Lanka (Private) Ltd. |
| | iv) MRF SG PTE. LTD |

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

| | |
|--------------------------------------|--|
| Key Management Personnel (KMP) : | i) Mr. K.M. Mammen, Chairman and Managing Director |
| | ii) Mr. Arun Mammen, Vice Chairman and Managing Director |
| | iii) Mr. Rahul Mammen Mappillai, Managing Director |
| | iv) Mr. Samir Thariyan Mappillai, Whole time Director |
| | v) Mr. Varun Mammen, Whole time Director |
| | vi) Mr.S.Dhanvanth Kumar, Company Secretary |
| | vii) Mr. Madhu P Nainan, Vice President Finance |
| Close Members of the family of KMP : | i) Mrs. Ambika Mammen, Director (Wife of Chairman and Managing Director) |
| | ii) Dr.(Mrs) Cibi Mammen, Director (Wife of Vice Chairman and Managing Director) |
| | iii) Mrs. Meera Mammen (Mother of Mr Varun Mammen) |

| | |
|--|--|
| Companies in which Directors are interested: | Badra Estate & Industries Limited, Devon Machines Pvt. Ltd., Coastal Rubber Equipments Pvt. Ltd. Baga Industries LLP, Automotive Tyre Manufacturers Association, Funskool (India) Ltd., VPC Freight Forwarders Pvt. Ltd. |
|--|--|

| | |
|-----------------------|--|
| Other Related Parties | Mr. Jacob Kurian- Director, MRF Ltd Executives Provident Fund Trust, MRF Management Staff Gratuity Scheme, MRF Employees Gratuity Scheme, MRF Managers' Superannuation Scheme, MRF Foundation. |
|-----------------------|--|



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

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

Figures in brackets are in respect of Previous year

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

- (d) Terms and conditions of transactions with related parties;

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31st March 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (Previous Year - ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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

The Company is engaged inter alia in the manufacture of Rubber Products such as Tyres, Tubes, Flaps, Tread Rubber. These in the context of IND AS - 108 - 'Operating Segment' are considered to constitute one single primary segment. The Company's operations outside India do not exceed the quantitative threshold for disclosure envisaged in the IND AS. Non-reportable segments has not been disclosed as unallocated reconciling item in view of its materiality. In view of the above, operating segment disclosures for business/geographical segment are not applicable to the Company.

Entity wide disclosure required by Ind AS 108 are as detailed below:

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



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

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

The details of liabilities to Micro and Small Enterprises, to the extent information available with the Company are given under:

| | | (₹ Crores) |
|--|-------------------|-------------------|
| <u>Particulars</u> | <u>31.03.2020</u> | <u>31.03.2019</u> |
| (i) Principal amounts remaining unpaid to suppliers as at the end of the accounting year | 17.02 | 21.25 |
| (ii) Interest accrued and due to suppliers on above amount, unpaid | 0.07 | 0.07 |
| (iii) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006, along with the amounts of the payment made to the Supplier beyond the appointed day during the accounting year | 0.01 | 0.22 |
| (iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 | 0.01 | 0.01 |
| (v) The amount of interest accrued and remaining unpaid at the end of the accounting year | 0.08 | 0.08 |
| (vi) The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act, 2006 | 0.62 | 0.55 |

g. Disclosures as per IND AS - 19 - Employee Benefits

- 1) The contributions to MRF Limited Executives Provident Fund Trust is a defined benefit plan in terms of the definition mentioned in para 7 of IND AS - 19 the accounting for which is to be done on an actuarial basis. The actuary has provided a valuation of provident fund liability based on the assumptions listed below and determined that there is no shortfall as at 31st March, 2020 and for the year ended 31st March 2019.

The details of fund and plan assets are given below :

| | | (₹ Crores) |
|--|----------------------------------|----------------------------------|
| <u>Particulars</u> | <u>Year Ended 31.03.2020</u> | <u>Year Ended 31.03.2019</u> |
| Fair value of plan assets | 261.06 | 219.30 |
| Present value of defined benefit obligations | 260.89 | 216.93 |
| Net excess/(Shortfall) | 0.17 | 2.37 |

The plan assets have been primarily invested in Government securities, Corporate bonds and Exchange Traded Funds.

The principal assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

Projection is restricted to five years or earlier, if retirement occurs.

Expected guaranteed interest rate - 8.65% (Previous Year - 8.55%)

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

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

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

| Particulars | (₹ Crores) | |
|--|--------------------------|--------------------------|
| | Year Ended 31.03.2020 | Year Ended 31.03.2019 |
| i) Employer's contribution to Provident Fund and Family Pension Fund | 57.90 | 50.66 |
| ii) Employer's contribution to Superannuation Fund | 17.42 | 15.43 |
| iii) Leave Encashment - Unfunded | 11.18 | 12.41 |
| iv) Defined benefit obligation: | | |
| a) Post Retirement Medical Benefit - Unfunded | 1.00 | 0.05 |
| b) The valuation results for the defined benefit gratuity plan as at 31-3-2020 are produced in the tables below: | | |
| i) Changes in the Present Value of Obligation | | |

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

ii) Changes in the Fair Value of Plan Assets

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



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

iii) Expenses Recognised in the Income Statement

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

iv) Other Comprehensive Income

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

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

| Particulars | As at | |
|--------------------------|------------|------------|
| | 31.03.2020 | 31.03.2019 |
| Funds managed by Insurer | 100% | 100% |

- In the absence of detailed information regarding Plan assets which is funded with Insurance Company, the composition of each major category of Plan assets, the percentage or amount for each category to the fair value of Plan assets has not been disclosed.

- The group gratuity Policy with LIC includes employees of MRF Corp Ltd, a Subsidiary Company.

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

vi) Actuarial Assumptions

a. Financial Assumptions

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

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

b. Demographic Assumptions

| Particulars | As at 31.03.2020 | As at 31.03.2019 |
|--|---------------------|---------------------|
| Mortality Rate % of IALM 2012-14 (% of IALM 2006-08) | 100% | 100% |
| Withdrawal rates, based on age: (per annum) | | |
| Up to 30 years | 3.00% | 3.00% |
| 31 - 44 years | 2.00% | 2.00% |
| Above 44 years | 1.00% | 1.00% |

vii) Amount, Timing and Uncertainty of Future Cash Flows

a. Sensitivity Analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

| | (₹ Crores) | |
|-----------------------------------|---------------------|---------------------|
| | As at 31.03.2020 | As at 31.03.2019 |
| Defined Benefit Obligation (Base) | 385.93 | 329.99 |

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

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



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

| | | | |
|----|---|------------|------------|
| b. | Asset Liability Matching Strategies | | |
| | The scheme is managed on funded basis. | | |
| c. | Effect of Plan on Entity's Future Cash Flows | | |
| - | Funding arrangements and Funding Policy | | |
| | The scheme is managed on funded basis. | | |
| | | | (₹ Crores) |
| - | Expected Contribution during the next annual reporting period | 31.03.2020 | 31.03.2019 |
| | The Company's best estimate of Contribution during the next year | 32.56 | 38.04 |
| - | Maturity Profile of Defined Benefit Obligation | | |
| | Weighted average duration (based on discounted cash flows) | 10 years | 10 years |
| | | | (₹ Crores) |
| - | Expected cash flows over the next (valued on undiscounted basis): | 31.03.2020 | 31.03.2019 |
| | 1 year | 40.93 | 38.10 |
| | 2 to 5 years | 105.88 | 95.67 |
| | 6 to 10 years | 178.14 | 164.55 |
| | More than 10 years | 545.35 | 529.72 |
| v) | Other Long Term Employee Benefits: | | |
| | | | (₹ Crores) |
| | <u>Particulars</u> | As at | As at |
| | | 31.03.2020 | 31.03.2019 |
| | Present value of obligation as at 31st March, 2020 | | |
| | Leave Encashment | 44.40 | 41.56 |
| | Post Retirement Medical Benefits | 6.30 | 5.32 |

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

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

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

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

This information complies with the terms of the Research and Development recognition granted upto 31st March, 2020 for the Company's in-house Research and Development activities by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India, vide their Letter No.TU/IV-RD/118/2018 dated 13th July, 2018.

- i. Terms of Repayment and Security Description of Borrowings: (refer note 11)

a) Current Borrowings

Loans repayable on demand from banks are secured by hypothecation of Inventories and book debts, equivalent to the outstanding amount and carries interest rates at the rate of - 7.4% to 8.45% (Previous year - 7.85% to 8.45%)

b) Non Current Borrowings

- i) The principal amount of Debentures, interest, remuneration to Debenture Trustees and all other costs, charges and expenses payable by the Company in respect of Debentures are secured by way of a legal mortgage of Company's land at Taluka Kadi, District Mehsana, Gujarat and hypothecation by way of a first charge on Plant and Machinery at the Company's plants at Perambalur, near Trichy, Tamil Nadu, equivalent to the outstanding amount.

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

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



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

- ii) ECB (Unsecured) from the MUFG Bank, Ltd. (Old name- Bank of Tokyo- Mitsubishi UFJ, Ltd) USD 20 Million availed in May, 2015 is for capital expenditure. Interest is payable at a rate equal to the six months USD LIBOR plus margin of 1.00% (Previous year - six months USD LIBOR plus margin of 1.00%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning May, 2019.
- iii) ECB (Unsecured) from the Mizuho Bank, Ltd USD 25 Million availed in February, 2015 is for capital expenditure. Interest is payable at a rate equal to the six months USD LIBOR plus margin of 1.00% (Previous year- six months USD LIBOR plus margin of 1.00%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning February, 2019.
- iv) ECB (Unsecured) from the CITI Bank availed in January, 2015 amounting to USD 20 Million is for capital expenditure. Interest is payable at a rate equal to the six months BBA LIBOR plus margin of 1.30% (Previous year- six months BBA LIBOR plus margin of 1.30%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning January, 2019.
- v) ECB (Unsecured) from the HSBC Bank.
 - a) USD 20 Million availed in October, 2015 is for capital expenditure. Interest is payable at a rate equal to the six months BBA LIBOR plus margin of 1.25% (Previous year- six months BBA LIBOR plus margin of 1.25%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning October, 2019.
 - b) USD 45 Million availed in December, 2017 is for capital expenditure. Interest is payable at a rate equal to the six months BBA LIBOR plus margin of 0.80% payable half yearly (Previous year- six months BBA LIBOR plus margin of 0.80%). The said Loan is fully hedged and is repayable in one full instalment in December, 2022.
- vi) Indian Rupee Term Loan of ₹ 150 Crores availed in February, 2019 is for capital expenditure. Interest is payable at a rate equal to the three months T-Bill rate plus a margin of 1.49% (Previous year- 1.49%) payable monthly. The said Loan is repayable in one full installment in February, 2024.
- vii) Secured Loan availed under SIPCOT soft loan during the financial year ended 31st March 2020, Interest is payable at a rate of 0.10% (Previous year - Nil) payable quarterly are secured by way of second charge on the Fixed Assets created at the company's plants at Perambalur, near Trichy, Tamil Nadu. This loan will be repaid in full in April 2033.
- viii) Deferred payment credit is repayable along with interest (at varying rates) in 240 consecutive monthly instalments ending in March 2026.
- j. Events Occurring after the Balance Sheet date
 - i) The proposed final dividend for FY 2019-20 amounting to ₹39.87 Crores will be recognised as distribution to owners during the financial year 2020-21 on its approval by Shareholders. The proposed final dividend per share amounts to ₹94/-
 - ii) COVID 19 pandemic has severely affected the business environment and the economy. In order to reduce the impact of the pandemic, a nationwide lockdown was announced by the Government on 24th March 2020 and consequently, the Company's Plants, offices and godowns were closed. Post lifting of lockdown, most of the Company's operations have resumed. As on the date of the approval of the financial statements, the Company has a strong Net Worth and has serviced all its debt obligations in a timely manner. It does not foresee any incremental risk regarding recoverability of assets and ability to service financial obligations.
- k. (i) Estimated amount of contracts remaining to be executed on Capital Account, net of advances and not provided for - ₹ 1617.36 Crores (Previous Year - ₹3989.78 Crores)

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

I. Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a Company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceeding three financial years on corporate social responsibility (CSR) Activities, which for the financial year ended 31st March 2020 amounts to - ₹ 31.22 crores (Previous year - ₹ 43.04 crores). A CSR Committee has been formed by the Company as per the Act. During the financial year ended 31st March 2020, the Company has incurred an amount of ₹ 66.35 crores representing ₹ 31.22 crores for the current financial year and ₹ 35.13 crores towards shortfall in CSR spending of earlier years.

Amount spent during the year on:

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

Previous year figures are in brackets

m. Contingent Liabilities not provided for:

- (i) Guarantees given by the Banks - ₹ 45.03 Crores (Previous Year - ₹ 51.14 Crores)
- (ii) Letters of Credit issued by the Banks - ₹ 93.06 Crores (Previous Year - ₹ 450.41 Crores)
- (iii) Claims not acknowledged as debts:
 - (a) Disputed Sales Tax demands pending before the Appellate Authorities - ₹ 37.51 Crores (Previous Year - ₹ 46.20 Crores)
 - (b) Disputed Excise/Customs Duty demands pending before the Appellate Authorities/High Court - ₹ 318.97 Crores (Previous Year - ₹ 335.51 Crores)
 - (c) Disputed Income Tax Demands - ₹ 93.38 Crores (Previous Year - ₹ 85.58 Crores). Against the said demand the company has deposited an amount of ₹ 49.55 Crores (Previous Year ₹ 37.51 Crores)
 - (d) Contested EPF Demands pending before Appellate Tribunal - ₹ 1.10 Crores (Previous year - ₹ 1.10 Crores)

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

o. Earnings Per Share

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



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

p. Other Notes:

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

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

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

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

| | | (₹ Crores) | |
|--|---|--------------------------|--------------------------|
| Particulars | | Year Ended 31.03.2020 | Year Ended 31.03.2019 |
| 4) | Earnings in Foreign Exchange: | | |
| | FOB Value of Exports | 1384.45 | 1330.30 |
| | Freight and Insurance | 15.51 | 14.37 |
| | Others | - | 0.21 |
| Note: FOB Value of Exports excludes export sales in Indian Rupee | | | |
| 5) | Expenditure in Foreign Currency paid or payable by the Company: | | |
| a. | Interest and Finance Charges | 3.10 | 2.61 |
| b. | Professional and Consultation Fees | 9.38 | 10.03 |
| c. | Travelling | 8.52 | 1.91 |
| d. | Advertisements | 69.50 | 75.76 |
| e. | Traded goods | 3.49 | 4.82 |
| f. | Insurance | 3.62 | 3.32 |
| g. | Product warranty claims | 2.77 | 2.15 |
| h. | Others | 19.49 | 11.36 |

For SCA AND ASSOCIATES

Chartered Accountants

Firm Reg. No. 101174W

Shivratan Agarwal
Partner

Mem. No. 104180

Mumbai

Dated 29th June, 2020

For MAHESH, VIRENDER & SRIRAM

Chartered Accountants

Firm Reg. No. 001939S

B R Mahesh
Partner

Mem. No. 18628

Hyderabad

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR
Directors
Chennai

K M MAMMEN
Chairman & Managing Director



CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MRF LIMITED

1. Opinion

We have audited the accompanying Consolidated Financial Statements of MRF Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flows Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the Consolidated state of affairs (financial position) of the Group as at 31st March, 2020, and its Consolidated profit (financial performance including Other Comprehensive Income), the Consolidated Changes in Equity and its Consolidated Cash Flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing specified under Section

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

3. Emphasis of Matter

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

4. Key Audit Matters

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

| Sr. No. | Key Audit Matter | Our Response |
|---------|---|--|
| 1. | Defined benefit obligation The valuation of the retirement benefit schemes in the Group is determined with reference to various actuarial assumptions including discount rate, rate of inflation, mortality rates and attrition rates. Due to the size of these schemes, small changes in these assumptions can have a material impact on the estimated defined benefit obligation. | We have examined the key controls over the process involving member data, formulation of assumptions and the financial reporting process in arriving at the provision for retirement benefits. We tested the controls for determining the actuarial assumptions and the approval of those assumptions by senior management. We found these key controls were designed, implemented and operated effectively, and therefore determined that we could place reliance on these key controls for the purposes of our audit. We tested the employee data used in calculating the obligation and where material, we also considered the treatment of curtailments, settlements, past service costs, remeasurements, benefits paid, and any other amendments made to obligations during the year. From the evidence obtained, we found the data and assumptions used by management in the actuarial valuations for retirement benefit obligations to be appropriate. |



| Sr. No. | Key Audit Matter | Our Response |
|---------|---|--|
| 2. | Warranty Provision The Holding Company makes an estimated provision for assurance type warranties at the point of sale. This estimate is based on historical claims data. | We understood and tested the controls over the assumptions applied in arriving at the warranty provision, particularly vouching of relevant data elements with provision calculations; validation of formula used in the warranty spread sheet; management review control of the relevant internal and external factors impacting the provision. |

5. Information Other than the Consolidated Financial Statements and Auditor's Report thereon

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

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

6. Management's Responsibility and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Act that give a true and fair view of the Consolidated financial position, Consolidated financial performance, Consolidated Changes in Equity and Consolidated Cash Flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133

of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group are responsible for overseeing the financial reporting process of the Group

7. Auditor's Responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit

conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern. Refer Note 26 h(ii) to the Consolidated Financial Statements which describes the impact of the outbreak of Corona virus

(COVID-19) on the business operations of the Company. In view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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



8. Other Matters

We did not audit the financial statements / financial information of certain subsidiaries whose financial statements / financial information reflect total assets of ₹ 801.89 Crores as at 31st March, 2020, total revenues of ₹ 1881.17 Crores, total net profit after tax of ₹ 26.78 Crores and total comprehensive income of Rs. 26.84 Crores for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

9. Report on Other Legal and Regulatory Requirements

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2020

taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Group and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.
- g) As required by section 197(16) of the Act, based on our audit, we report that the Holding Company and its subsidiary companies has paid and provided for remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Consolidated Financial Statements disclose the impact of pending litigations on the Consolidated financial position of the Group – Refer Note 26j to the Consolidated Financial Statements;
 - ii. The Group has long-term contracts including derivative contracts for which there were no material foreseeable losses; and
 - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Holding company and its subsidiary companies incorporated in India.

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

Shivratan Agarwal
Partner
Mem. No. 104180
UDIN: 20104180AAAAHB3946
Place : Mumbai
Date : 29th June, 2020.

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

B R Mahesh
Partner
Mem. No. 18628
UDIN: 20018628AAAAAP6175
Place : Hyderabad
Date : 29th June, 2020.

“ANNEXURE A” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MRF LIMITED

1. Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended 31st March 2020, we have audited the internal financial controls with reference to Financial Statements of **MRF LIMITED** (“the Holding Company”) and its subsidiary companies which are companies incorporated in India, as of that date

2. Management’s Responsibility for Internal Financial Controls

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

3. Auditors’ Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to Financial Statements of the Holding Company and its subsidiary companies which are incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent

applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Financial Statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of a subsidiary company incorporated in India, in terms of their report referred to in other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company and its subsidiary companies which are incorporated in India.

4. Meaning of Internal Financial Controls With reference to Financial Statements

A Company’s internal financial control with reference to Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control with reference to Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with



generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

5. Inherent Limitations of Internal Financial Controls With reference to Financial Statements

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

6. Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to Financial Statements and such internal financial

controls were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

7. Other MATTERS

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to Financial Statements in so far as it relates to subsidiary companies, incorporated in India, is based on the report of the auditors.

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

Shivratan Agarwal
Partner
Mem. No. 104180
UDIN: 20104180AAAAHB3946
Place : Mumbai
Date : 29th June, 2020.

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

B R Mahesh
Partner
Mem. No. 18628
UDIN: 20018628AAAAAP6175
Place : Hyderabad
Date : 29th June, 2020.

MRF LIMITED, CHENNAI
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2020

| | | | (₹ Crores) |
|--|-------------------------------|------------------------|------------------------------|
| | Note | As at 31.03.2020 | As at 31.03.2019 |
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 2 (a) | 8841.27 | 6769.77 |
| Capital Work-in-Progress | 2 (b) | 1740.94 | 1403.47 |
| Other Intangible Assets | 2 (c) | 28.49 | 16.23 |
| Financial Assets: | | | |
| - Investments | 3 | 5.58 | 1057.00 |
| - Loans | 4 | 12.25 | 0.36 |
| - Other financial assets | 5 | 96.67 | 88.05 |
| Non Current Tax Asset (Net) | | 232.22 | 207.44 |
| Deferred Tax Assets (Net) | 6 | - | 0.06 |
| Other non-current assets | 7 | 333.88 | 435.08 |
| Current Assets | | | |
| Inventories | 8 | 2905.18 | 2993.20 |
| Financial Assets: | | | |
| - Investments | 3 | 1513.75 | 2797.68 |
| - Trade Receivables | 9 | 2299.40 | 2382.71 |
| - Cash and cash equivalents | 10 | 1178.52 | 101.95 |
| - Bank balances other than cash and cash equivalents | 11 | 2.62 | 2.55 |
| - Loans | 4 | 2.89 | 0.61 |
| - Other financial assets | 5 | 52.58 | 34.92 |
| Other current assets | 7 | 196.10 | 149.98 |
| Assets Classified as held for sale | 2(d) | - | 0.20 |
| TOTAL ASSETS | | 19442.34 | 18441.26 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share Capital | SOCE | 4.24 | 4.24 |
| Other Equity | SOCE | 12210.47 | 10833.11 |
| Non Controlling Interest | | 0.13 | 0.12 |
| Total Equity | | 12214.84 | 10837.47 |
| LIABILITIES | | | |
| Non-Current Liabilities | | | |
| Financial Liabilities: | | | |
| - Borrowings | 12 | 779.03 | 1054.73 |
| - Other Financial Liabilities | 17 | 327.48 | - |
| Provisions | 13 | 189.72 | 168.11 |
| Deferred Tax Liabilities (Net) | 14 | 428.86 | 840.20 |
| Other non-current liabilities | 15 | 250.17 | 76.32 |
| Current Liabilities | | | |
| Financial Liabilities: | | | |
| - Borrowings | 12 | 731.03 | 1047.66 |
| - Trade Payables | | | |
| (A) total outstanding dues of micro enterprises and small enterprises; and | 16 | 17.02 | 21.25 |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises | 16 | 1888.32 | 1688.13 |
| - Other Financial Liabilities | 17 | 732.39 | 763.32 |
| Other Current Liabilities | 15 | 1727.14 | 1783.82 |
| Provisions | 13 | 153.53 | 149.48 |
| Current Tax Liabilities (Net) | | 2.81 | 10.77 |
| Total Liabilities | | 7227.50 | 7603.79 |
| TOTAL EQUITY AND LIABILITIES | | 19442.34 | 18441.26 |
| Significant Accounting Policies and key accounting estimates and Judgement | 1 | | |
| Accompanying Notes are an integral part of these financial statements | | | |
| This is the Consolidated Balance Sheet referred to in our report of even date. | | | |
| For SCA AND ASSOCIATES | For MAHESH, VIRENDER & SRIRAM | | |
| Chartered Accountants | Chartered Accountants | | |
| Firm Reg. No. 101174W | Firm Reg. No. 001939S | | |
| Shivratan Agarwal | B R Mahesh | | |
| Partner | Partner | | |
| Mem. No. 104180 | Mem. No. 18628 | MADHU P NAINAN | S DHANVANTH KUMAR |
| Mumbai | Hyderabad | Vice President Finance | Company Secretary |
| Dated 29th June, 2020 | | | JACOB KURIAN |
| | | | V SRIDHAR |
| | | | Directors |
| | | | K M MAMMEN |
| | | | Chairman & Managing Director |



MRF LIMITED, CHENNAI

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

(₹ Crores)

| | Note | Year ended 31.03.2020 | Year ended 31.03.2019 |
|--|----------------------|--------------------------|--------------------------|
| INCOME | | | |
| Revenue from operations | 18 | 16239.36 | 16062.46 |
| Other Income | 19 | 335.38 | 421.73 |
| TOTAL INCOME | | 16574.74 | 16484.19 |
| EXPENSES | | | |
| Cost of materials consumed | 20 | 9577.04 | 10292.57 |
| Purchases of Stock-in-Trade | | 22.59 | 30.60 |
| Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress | 21 | 17.40 | (613.83) |
| Employee Benefits expense | 22 | 1344.93 | 1165.28 |
| Finance Costs | 23 | 292.82 | 267.31 |
| Depreciation and Amortisation expense | 2 (a (1, 2)) and (c) | 982.32 | 807.60 |
| Other Expenses | 24 | 2903.39 | 2882.48 |
| TOTAL EXPENSES | | 15140.49 | 14832.01 |
| PROFIT BEFORE TAX | | 1434.25 | 1652.18 |
| TAX EXPENSE | | | |
| Current Tax | | 409.07 | 339.17 |
| Deferred Tax | | (397.39) | 182.40 |
| TOTAL TAX EXPENSE | | 11.68 | 521.57 |
| PROFIT FOR THE YEAR | | 1422.57 | 1130.61 |
| NON-CONTROLLING INTEREST - ₹ 57834 (Previous Year - ₹ 55125) | | (0.01) | (0.01) |
| OTHER COMPREHENSIVE INCOME (OCI) | | | |
| Items that will not be reclassified to Profit or Loss | | | |
| Remeasurements of Defined benefit plans | | (26.75) | (9.63) |
| Income Tax relating to items that will not be reclassified to Profit or Loss | | 6.73 | 3.37 |
| Items that may be reclassified to Profit or Loss | | | |
| Exchange differences in translating the financial statements of foreign operations | | (0.10) | 16.26 |
| Designated Cash Flow Hedges | | 13.98 | (16.56) |
| Income tax relating to items that may be reclassified to Profit or Loss | | (3.52) | 5.79 |
| TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX | | (9.66) | (0.77) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 1412.90 | 1129.83 |
| EARNINGS PER EQUITY SHARE | | | |
| | 26 b | | |
| Basic | | 3354.20 | 2665.82 |
| Diluted | | 3354.20 | 2665.82 |

Significant Accounting Policies and key accounting estimates and Judgement

1

Accompanying Notes are an integral part of these financial statements

This is the Consolidated Statement of Profit and Loss referred to in our report of even date

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

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

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

B R Mahesh
Partner
Mem. No. 18628
Hyderabad

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR
Directors
Chennai

K M MAMMEN
Chairman & Managing Director

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

(₹ Crores)

| EQUITY SHARE CAPITAL | | As at | |
|---|---------------|---------------|---------------|
| | | 31.03.2020 | 31.03.2019 |
| | <u>Number</u> | <u>Amount</u> | <u>Amount</u> |
| Authorised Share Capital | 9000000 | 9.00 | 9.00 |
| Issued Share Capital (Excludes 71 bonus shares not issued and not allotted on non-payment of call monies) | 4241143 | 4.24 | 4.24 |
| Subscribed Share Capital | 4241143 | 4.24 | 4.24 |
| Fully Paid-up Share Capital | 4241143 | 4.24 | 4.24 |
| Balance at the beginning of the year | 4241143 | 4.24 | 4.24 |
| Changes in equity share capital during the year | - | - | - |
| Balance at the end of the reporting year | 4241143 | 4.24 | 4.24 |

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

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

The Holding Company has declared two interim dividends aggregating to ₹ 2.54 Crores (Previous year ₹ 2.54 Crores) which has already been distributed during the Financial Year 2019-20.

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



MRF LIMITED, CHENNAI

(₹ crores)

| OTHER EQUITY | Reserves and Surplus | | | | | | Other Comprehensive Income | | | TOTAL |
|--|----------------------|-----------------|-----------------|----------------------------|------------------------------|-------------------|---------------------------------------|---|--------------------------------------|----------|
| | Securities Premium | Capital Reserve | General Reserve | Capital Redemption Reserve | Debenture Redemption Reserve | Retained Earnings | Effective portion of Cash Flow Hedges | Remeasurements of Defined Benefit Plans | Foreign Currency Translation Reserve | |
| Balance at the beginning of the comparative reporting year - 1st April 2018 | 9.42 | 0.05 | 9658.81 | 0.44 | 103.40 | - | (5.26) | (30.67) | (2.24) | 9733.95 |
| Profit for the Comparative Year ending 31st March 2019 | - | - | - | - | - | 1130.61 | - | - | - | 1130.61 |
| Other Comprehensive Income for the Comparative Year ending 31st March 2019 | - | - | - | - | - | - | (10.77) | (6.26) | 16.26 | (0.77) |
| Total Comprehensive Income for the Comparative Year | - | - | - | - | - | 1130.61 | (10.77) | (6.26) | 16.26 | 1129.84 |
| Transactions with owners in their capacity as owners: | | | | | | | | | | |
| Dividends & Dividend Distribution Tax: | | | | | | | | | | |
| - Interim Dividends (₹ 6 per share) | - | - | - | - | - | (2.54) | - | - | - | (2.54) |
| - Final Dividend (₹ 54 per share) | - | - | - | - | - | (22.91) | - | - | - | (22.91) |
| - Dividend Distribution Tax | - | - | - | - | - | (5.23) | - | - | - | (5.23) |
| Add/(Less) Adjustments during the year | | | | | | - | | | - | - |
| Transfer to General Reserve | - | - | 1087.80 | - | - | (1087.80) | - | - | - | - |
| Transfer from / to Debenture Redemption Reserve | - | - | - | - | 12.13 | (12.13) | - | - | - | - |
| Balance at the beginning of the year | 9.42 | 0.05 | 10746.61 | 0.44 | 115.53 | 0.00 | (16.03) | (36.93) | 14.02 | 10833.11 |
| Balance at the end of the comparative reporting period B/F | 9.42 | 0.05 | 10746.61 | 0.44 | 115.53 | 0.00 | (16.03) | (36.93) | 14.02 | 10833.11 |
| Transition impact of IND AS 116 (Net of Tax) (Refer Note 2(a2)-1)) | | | (20.58) | | | | | | | (20.58) |
| Profit for the Current Reporting Year ending 31st March 2020 | - | - | - | - | - | 1422.56 | - | - | - | 1422.56 |
| Other Comprehensive Income for the Current Reporting year ending 31st March 2020 | - | - | - | - | - | - | 10.46 | (20.02) | (0.10) | (9.66) |
| Hedged Transaction resulting in recognition of Non Financial Asset | | | | | | | 16.92 | - | - | 16.92 |
| Total Comprehensive Income attributable to the Owners of the Company for the Reporting Year | - | - | (20.58) | - | - | 1422.56 | 27.38 | (20.02) | (0.10) | 1409.24 |

(₹ crores)

| OTHER EQUITY (Contd.) | Reserves and Surplus | | | | | | Other Comprehensive Income | | | TOTAL |
|--|----------------------|-----------------|-----------------|----------------------------|------------------------------|-------------------|---------------------------------------|---|--------------------------------------|-----------------|
| | Securities Premium | Capital Reserve | General Reserve | Capital Redemption Reserve | Debenture Redemption Reserve | Retained Earnings | Effective portion of Cash Flow Hedges | Remeasurements of Defined Benefit Plans | Foreign Currency Translation Reserve | |
| Transactions with owners in their capacity as owners: | | | | | | | | | | |
| Dividends & Dividend Distribution Tax: | | | | | | | | | | - |
| - Interim Dividends (₹ 6 per share) | - | - | - | - | - | (2.54) | - | - | - | (2.54) |
| - Final Dividend (₹ 54 per share) | - | - | - | - | - | (22.91) | - | - | - | (22.91) |
| - Dividend Distribution Tax | - | - | - | - | - | (5.23) | - | - | - | (5.23) |
| Add/(Less) Adjustments during the year | | | | | | (1.20) | - | - | - | (1.20) |
| Transfer to General Reserve | - | - | 1390.68 | - | - | (1390.68) | - | - | - | - |
| Transfer from / to Debenture Redemption Reserve | - | - | 115.53 | - | (115.53) | - | - | - | - | - |
| Balance at the end of the reporting year ending 31st March 2020 | 9.42 | 0.05 | 12232.24 | 0.44 | - | - | 11.35 | (56.95) | 13.92 | 12210.47 |

| Nature and Purpose of each component of equity | Nature and Purpose |
|--|--|
| Securities Premium | Amounts received in excess of par value on issue of shares is classified as Securities Premium |
| Capital Reserve | Capital reserve was created on purchase of shares by the parent company. |
| General Reserve | General Reserve represents accumulated profits and is created by transfer of profits from Retained Earnings and it is not an item of Other Comprehensive Income and the same shall not be subsequently reclassified to Statement of Profit and Loss |
| Capital Redemption Reserve | Capital Redemption Reserve represents statutory reserve created upon buyback of equity shares in the earlier years. |
| Debenture Redemption Reserve | In line with the amended Rule 18(7) of the Companies (Share Capital and Debenture) Rules, 2014 with effect from 18th September, 2019, Debenture Redemption Reserve is no longer required to be maintained and hence the same is transferred back to General Reserve as on 31st March, 2020. |
| Retained Earnings | Retained earnings are the Profits that the group has earned till date, less any transfer to General reserve and Dividend. |
| Effective portion of Cash Flow Hedges | Gains / Losses on Effective portion of cashflow hedges are initially recognized in Other Comprehensive Income as per IND AS 109. These gains or losses are reclassified to the Statement of Profit or Loss when the forecasted transaction affects earnings, except for hedge transactions resulting in recognition of non financial assets which are included in the carrying amount of the asset ("Basis Adjustments") |
| Remeasurements of Defined Benefit Plans | Gains / Losses arising on Remeasurements of Defined Benefit Plans are recognised in the Other Comprehensive Income as per IND AS-19 and shall not be reclassified to the Statement of Profit or Loss in the subsequent years. |
| Foreign Currency Translation Reserve | Exchange differences relating to the translation of the results and net assets of the groups foreign operations from their functional currencies to the Group's presentation currency, i.e, Indian Rupees. |

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

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

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

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

B R Mahesh
Partner
Mem. No. 18628
Hyderabad

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR
Directors
Chennai

K M MAMMEN
Chairman & Managing Director


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

(₹ Crores)

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

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

(₹ Crores)

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

Refer Note 10

Notes to Consolidated Cash Flow Statement:

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

2. Reconciliation of Financing Liabilities

(₹ Crores)

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

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

For SCA AND ASSOCIATES

For MAHESH, VIRENDER & SRIRAM

Chartered Accountants

Chartered Accountants

Firm Reg. No. 101174W

Firm Reg. No. 001939S

Shivratan Agarwal
Partner

B R Mahesh
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Mem. No. 104180
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Mem. No. 18628
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Dated 29th June, 2020

MADHU P NAINAN
Vice President Finance

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V SRIDHAR
Directors
Chennai

K M MAMMEN
Chairman & Managing Director



NOTE 1 – BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES UNDER IND AS

A) General Information

The consolidated financial statements comprise financial statements of MRF Limited (the Holding Company) and its subsidiaries (collectively, the Group) for the year ended 31st March 2020.

The Group, except for MRF Corp Ltd., a subsidiary company, is engaged interalia in the manufacture of Rubber Products such as Tyres, Tubes, Flaps, Tread Rubber and trading in rubber. MRF Corp Ltd., is engaged in the manufacture of specialty coatings.

B) Principles of Consolidation:

The consolidated financial statements comprise of the financial statements of the Holding Company and the following subsidiaries as on 31st March, 2020:

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

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiaries as at 31st March 2020. Control is achieved when the Holding Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Holding Company controls an investee if and only if the Holding Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Holding Company has less than a majority of the voting or similar rights of an investee, the Holding Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Holding Company's voting rights and potential voting rights
- The size of the Holding Company's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Holding Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Holding Company obtains control over the subsidiary and ceases when the Holding Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Holding Company gains control until the date the Holding Company ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate

adjustments, if material, are made to that group's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Holding Company, i.e., year ended on 31 March.

Consolidation procedure:

- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company with those of its subsidiaries.
- b) Offset (eliminate) the carrying amount of the Holding Company's investment in each subsidiary and the Holding Company's portion of equity of each subsidiary.
- c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and Property, Plant and Equipment, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Holding Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Holding Company's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Holding Company loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary

- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the Holding Company's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Holding Company had directly disposed of the related assets or liabilities

C) Basis of preparation of financial statements

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

i. Statement of Compliance

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

ii. Basis of preparation and presentation

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

- a) Certain financial assets/liabilities measured at fair value (refer Note 1(D20)) and
- b) Any other item as specifically stated in the accounting policy.



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

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

The Consolidated Financial Statements of the Group for the year ended 31st March, 2020 were authorised for issue in accordance with a resolution of the directors on 29th June, 2020.

iii. Major Sources of Estimation Uncertainty

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

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

Property, Plant and Equipment:

Useful life of Property, Plant and Equipment and Intangible Assets are as specified in Schedule II to the Companies Act, 2013 and on certain assets based on technical advice which considered the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of

the asset, anticipated technological changes, manufacturers warranties and maintenance support. The Group reviews the useful life of Property, Plant and Equipment at the end of each reporting period. This reassessment may result in change in depreciation charge in future periods. (refer Note 1(D1))

Impairment of Non-financial Assets:

For calculating the recoverable amount of non-financial assets, the Group is required to estimate the value-in-use of the asset or the Cash Generating Unit and the fair value less costs to disposal. For calculating value in use the Group is required to estimate the cash flows to be generated from using the asset. The fair value of an asset is estimated using a valuation technique where observable prices are not available. Further, the discount rate used in value in use calculations includes an estimate of risk assessment specific to the asset. (refer Note 1(D4))

Impairment of Financial Assets:

The Group impairs financial assets other than those measured at fair value through profit or loss or designated at fair value through other comprehensive income on expected credit losses. The estimation of expected credit loss includes the estimation of probability of default (PD), loss given default (LGD) and the exposure at default (EAD). Estimation of probability of default apart from involving trend analysis of past delinquency rates include an estimation on forward-looking information relating to not only the counterparty but also relating to the industry and the economy as a whole. The probability of default is estimated for the entire life of the contract by estimating the cash flows that are likely to be received in default scenario. The lifetime PD is reduced to 12 month PD based on an assessment of past history of default cases in 12 months. Further, the loss given default is calculated based on an estimate of the value of the security recoverable as on the reporting date. The exposure at default is the amount outstanding at the balance sheet date. (refer Note 1(D21a))

Defined Benefit Plans:

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

Fair Value Measurement of Financial Instruments:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. (refer Note 1(D 20))

Income Taxes

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

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the

level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the group will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

Leases

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

Allowance for credit losses on receivables :

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



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

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

D) Summary of Significant Accounting Policies:

1) Property, Plant and Equipment (PPE)

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

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses except for freehold land which is not depreciated. Cost includes purchase price after deducting trade discount / rebate, import duties, non-refundable taxes, cost of replacing the component parts, borrowing costs (as per sl.no.15 below) and other costs that are directly attributable and necessary to bring the asset to its working condition in the manner intended by the management, and the initial estimates of the cost of dismantling /removing the item and restoring the site on which it is located.

Spare parts procured along with the Plant and Equipment or subsequently which has a useful life of more than 1 year and considering the concept of materiality evaluated by management are capitalised and added to the carrying

amount of such items. The carrying amount of items of PPE and spare parts that are replaced is derecognised when no future economic benefits are expected from their use or upon disposal. Other machinery spares are treated as 'stores and spares' forming part of the inventory. If the cost of the replaced part is not available, the estimated cost of similar new parts is used as an indication of what the cost of the existing part was when the item was acquired.

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

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

| Description of the Asset | Estimated Useful life (On Single shift working) |
|----------------------------------|--|
| Tangible (Owned Assets) : | |
| Building – Factory | 30 Years |
| – Other than factory buildings | 60 Years |
| Plant and Equipment | 5-21 Years |
| Moulds | 6 Years |
| Furniture and Fixtures | 5 Years |
| Computer Servers | 5 Years |
| Computers | 3 Years |
| Office Equipment | 5 Years |

| Description of the Asset (contd.) | Estimated Useful life (On Single shift working) |
|--|--|
| Other Assets, viz., Electrical Fittings, Fire Fighting/Other Equipments and Canteen Utensils | 10 Years |
| Renewable Energy Saving Device – Windmills | 22 Years |
| Vehicles | 5 Years |
| Aircraft | 10 and 20 Years |
| Right of Use Assets (Leased Assets) : | |
| - Buildings-Other than factory buildings | 1-21 Years |
| - Vehicles | 2 Years |
| -Land – Leasehold | Primary period of lease |
| Intangible(Owned Assets): | |
| Software | 5 Years |

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

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

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

Further, the Group has identified and determined separate useful life for each major component of Property, Plant and

Equipment, if they are materially different from that of the remaining assets, for providing depreciation in compliance with Schedule II of the Companies Act, 2013.

In respect of Property, Plant & Equipment of MRF Lanka Pvt. Ltd. and MRF SG PTE. LTD depreciation is provided on straight line method based on management estimate of useful life of assets based on internal technical evaluation, except for certain Property, Plant and Equipment namely Building, Plant and Machinery, Moulds and Equipments of MRF Lanka Pvt. Ltd., which are depreciated on Written Down Value method. The proportion of depreciation of the subsidiaries to the total depreciation of the group is not material.

2) **Intangible Assets:**

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

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

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

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

The group undertakes Research and Development activities for development of new and improved products. All expenditure incurred during Research and Development are analysed into research phase and development phase. The group recognises all expenditure incurred during the research phase in the profit or loss whereas the expenditure incurred in development phase are presented as Intangible Assets under Development till the time they are available for use in the manner intended



at which moment they are treated as Intangible Assets and amortised over their estimated useful life.

3) Assets held for Sale:

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

4) Impairment of tangible (PPE) and intangible assets

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal,

recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

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

5) Inventories:

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

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

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

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

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

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

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

6) Leases:

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

The Group as a lessee

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

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

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

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement

date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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

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

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

The Group as a lessor

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

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



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

7) Government Grants:

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

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

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

8) Provisions, Contingent Liabilities and Contingent Assets:

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

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

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist when a contract under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received from it. Unavoidable cost are determined based on cost that are directly attributable to having and executing the contracts.

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

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

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

9) Foreign Currency Transactions:

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

On consolidation, the assets and liabilities of foreign operations are translated into INR at the exchange rate prevailing at the reporting date and their statement of profit

and loss are translated at the exchange rate prevailing on the date of transactions. For practical reasons, the group uses an average rate to translate income and expense items, if they average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on the translation for consolidation are recognised in consolidated statement of OCI. On disposal of foreign operation, the relevant component of OCI is reclassified to consolidated statement of profit and loss.

10) Share Capital and Securities Premium:

Ordinary shares are classified as equity, incremental costs directly attributable to the issue of new shares are shown in equity as a deduction net of tax from the proceeds. Par value of the equity share is recorded as share capital and the amount received in excess of the par value is classified as securities premium.

11) Dividend Distribution to equity shareholders:

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

12) Cash Flows and Cash and Cash Equivalents

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

13) Revenue Recognition:

The Group derives revenues primarily from sale of goods comprising of Automobile Tyres, Tubes, Flaps, Tread Rubber, Speciality Coatings and trading in rubber.

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

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

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

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

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

The Holding Company provides warranties for general repairs and does not provide extended warranties or maintenance services in its contracts with customers and are assurance type warranties. Claims preferred during the year against such obligations are netted off from revenue, consistent with its current practice. Provision for warranties is made for probable future claims on sales effected and are estimated based on previous claim experience and are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with its current practice.



Use of significant judgments in revenue recognition.

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

14) **Other Income :**

Dividend Income

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

Interest Income

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

15) **Borrowing costs**

Borrowing cost includes interest, commitment charges, brokerage, underwriting costs, discounts/premiums, financing

charges, exchange difference to the extent they are regarded as interest costs and all ancillary / incidental costs incurred in connection with the arrangement of borrowing.

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

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

16) **Employee Benefits:**

a) **Short term Employee Benefits:**

All employee benefits payable wholly within twelve months of rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., are recognized during the period in which the employee renders related services and are measured at undiscounted amount expected to be paid when the liabilities are settled.

b) **Long Term Employee Benefits:**

The cost of providing long term employee benefit such as earned leave is measured as the present value of expected future payments to be made in respect of services provided by employees upto the end of the reporting period. The expected costs of the benefit is accrued over the period of employment using the same methodology as used for defined benefits post

employment plans. Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to the Consolidated statement of profit and loss in which they arise except those included in cost of assets as permitted. The benefit is valued annually by independent actuary.

c) **Post Employment Benefits:**

The Group provides the following post employment benefits:

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

d) **Defined benefits Plans:**

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

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

Re-measurements comprising of actuarial gains and losses arising from experience adjustments and change in actuarial assumptions, the effect of change in assets ceiling (if applicable) and the return on plan asset

(excluding net interest as defined above) are recognized in other comprehensive income (OCI) except those included in cost of assets as permitted in the period in which they occur. Re-measurements are not reclassified to the Consolidated statement of profit and loss in subsequent periods.

Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) is recognized in the Consolidated statement of profit and loss except those included in cost of assets as permitted in the period in which they occur.

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

e) **Defined Contribution Plans**

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

17) **Taxes on Income:**

Income tax expense represents the sum of tax currently payable and deferred tax. Tax is recognized in the Consolidated statement of profit and loss, except to the extent that it relates to



items recognized directly in equity or in other comprehensive income.

a) **Current Tax:**

Current tax includes provision for Income Tax computed under normal provision of Income Tax Act. Tax on Income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments/appeals.

b) **Deferred Tax:**

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

date, to recover or settle the carrying amount of its assets and liabilities.

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

The deferred tax assets (Net) and deferred tax liabilities (Net) are determined separately for the parent and each subsidiary Group, as per their applicable laws and then aggregated.

18) **Earnings per Share:**

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

19) **Current versus non-current classification:**

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

a) **An asset is current when it is:**

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

All other assets are classified as non-current.

b) **A liability is current when:**

- It is expected to be settled in the normal operating cycle,

- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

20) Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of asset and liability if market participants would take those into consideration. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such basis except for Inventories, Leases and value in use of non financial assets. Normally at initial recognition, the transaction price is the best evidence of fair value.

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

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

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

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

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

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

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

21) Financial Instruments:

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

a) Financial Assets

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

Financial assets other than investment in subsidiaries

Financial assets of the Group comprise trade receivable, cash and cash equivalents, Bank balances, Investments in equity shares of companies other than in subsidiaries, investment in units of Mutual Funds, loans/advances



to employee / related parties / others, security deposit, claims recoverable etc.

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in Consolidated statement of profit and loss. Where transaction price is not the measure of fair value and fair value is determined using a valuation method that uses data from observable market, the difference between transaction price and fair value is recognized in Consolidated statement of profit and loss on the date of recognition if the fair value pertains to Level 1 or Level 2 of the fair value hierarchy and in other cases spread over life of the financial instrument using effective interest method.

Subsequent measurement

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

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

Financial assets measured at amortized cost

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

of the EIR. The EIR amortization is included in finance income in the consolidated statement of profit and loss. The losses arising from impairment are recognized in the consolidated statement of profit and loss in finance costs.

Financial assets at fair value through OCI (FVTOCI)

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

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

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

Any financial asset that does not meet the criteria for classification as at amortized cost or as financial assets at fair value through other comprehensive income, is classified as financial assets at fair value through profit or loss. Further, financial assets at fair value through profit or loss also include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for

the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are fair valued at each reporting date with all the changes recognized in the Consolidated statement of profit and loss.

Derecognition

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

Impairment of financial assets

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

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

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

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

The Group follows 'simplified approach' for recognition of impairment on trade receivables or contract assets

resulting from normal business transactions. The application of simplified approach does not require the Group to track changes in credit risk. However, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, from the date of initial recognition.

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

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

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

b) Financial Liabilities

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

Initial recognition and measurement

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



Subsequent measurement

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

Financial Liabilities classified as Amortised Cost:

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

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

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

Derecognition

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

Offsetting of financial instruments

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

c) Derivatives

Derivative instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated. The resulting gain or loss is recognized in the Consolidated statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument and is recognized in Other Comprehensive Income (OCI). Cash flow hedges shall be reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss. If hedge of a forecast transaction results in the recognition of a non-financial asset or a non-financial liability, then the gain or loss that are accumulated in the cash flow hedge reserve is recognised in the initial cost or other carrying amount of the asset or liability (this is also referred to as “Basis Adjustment”).

E) Recent accounting pronouncements

The Ministry of Corporate Affairs (MCA) notifies new standard for amendments to the existing standards. There is no such notifications which would have been applicable from 1st April 2020.

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

NOTE 2 (a) : PROPERTY, PLANT AND EQUIPMENT

(₹ Crores)

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

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

As at 31.03.2020 As at 31.03.2019

1740.94 1403.47

(₹ Crores)

NOTE 2 (a 1) : Owned Assets

| Particulars | Land Freehold | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Air Craft | Office equipment | Computers | Moulds | Other Assets | Total | NOTE 2 (c) INTANGIBLES | NOTE 2 (d) ASSETS CLASSIFIED AS HELD FOR SALE |
|---|---------------|-----------|---------------------|------------------------|----------|-----------|------------------|-----------|---------|--------------|-----------|------------------------|---|
| | | | | | | | | | | | | Computer Software | Plant & Machinery |
| GROSS BLOCK | | | | | | | | | | | | | |
| Carrying Value as at 31 March 2018 | 528.31 | 1,774.16 | 4,751.09 | 17.70 | 28.84 | - | 27.56 | 32.53 | 401.32 | 294.05 | 7,855.56 | 30.95 | |
| Additions | - | 153.97 | 1,023.72 | 4.17 | 15.29 | 82.99 | 8.16 | 12.82 | 116.46 | 72.51 | 1,490.09 | 4.82 | |
| Disposals | - | (4.62) | (36.87) | (0.71) | (1.31) | - | (2.09) | (9.53) | (16.33) | (9.65) | (81.11) | (0.24) | |
| Carrying Value as at 31 March 2019 | 528.31 | 1,923.51 | 5,737.94 | 21.16 | 42.82 | 82.99 | 33.63 | 35.82 | 501.45 | 356.91 | 9,264.54 | 35.53 | 3.91 |
| Additions | 44.50 | 767.44 | 1,592.34 | 6.22 | 9.46 | 0.99 | 5.71 | 10.74 | 142.04 | 65.02 | 2,644.46 | 19.83 | - |
| Disposals | - | (0.11) | (16.11) | (1.55) | (2.25) | - | (3.27) | (0.56) | (6.00) | (8.94) | (38.79) | - | (3.91) |
| Carrying Value as at 31 March 2020 | 572.81 | 2,690.84 | 7,314.17 | 25.83 | 50.03 | 83.98 | 36.07 | 46.00 | 637.49 | 412.99 | 11,870.21 | 55.36 | - |
| DEPRECIATION BLOCK | | | | | | | | | | | | | |
| Accumulated depreciation/ Amortisation as at 31 March 2018 | - | 134.66 | 1,433.68 | 9.33 | 11.65 | - | 13.71 | 17.41 | 149.79 | 93.88 | 1,864.11 | 13.48 | 3.71 |
| Depreciation / Amortisation for the year | - | 60.12 | 587.25 | 3.40 | 7.00 | 4.40 | 6.00 | 8.36 | 77.45 | 46.51 | 800.49 | 6.06 | - |
| Disposals | - | (0.67) | (34.97) | (0.65) | (1.23) | - | (2.05) | (9.52) | (16.29) | (9.21) | (74.59) | (0.24) | - |
| Accumulated depreciation / Amortisation as at 31 March 2019 | - | 194.11 | 1,985.96 | 12.08 | 17.42 | 4.40 | 17.66 | 16.25 | 210.95 | 131.18 | 2,590.01 | 19.30 | 3.71 |
| Depreciation / Amortisation for the year | - | 73.22 | 657.99 | 3.71 | 7.80 | 5.91 | 6.34 | 9.44 | 90.33 | 52.13 | 906.87 | 7.57 | - |
| Disposals | - | - | (15.71) | (1.47) | (2.12) | - | (3.26) | (0.55) | (5.59) | (8.30) | (37.00) | - | (3.71) |
| Accumulated depreciation / Amortisation as at 31 March 2020 | - | 267.33 | 2,628.24 | 14.32 | 23.10 | 10.31 | 20.74 | 25.14 | 295.69 | 175.01 | 3,459.88 | 26.87 | - |
| NET BLOCK | | | | | | | | | | | | | |
| As at 31 March 2019 | 528.31 | 1,729.40 | 3,751.98 | 9.08 | 25.40 | 78.59 | 15.97 | 19.57 | 290.50 | 225.73 | 6,674.53 | 16.23 | 0.20 |
| As at 31 March 2020 | 572.81 | 2,423.51 | 4,685.93 | 11.51 | 26.93 | 73.67 | 15.33 | 20.86 | 341.80 | 237.98 | 8,410.33 | 28.49 | - |

Note:

1. Freehold land includes agricultural land - ₹ 0.12 Crores (31st March, 2019 - ₹ 0.12 Crores).
2. Other assets represents Electrical Fittings, Fire Fighting/Other Equipments and Canteen Utensils.
3. The amount of Borrowing Cost capitalised during the year ended 31st March, 2020 - ₹ 11.84 Crores (31st March, 2019 - ₹ 11.16 Crores).
4. Capital expenditure on Research and Development (including Building) during the year - ₹ 34.65 Crores (31st March, 2019 - ₹ 55.50 Crores).



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

NOTE 2 (a 2): Leased Assets

(₹ Crores)

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

Note:

- The Group has adopted Ind AS 116 effective from 1st April, 2019 using modified retrospective method and recognising the cumulative impact on the date of initial application i.e. 1st April, 2019. Accordingly, the comparative figures relating to the previous year have not been restated. This new Ind AS 116 has resulted in recognising right of use assets of ₹ 284.08 Crores and corresponding lease liability of ₹ 315.34 Crores. The difference of ₹ 20.58 Crores (net of deferred tax assets created of ₹ 10.68 Crores) has been adjusted in retained earnings as at 1st April, 2019. In the statement of profit & loss account for the year ended 31st March 2020, the lease expenses, which was recognized under other expenditure in previous year is now recognized as Depreciation and Amortisation expenses for the right of use assets and Finance cost for the interest accrued on lease liability. Consequently, the expenditure in the above three heads of accounts are not comparable with the previous year. The net impact of adoption of this standard on the Profit after Tax is not material.
- The Group has incurred ₹ 19.62 crores for the year ended 31st March, 2020 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹ 105.20 crores for the year ended 31st March, 2020, including cash outflow of short-term leases and leases of low-value assets. Interest on lease liabilities is ₹ 32.97 crores for the year ended 31st March, 2020.
- The Group's leases mainly comprise of land, buildings and Vehicles. The Group mainly leases land and buildings for manufacturing, warehouse facilities and sales offices. The Company also has leased vehicles for Goods Transportation.

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

NOTE 3: INVESTMENTS

| Particulars | (₹ Crores) | |
|--|---------------------|---------------------|
| | As at 31.03.2020 | As at 31.03.2019 |
| Non-Current Investments | | |
| Fully Paid-up | | |
| Quoted | | |
| Equity Shares (at fair value through Profit or Loss) | 4.82 | 6.64 |
| Unquoted | | |
| In Mutual Fund Units: (at fair value through Profit or Loss) | | |
| Income Plan: Growth Option | 0.69 | 1050.29 |
| Others: (at fair value through Profit or Loss)* | 0.07 | 0.07 |
| *Note: The Holding Company had invested in Co-operative Societies and in certain other companies towards the corpus. These are non participative shares and normally no dividend is accrued. The Holding Company has carried these investments at its transaction value considering it to be its fair value. | | |
| Total | 5.58 | 1057.00 |
| Aggregate Market Value of Quoted Investments | 4.82 | 6.64 |
| Aggregate Amount of Unquoted Investments | 0.76 | 1050.36 |

Current Investments

Fully paid up -Unquoted

| | | |
|---|----------------|----------------|
| In Mutual Fund Units (at fair value through Profit or Loss) | | |
| Income Plan: Growth Option | 1513.75 | 2797.68 |
| Aggregate Amount of Unquoted Investments | 1513.75 | 2797.68 |

NOTE 4 : LOANS (Unsecured, considered good)

| | (₹ Crores) | | | |
|--------------------|---------------------|---------------------|---------------------|---------------------|
| | Non-Current | | Current | |
| | As at 31.03.2020 | As at 31.03.2019 | As at 31.03.2020 | As at 31.03.2019 |
| Loans to employees | 12.25 | 0.36 | 2.89 | 0.61 |
| Total | 12.25 | 0.36 | 2.89 | 0.61 |



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

NOTE 5 : OTHER FINANCIAL ASSETS

(₹ Crores)

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

NOTE 6 : DEFERRED TAX ASSETS (NET)

(₹ Crores)

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

NOTE 7 : OTHER ASSETS

(₹ Crores)

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

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

NOTE 8 : INVENTORIES

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

NOTE 9 : TRADE RECEIVABLES

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

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

NOTE 10 : CASH AND CASH EQUIVALENTS (as per Cash Flow Statement)

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

NOTE 11 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| | (₹ Crores) | |
|----------------------------|---------------------|---------------------|
| | As at 31.03.2020 | As at 31.03.2019 |
| Unclaimed Dividend Account | 2.62 | 2.55 |
| Total | 2.62 | 2.55 |



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

NOTE 12 : BORROWINGS

| | (₹ Crores) | |
|---|---------------------|---------------------|
| | As at 31.03.2020 | As at 31.03.2019 |
| NON-CURRENT | | |
| <u>Secured</u> | | |
| Debentures: | | |
| 10.09% Secured Redeemable Non Convertible Debentures of ₹ 10,00,000/- each | 180.00 | 340.00 |
| Softloan from SIPCOT (Measured at fair value) | 61.50 | - |
| <u>Unsecured</u> | | |
| Term loans from Banks: | | |
| - External Commercial Borrowings (ECB) | 382.97 | 559.55 |
| - Rupee Term Loan | 150.00 | 150.00 |
| <u>Others</u> | | |
| Deferred payment liabilities | 4.56 | 5.18 |
| Sub Total | 779.03 | 1054.73 |
| CURRENT | | |
| <u>Secured</u> | | |
| Loans repayable on demand | | |
| - from banks | 240.58 | 407.05 |
| Interest accrued on above | 1.41 | 1.81 |
| <u>Unsecured</u> | | |
| - from banks | 486.83 | 633.38 |
| Interest accrued on above | 2.21 | 5.42 |
| (The interest rate on the above said loans range from 0.20% to 0.25% p.a above the ICE USD LIBOR. (Previous Year 0.20% to 0.25% p.a above ICE USD LIBOR)). | | |
| Sub Total | 731.03 | 1047.66 |
| Total | 1510.06 | 2102.39 |

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

NOTE 13 : PROVISIONS

| | (₹ Crores) | | | |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|
| | Non-Current | | Current | |
| | As at 31.03.2020 | As at 31.03.2019 | As at 31.03.2020 | As at 31.03.2019 |
| Provision for employee benefits | 45.89 | 41.93 | 53.58 | 48.58 |
| <u>Others:</u> | | | | |
| Warranty and others | 143.83 | 126.18 | 99.95 | 100.90 |
| Total | 189.72 | 168.11 | 153.53 | 149.48 |

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

NOTE 14 : DEFERRED TAX LIABILITIES - (NET)

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

NOTE 15 : OTHER LIABILITIES

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

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

Movement of contract liabilities is as under:

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



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

NOTE 16 : TRADE PAYABLES

(₹ Crores)

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

NOTE 17 : OTHER FINANCIAL LIABILITIES

(₹ Crores)

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

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

NOTE 18 : REVENUE FROM OPERATIONS

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

The management determines that the segment information reported is sufficient to meet the disclosure objective with respect to disaggregation of revenue under IND AS 115 "Revenue from contracts with customers". Hence no separate disclosure of disaggregate revenues are reported.(refer note 26e).

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

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

NOTE 19 : OTHER INCOME

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



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

NOTE 20 : COST OF MATERIALS CONSUMED

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

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

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

NOTE 22 : EMPLOYEE BENEFITS EXPENSE

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

NOTE 23 : FINANCE COSTS

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

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

NOTE 24 : OTHER EXPENSES

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



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

NOTE 25 :

A. Capital Management

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

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions and requirements of the financial covenants and to continue as a going concern. The Group monitors using a gearing ratio which is net debts divided by total capital plus net debt. The group includes within net debt, interest bearing loans and borrowings, less cash and short term deposit. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain an optimal capital structure, the group allocates its capital for distribution as dividend or reinvestment into business based on its long term financial plans.

B. Financial Risk Management

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

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

i) Market Risk

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

a) Interest Rate Risk:

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

If the interest rates had been 1% higher / lower and all other variables held constant, the Group's profit for the year ended 31st March, 2020 would have been decreased/increased by - ₹ 9.60 Crores (Previous year - ₹ 9.52 Crores).

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

b) Currency Risk:

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

Unhedged Short Term Exposures:

(₹ Crores)

| | 31.03.2020 | 31.03.2019 |
|-----------------------|------------|------------|
| Financial Assets | 221.64 | 194.42 |
| Financial Liabilities | 141.07 | 150.53 |

The Group is mainly exposed to changes in US Dollar. The sensitivity to a - 5% (Previous year - 3%) increase or decrease in US Dollar against INR with all other variables held constant will be +/(-) - ₹ 1.70 Crores (Previous year - ₹ 0.75 Crores).

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

Hedged Foreign Currency exposures :

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

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

The outstanding position and exposures are as under :

i) Foreign Currency forward contracts designated as Hedge Instruments :

| | Currency | Amount | | ₹ Crores | Nature | Cross Currency |
|-----------------------------|----------|----------|---------|----------|-----------------|----------------|
| Currency/Interest Rate Swap | USD | 87.00 | Million | 555.51 | ECB Loan | |
| | | (125.67) | Million | (798.07) | | |
| Forward Contract | USD | 122.84 | Million | 909.11 | Import purchase | INR |
| | | (111.92) | Million | (816.86) | | |

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

ii) Other Forward Contract Outstanding :

| | Currency | Amount | | ₹ Crores | Nature | Cross Currency |
|------------------|----------|---------|---------|----------|-----------------|----------------|
| Forward Contract | USD | 8.92 | Million | 64.80 | Import purchase | INR |
| | | (48.06) | Million | (341.51) | | |
| Forward Contract | USD | 2.53 | Million | 18.39 | Sales | USD |
| | | (-) | Million | (-) | | |

Figures in brackets are in respect of Previous year



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

c) Price Risk :

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

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

As at 31st March 2020 the investments in debt mutual funds amounts to - ₹ 1514.44 Crores (Previous year - ₹ 3847.97 Crores). A 1% point increase or decrease in the NAV with all other variables held constant would have lead to approximately an additional - ₹ 15 Crores (Previous Year - ₹ 38 Crores) on either side in the statement of profit and loss.

ii) Credit Risk

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

The Group's marketing policies are well structured and all replacement sales are predominantly through dealers and the outstanding are secured by dealer deposits. As regards sales to O.E., and other institutional sales, the Group carries out periodic credit checks and also limits the exposure by establishing maximum payment period for customers and by offering prompt payment discounts. The outstanding trade receivables due for a period exceeding 180 days as at the year ended 31st March, 2020 is - 0.32% (31st March, 2019 - 0.28%) of the total trade receivables.

The group uses Expected Credit Loss (ECL) Model to assess the impairment loss or gain. The allowance for lifetime ECL on customer balances for the year ended 31st March 2020 was - ₹ 2.76 Crores and for the year ended 31 March 2019 was - ₹ 2.56 Crores.

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

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

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

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

iii) Liquidity Risk

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

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

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

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

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

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

The details of the contractual maturities of significant financial liabilities as at 31st March, 2020 are as under:

| (₹ Crores) | | | | | |
|------------------------------|------------------|----------------------|--------------------|--------------------|-------------------|
| | Refer Note | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
| Borrowings | Note 12, 15 & 17 | 1118.03 (1514.48) | 564.44 (901.62) | 151.87 (151.87) | 82.14 (1.24) |
| Trade Payable | Note 16 | 1905.34 (1709.38) | - (-) | - (-) | - (-) |
| Other Financial Liabilities | Note 17 | 230.81 (174.20) | 93.79 (-) | 89.47 (-) | 144.22 (-) |
| Employee Benefit liabilities | Note 17 | 111.96 (119.75) | - (-) | - (-) | - (-) |
| Unclaimed dividends | Note 17 | 2.62 (2.55) | - (-) | - (-) | - (-) |

Figures in brackets are in respect of Previous year

NOTE 26 : ADDITIONAL / EXPLANATORY INFORMATION

a. Disclosures

- The Notes to these consolidated Ind AS financial statements are disclosed to the extent relevant and necessary for presenting a true and fair view of the consolidated Ind AS financial statements based on section 129(4) of The Companies Act, 2013 and as clarified vide Circular No. 39/2014 dated 14th October, 2014.
- Movement in Provisions as required by Ind AS - 37 - "Provisions, Contingent Liabilities and Contingent Assets" are the same as disclosed in the Standalone Ind AS Financial Statements.



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

- (iii) Consolidated Employee benefit disclosures are not materially different from the employee benefit disclosures of the standalone Ind AS financial statements of the Company.

b. Earnings Per Share

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

c. Related party disclosures:

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

| | |
|--|---|
| Key Management Personnel (KMP): | <ul style="list-style-type: none"> i) Mr. K.M. Mammen, Chairman and Managing Director ii) Mr. Arun Mammen, Vice Chairman and Managing Director iii) Mr. Rahul Mammen Mappillai, Managing Director iv) Mr. Samir Thariyan Mappillai, Whole time Director v) Mr. Varun Mammen, Whole time Director vi) Mr. S. Dhanvanth Kumar, Company Secretary vii) Mr. Madhu P Nainan, Vice President Finance |
| Close Members of the family of KMP | <ul style="list-style-type: none"> i) Mrs. Ambika Mammen, Director (Wife of Chairman and Managing Director) ii) Dr.(Mrs) Cibi Mammen, Director (Wife of Vice Chairman and Managing Director) iii) Mrs. Meera Mammen (Mother of Mr Varun Mammen) |
| Companies in which Directors are interested: | <p>Badra Estate & Industries Limited, Devon Machines Pvt. Ltd., Coastal Rubber Equipments Pvt. Ltd.</p> <p>Braga Industries LLP, Automotive Tyre Manufacturers Association</p> <p>Funskool India Ltd., VPC Freight Forwarders Pvt. Ltd.</p> |
| Other Related Parties | <p>Mr.Jacob Kurian- Director, MRF Ltd Executives Provident Fund Trust, MRF Management Staff Gratuity Scheme, MRF Employees Gratuity Scheme, MRF Managers' Superannuation Scheme, MRF Foundation.</p> |

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

(b) Transactions with related parties (excluding reimbursements)

(₹ Crores)

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

* Remuneration does not include provisions made for Gratuity and Leave benefits as they are determined on an actuarial basis for the Company as a whole.



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

(₹ Crores)

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

(Figures in brackets are in respect of Previous year)

(c) Terms and conditions of transactions with related parties;

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31st March 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (Previous Year - ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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

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

| Name of the entity | | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in Other comprehensive Income (OCI) | |
|--------------------------|---------|--|-------------------|-------------------------|-------------------|---|-------------------|
| | | As % of consolidated net assets | Amount (₹ Crores) | As % of net Profit | Amount (₹ Crores) | As a % of OCI | Amount (₹ Crores) |
| Parent | | | | | | | |
| - MRF Ltd. | 2019-20 | 98.09 | 11998.10 | 97.62 | 1399.32 | 100.52 | (9.61) |
| | 2018-19 | 98.08 | 10650.46 | 97.61 | 1608.89 | 100.47 | (17.11) |
| Subsidiaries | | | | | | | |
| Indian | | | | | | | |
| - MRF Corp. Ltd | 2019-20 | 0.76 | 93.33 | 1.61 | 23.05 | (0.52) | 0.05 |
| | 2018-19 | 0.71 | 77.42 | 1.57 | 25.96 | (0.47) | 0.08 |
| - MRF International Ltd. | 2019-20 | 0.02 | 2.46 | 0.01 | 0.15 | | |
| | 2018-19 | 0.02 | 2.35 | 0.01 | 0.14 | | |
| Foreign | | | | | | | |
| - MRF Lanka (P) Ltd. | 2019-20 | 0.20 | 24.04 | 0.11 | 1.63 | | |
| | 2018-19 | 0.21 | 22.42 | 0.10 | 1.70 | | |
| - MRF SG PTE. LTD | 2019-20 | 0.93 | 114.33 | 0.65 | 9.30 | | |
| | 2018-19 | 0.98 | 106.45 | 0.71 | 11.63 | | |
| Minority Interest | | | | | | | |
| Indian Subsidiary | 2019-20 | - | 0.13 | - | - | | |
| | 2018-19 | - | 0.12 | - | - | - | - |



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

e. Disclosures under Ind AS 108 - "Operating Segment" : (Refer Note 26 k)

The Group is engaged interalia in the manufacture of Rubber Products such as Tyres, Tubes, Flaps, Tread Rubber. These in the context of IND AS - 108 - 'Operating Segment' are considered to constitute one single primary segment. The Group's operations outside India do not exceed the quantitative threshold for disclosure envisaged in the IND AS. Non-reportable segments has not been disclosed as unallocated reconciling item in view of its materiality. In view of the above, operating segment disclosures for business/geographical segment are not applicable to the Group.

Entity wide disclosure as per paragraph 31 of Ind AS 108:

| | | (₹ Crores) | |
|--|--|----------------------------------|----------------------------------|
| <u>Particulars</u> | | <u>Year Ended 31.03.2020</u> | <u>Year Ended 31.03.2019</u> |
| (i) Products : | | | |
| Automobile Tyres | | 14407.85 | 14160.44 |
| Automobile Tubes | | 1147.83 | 1152.49 |
| Speciality Coating | | 237.60 | 216.99 |
| Others | | 342.05 | 429.79 |
| | | <u>16135.33</u> | <u>15959.71</u> |
| (ii) Revenue from Customers: | | | |
| India | | 14472.77 | 14385.06 |
| Outside India | | 1662.56 | 1574.65 |
| | | <u>16135.33</u> | <u>15959.71</u> |
| (iii) Non Current Assets : | | | |
| India | | 11291.29 | 9977.46 |
| Outside India | | 3.09 | 3.09 |
| (iv) There are no transactions with single customer which amounts to 10% or more of the Company's revenue. | | | |

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

f. Terms of Repayment and Security Description of Current Borrowings:

- i) Loans repayable on demand from banks are secured by hypothecation of Inventories and book debts, equivalent to the outstanding amount and carries interest rates at the rate of - 7.4% to 8.45% (Previous year - 7.85% to 8.45%)

g. Terms of Repayment and Security Description of Non Current Borrowings:

- i) The principal amount of Debentures, interest, remuneration to Debenture Trustees and all other costs, charges and expenses payable by the Holding Company in respect of Debentures are secured by way of a legal mortgage of Holding Company's land at Taluka Kadi, District Mehsana, Gujarat and hypothecation by way of a first charge on Plant and Machinery at the Holding Company's plants at Perambalur, near Trichy, Tamil Nadu, equivalent to the outstanding amount.

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

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



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

- ii) ECB (Unsecured) from the MUFG Bank, Ltd. (Old name- Bank of Tokyo- Mitsubishi UFJ, Ltd) USD 20 Million availed in May, 2015 is for capital expenditure. Interest is payable at a rate equal to the six months USD LIBOR plus margin of 1.00% (Previous year-six months USD LIBOR plus margin of 1.00%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning May, 2019.
- iii) ECB(Unsecured) from the Mizuho Bank, Ltd USD 25 Million availed in February, 2015 is for capital expenditure. Interest is payable at a rate equal to the six months USD LIBOR plus margin of 1.00% (Previous year- six months USD LIBOR plus margin of 1.00%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning February, 2019.
- iv) ECB (Unsecured) from the CITI Bank availed in January, 2015 amounting to USD 20 Million is for capital expenditure. Interest is payable at a rate equal to the six months BBA LIBOR plus margin of 1.30% (Previous year- six months BBA LIBOR plus margin of 1.30%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning January, 2019.
- v) ECB (Unsecured) from the HSBC Bank
 - a) USD 20 Million availed in October, 2015 is for capital expenditure. Interest is payable at a rate equal to the six months BBA LIBOR plus margin of 1.25% (Previous year- six months BBA LIBOR plus margin of 1.25%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning October, 2019.
 - b) USD 45 Million availed in December, 2017 is for capital expenditure. Interest is payable at a rate equal to the six months BBA LIBOR plus margin of 0.80% payable half yearly (Previous year- six months BBA LIBOR plus margin of 0.80%). The said Loan is fully hedged and is repayable in one full instalment in December, 2022.
- vi) Indian Rupee Term Loan of ₹ 150 Crores availed in February, 2019 is for capital expenditure. Interest is payable at a rate equal to the three months T-Bill rate plus a margin of 1.49% (Previous year- 1.49%) payable monthly. The said Loan is repayable in one full installment in February, 2024.
- vii) Secured Loan availed under SIPCOT soft loan during the financial year ended 31st March 2020, Interest is payable at a rate of 0.10% (Previous year - Nil) payable quarterly are secured by way of second charge on the Fixed Assets created at the company's plants at Perambalur, near Trichy, Tamil Nadu. This loan will be repaid in full in April 2033.
- viii) Deferred payment credit is repayable along with interest (at varying rates) in 240 consecutive monthly instalments ending in March 2026.

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

h. Events Occurring after the Balance Sheet date

- (i) The proposed final dividend for FY 2019-20 amounting to ₹ 39.87 Crores will be recognised as distribution to owners during the financial year 2020-21 on its approval by Shareholders. The proposed final dividend per share amounts to ₹ 94/-.
- ii) COVID 19 pandemic has severely affected the business environment and the economy. In order to reduce the impact of the pandemic, a nationwide lockdown was announced by the Government on 24th March 2020 and consequently, the Group's Plants, offices and godowns were closed. Post lifting of lockdown, most of the Group's operations have resumed. As on the date of the approval of the financial statements, the Group has a strong Net Worth and has serviced all its debt obligations in a timely manner. It does not foresee any incremental risk regarding recoverability of assets and ability to service financial obligations.

i. Commitment:

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

j. Contingent Liabilities not provided for:

- (i) Guarantees given by the Banks - ₹ 45.03 Crores (Previous year - ₹ 51.14 Crores)
- (ii) Letters of Credit issued by the Banks - ₹ 93.06 Crores (Previous year - ₹ 450.41 Crores)
- (iii) Claims not acknowledged as debts:
 - (a) Disputed Sales Tax demands pending before the Appellate Authorities - ₹ 37.51 Crores (Previous year - ₹ 46.20 Crores)
 - (b) Disputed Excise/Customs Duty demands pending before the Appellate Authorities/High Court - ₹ 318.97 Crores (Previous year - ₹ 335.51 Crores)
 - (c) Disputed Income Tax Demands - ₹ 93.38 Crores (Previous year - ₹ 85.58 Crores) against the said demand the company has deposited an amount of - ₹ 49.55 Crores (Previous year - ₹ 37.51 Crores)
 - (d) Contested EPF Demands pending before Appellate Tribunal - ₹ 1.10 Crores (Previous year - ₹ 1.10 Crores)



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

- k. The group except for MRF Corp Ltd, is engaged in the manufacture of rubber products such as Tyre, Tubes, Flaps, Tread Rubber and / or Trading in Rubber and Rubber Chemicals. In the context of IND-AS 108 operating segment are considered to constitute one single primary segment. MRF Corp Ltd is engaged in the manufacture of Speciality Coatings and its revenues, results and assets do not meet the criteria specified for reportable segment prescribed in the IND-AS. The group's operations outside India do not exceed the quantitative threshold for disclosure envisaged in the IND-AS. Non-reportable segments have not been disclosed as unallocated reconciling item in view of their materiality. In view of the above, primary and secondary reporting disclosures for business/geographical segment are not applicable.

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

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

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

B R Mahesh
Partner
Mem. No. 18628
Hyderabad

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MRF LIMITED

1. Opinion

We have audited the Separate financial statements (also known as Standalone Financial Statements) of MRF Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31st March 2021, and its profit (financial performance including Other Comprehensive Income), the Changes in Equity and its Cash Flows for the year ended on that date.

2. Basis for Opinion

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

3. Key Audit Matters

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

| Sr. No. | Key Audit Matter | Our Response |
|---------|---|---|
| 1 | Defined Benefit Obligation The valuation of the retirement benefit schemes in the Company is determined with reference to various actuarial assumptions including discount rate, future salary increases, rate of inflation, mortality rates and attrition rates. Due to the size of these schemes, small changes in these assumptions can have a material impact on the estimated defined benefit obligation | <p>We have examined the key controls over the process involving member data, formulation of assumptions and the financial reporting process in arriving at the provision for retirement benefits. We tested the controls for determining the actuarial assumptions and the approval of those assumptions by senior management. We found these key controls were designed, implemented and operated effectively, and therefore determined that we could place reliance on these key controls for the purposes of our audit.</p> <p>We tested the employee data used in calculating the obligation and where material, we also considered the treatment of curtailments, settlements, past service costs, remeasurements, benefits paid, and any other amendments made to obligations during the year. From the evidence obtained, we found the data and assumptions used by management in the actuarial valuations for retirement benefit obligations to be appropriate.</p> |



| Sr. No. | Key Audit Matter | Our Response |
|---------|--|--|
| 2 | Warranty Provision The Company makes an estimated provision for assurance type warranties at the point of sale. This estimate is based on historical claims data | We understood and tested the controls over the assumptions applied in arriving at the warranty provision, particularly vouching of relevant data elements with provision calculations; validation of formula used in the warranty spread sheet; management review control of the relevant internal and external factors impacting the provision. |

4. Information Other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Management Discussion and Analysis, Report on Corporate Governance, Business Responsibility Report, but does not include the Standalone Financial Statements and our auditor's report thereon. Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

5. Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, Changes in Equity and Cash Flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate

accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

6. Auditor's Responsibility for the audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate,

they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone financial statements.

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

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

7. Report on Other Legal and Regulatory Requirements

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

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.



- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
- g) As required by section 197(16) of the Act, based on our audit, we report that the Company has paid and provided for remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit

and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 27 (p) to the Standalone Financial Statements;
- ii. The Company has long-term contracts including derivative contracts for which there were no material foreseeable losses; and
- iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

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

Shivratan Agarwal
Partner
Mem.No.104180
UDIN: 21104180AAAAHP2000
Place: Mumbai
Date : 07th June, 2021

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

B R Mahesh
Partner
Mem.No.18628
UDIN: 21018628AAAAFJ2126
Place : Hyderabad
Date : 07th June, 2021

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

- i) In respect of its Property, Plant and Equipment:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;
 - The Assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size and the nature of its business. The frequency of verification is reasonable and no material discrepancies have been noticed on such physical verification;
 - On the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. As regards materials lying with third parties, confirmations have been obtained;
- iii) The Company has not granted any loans, secured or unsecured during the year to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the clauses 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- iv) In our opinion the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to investments made.
- v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.
- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government

for the maintenance of cost records under section 148 (1) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

- vii) a) The Company is regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales-Tax, Service Tax, Goods Service Tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with appropriate authorities, where applicable. There are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2021 for a period of more than six months from the date they became payable.
- b) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

| Statute and nature of dues | Financial year to which the matter pertains | Forum where dispute is pending | ₹ Crores |
|--|--|--|----------|
| CENTRAL SALES TAX ACT, 1956 and VAT LAWS | | | |
| Sales tax / VAT and Penalty | 1999-2000, 2000-01, 2002-03, 2003-04, 2005-06, 2006-07, 2009-10 | Appellate Commissioner | 132.49 |
| | 1996-97 to 2011-12, 2013-14, 2014-15, 2016-17 | Appellate Tribunal/Board | 19.89 |
| | 1996-97, 2006-07 to 2017-18 | High Court | 43.59 |
| CUSTOMS ACT, 1962 | | | |
| Customs Duty and penalty | 1992-93 to 1994-95 | High Court | 74.89 |
| CENTRAL EXCISE ACT, 1944 and FINANCE ACT 1994 | | | |
| Excise duty, Service tax and penalty | 2012-13 to 2016-17 | Director General Goods and Service Tax | 221.31 |
| | 1997-98, 2006-07, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18 | Appellate Commissioner | 5.06 |



| Statute and nature of dues | Financial year to which the matter pertains | Forum where dispute is pending | ₹ Crores |
|---------------------------------|---|--------------------------------|----------|
| | 2008-09 to 2016-17 | Appellate Tribunal | 22.62 |
| | 2001-02 | Supreme Court | 0.06 |
| INCOME TAX, 1961 | | | |
| Income Tax | 2009-10, 2013-14, 2014-15, 2015-16 | Appellate Commissioner | 21.73 |
| | 2010-11, 2014-15 | Appellate Tribunal | 20.78 |
| | 2002-03 and 2004-05 | High Court | 4.51 |
| GOODS & SERVICES TAX | | | |
| GST | 2020-21 | Appellate Commissioner | 0.29 |

- viii) The Company has not defaulted in repayment of its loans or borrowings to banks and debenture holders.
- ix) The Company has not raised any moneys by way of Initial public offer or further Public offer (Including debt instruments), during the year. Moneys raised by way of Term Loan were applied for the purpose for which those are raised.
- x) On the basis of our examination and according to the information and explanations given to us, no fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the year, nor have we been informed of any such case by the management.
- xi) The managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii) The Company is not a nidhi Company and accordingly provisions of clause (xii) of Para 3 of the order are not applicable to the Company.

xiii) On the basis of our examination and according to the information and explanations given to us, we report that all the transaction with the related parties are in compliance with Section 177 and 188 of the Act, and the details have been disclosed in the Standalone Financial Statements in Refer Note 27(d) as required by the applicable Indian Accounting standards.

xiv) The Company has not made any preferential allotment or private placement of share or fully or partly paid convertible debentures during the year and accordingly provisions of clause (xiv) of Para 3 of the Order are not applicable to the Company.

xv) Based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with the directors. Accordingly, provisions of clause (xv) of Para 3 of the Order are not applicable to the company.

xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, provisions of clause (xvi) of Para 3 of the Order are not applicable to the Company.

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

Shivratan Agarwal
Partner
Mem. No.104180
UDIN: 21104180AAAAHP2000
Place: Mumbai
Date : 07th June, 2021

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

B R Mahesh
Partner
Mem. No.18628
UDIN: 21018628AAAAFJ2126
Place : Hyderabad
Date : 07th June, 2021

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

**Report on the Internal Financial Controls WITH REFERENCE TO
FINANCIAL STATEMENTS under Clause (i) of Sub-section 3 of Section
143 of the Companies Act, 2013 (“the Act”)**

1. Opinion

We have audited the internal financial controls with reference to Financial Statements of **MRF LIMITED** (“the Company”) as of March 31, 2021 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to Financial Statements and such controls were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India(ICAI).

2. Management’s Responsibility for Internal Financial Controls

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

3. Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) issued by Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Financial Statements were established and maintained and if such controls operated effectively in all material respects.

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

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

4. Meaning of Internal Financial Controls With reference to Financial Statements

A Company’s internal financial control with reference to Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation



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

5. Inherent Limitations of Internal Financial Controls With reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to Financial Statements, including the possibility of

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

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

Shivratan Agarwal
Partner
Mem. No.104180
UDIN: 21104180AAAAHP2000
Place: Mumbai
Date : 07th June, 2021

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

B R Mahesh
Partner
Mem. No.18628
UDIN: 21018628AAAAFJ2126
Place : Hyderabad
Date : 07th June, 2021

MRF LIMITED, CHENNAI
BALANCE SHEET AS AT 31ST MARCH, 2021

| | | | (₹ Crores) |
|--|-------|------------------|------------------|
| | Note | As at 31.03.2021 | As at 31.03.2020 |
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 2 (a) | 9366.83 | 8820.72 |
| Capital Work-in-Progress | 2 (b) | 1001.03 | 1734.56 |
| Other Intangible Assets | 2 (c) | 24.31 | 28.46 |
| Financial Assets | | | |
| - Investments | 3 | 1150.34 | 26.53 |
| - Loans | 4 | 2.67 | 12.22 |
| - Other Financial Assets | 5 | 18.94 | 18.22 |
| Non-Current Tax Asset (Net) | | 252.22 | 232.22 |
| Other Non-current Assets | 6 | 291.42 | 323.37 |
| Current Assets | | | |
| Inventories | 7 | 2880.33 | 2852.69 |
| Financial Assets | | | |
| - Investments | 3 | 4725.83 | 1513.65 |
| - Trade Receivables | 8 | 2220.50 | 2257.03 |
| - Cash and Cash Equivalents | 9 | 102.80 | 1104.23 |
| - Bank Balances other than Cash and Cash Equivalents | 10 | 2.54 | 2.62 |
| - Loans | 4 | 6.77 | 2.89 |
| - Other Financial Assets | 5 | 60.28 | 50.75 |
| Other Current Assets | 6 | 152.77 | 173.95 |
| Assets Classified as - Held for Sale | 2(d) | - | - |
| TOTAL ASSETS | | 22259.58 | 19154.11 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share Capital | SOCE | 4.24 | 4.24 |
| Other Equity | SOCE | 13174.62 | 12000.11 |
| Total Equity | | 13178.86 | 12004.35 |
| LIABILITIES | | | |
| Non-Current Liabilities | | | |
| Financial Liabilities | | | |
| - Borrowings | 11 | 811.76 | 779.03 |
| - Other Financial Liabilities | 16 | 312.63 | 327.48 |
| Provisions | 12 | 211.25 | 189.16 |
| Deferred Tax Liabilities (Net) | 13 | 378.50 | 427.83 |
| Other Non-current Liabilities | 14 | 184.22 | 250.64 |
| Current Liabilities | | | |
| Financial Liabilities | | | |
| - Borrowings | 11 | 40.82 | 241.99 |
| - Trade Payables | | | |
| (A) total outstanding dues of micro enterprises and small enterprises; and | 15 | 54.21 | 17.02 |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises | 15 | 4190.65 | 2323.12 |
| - Other Financial Liabilities | 16 | 657.14 | 730.63 |
| Other Current Liabilities | 14 | 2039.81 | 1709.78 |
| Provisions | 12 | 199.73 | 153.08 |
| Total Liabilities | | 9080.72 | 7149.76 |
| TOTAL EQUITY AND LIABILITIES | | 22259.58 | 19154.11 |
| Significant Accounting Policies | 1 | | |

Accompanying Notes are an integral part of these Financial Statements

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

For SCA AND ASSOCIATES

Chartered Accountants
Firm Reg. No. 101174W

Shivratan Agarwal
Partner

Mem. No. 104180
Mumbai

Dated 07th June, 2021

For MAHESH, VIRENDER & SRIRAM

Chartered Accountants
Firm Reg. No. 001939S

B R Mahesh
Partner

Mem. No. 18628
Hyderabad

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR

Directors
Chennai

K M MAMMEN
Chairman & Managing Director



MRF LIMITED, CHENNAI

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ Crores)

| | Note | Year ended 31.03.2021 | Year ended 31.03.2020 |
|---|----------------------|--------------------------|--------------------------|
| INCOME | | | |
| Revenue from Operations | 17 | 15921.35 | 15991.14 |
| Other Income | 18 | 207.23 | 330.50 |
| TOTAL INCOME | | 16128.58 | 16321.64 |
| EXPENSES | | | |
| Cost of materials consumed | 19 | 8853.63 | 9461.73 |
| Purchases of Stock-in-Trade | 27(q(2)) | 15.78 | 22.30 |
| Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress | 20 | 359.36 | 24.88 |
| Employee Benefits Expense | 21 | 1387.87 | 1320.51 |
| Finance Costs | 22 | 264.72 | 274.26 |
| Depreciation and Amortisation Expense | 2 (a (1, 2)) and (c) | 1136.92 | 980.62 |
| Other Expenses | 23 | 2410.03 | 2838.02 |
| TOTAL EXPENSES | | 14428.31 | 14922.32 |
| PROFIT BEFORE TAX | | 1700.27 | 1399.32 |
| TAX EXPENSE | | | |
| Current Tax | | 489.72 | 401.80 |
| Deferred Tax | | (38.51) | (397.46) |
| TOTAL TAX EXPENSE | | 451.21 | 4.34 |
| PROFIT FOR THE YEAR | | 1249.06 | 1394.98 |
| OTHER COMPREHENSIVE INCOME (OCI) | | | |
| Items that will not be reclassified to Profit or Loss | | | |
| Remeasurements of Defined benefit plans | 27(g(iv)) | (20.90) | (26.82) |
| Income Tax relating to items that will not be reclassified to Profit or Loss | | 5.26 | 6.75 |
| Items that may be reclassified to Profit or Loss | | | |
| Fair value of cash flow hedges through other comprehensive income | | (13.05) | 13.98 |
| Fair value of debt instruments through other comprehensive income | | (9.01) | - |
| Income tax relating to items that may be reclassified to Profit or Loss | | 5.56 | (3.52) |
| TOTAL OTHER COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR, NET OF TAX | | (32.14) | (9.61) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 1216.92 | 1385.37 |
| EARNINGS PER EQUITY SHARE | | | |
| | 27 (m) | | |
| Basic | | 2945.09 | 3289.16 |
| Diluted | | 2945.09 | 3289.16 |
| Significant Accounting Policies | 1 | | |

Accompanying Notes are an integral part of these Financial Statements

This is the Statement of Profit and Loss referred to in our report of even date

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

Shivratan Agarwal
Partner

Mem. No. 104180
Mumbai

Dated 07th June, 2021

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

B R Mahesh
Partner

Mem. No. 18628
Hyderabad

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR
Directors
Chennai

K M MAMMEN
Chairman & Managing Director

STATEMENT OF CHANGES IN EQUITY (SOCE) FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ Crores)

EQUITY SHARE CAPITAL

| | | As at 31.03.2021 | As at 31.03.2020 |
|---|----------------|---------------------|---------------------|
| | <u>Number</u> | <u>Amount</u> | <u>Amount</u> |
| Authorised Share Capital | 9000000 | 9.00 | 9.00 |
| Issued Share Capital (Excludes 71 bonus shares not issued and not allotted on non-payment of call monies) | 4241143 | 4.24 | 4.24 |
| Subscribed Share Capital | 4241143 | 4.24 | 4.24 |
| Fully Paid-up Share Capital | 4241143 | 4.24 | 4.24 |
| Balance at the beginning of the reporting year | 4241143 | 4.24 | 4.24 |
| Changes in Equity Share Capital during the reporting year: | - | - | - |
| Balance at the end of the reporting year | 4241143 | 4.24 | 4.24 |

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

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

The Company has declared two interim dividends aggregating to ₹ 2.54 Crores (Previous year - ₹ 2.54 Crores) which has already been distributed during the Financial Year 2020-21.

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

| | As at 31.03.2021 | | As at 31.03.2020 | |
|--|------------------|-------|------------------|-------|
| | No. | % | No. | % |
| Comprehensive Investment and Finance Company Private Limited | 440719 | 10.39 | 440719 | 10.39 |
| MOWI Foundation | 507984 | 11.98 | 507984 | 11.98 |



(₹ Crores)

| OTHER EQUITY | Reserves and Surplus | | | | Other Comprehensive Income(OCI) | | | TOTAL |
|---|----------------------|-----------------|------------------------------|-------------------|---------------------------------|------------------------------|---|-----------------|
| | Securities Premium | General Reserve | Debenture Redemption Reserve | Retained Earnings | Cash Flow Hedges through OCI | Debt Instruments through OCI | Remeasurements of Defined Benefit Plans | |
| Balance at the beginning of the comparative reporting year - 1st April 2019 | 9.42 | 10577.21 | 115.53 | - | (16.03) | - | (37.07) | 10649.06 |
| Transition impact of IND AS 116 (Net of Tax) | - | (20.58) | - | - | - | - | - | (20.58) |
| Profit for the Comparative Year ending 31st March 2020 | - | - | - | 1394.98 | - | - | - | 1394.98 |
| Other Comprehensive (Loss) / Income for the Comparative Year ending 31st March 2020 | - | - | - | - | 10.46 | - | (20.07) | (9.61) |
| Hedged Transaction resulting in recognition of Non Financial Asset (Basis Adjustment)(Refer Note 24(b)(i) (b)(iii)) | - | - | - | - | 16.92 | - | - | 16.92 |
| Total Comprehensive Income for the Comparative year | - | (20.58) | - | 1394.98 | 27.38 | - | (20.07) | 1381.71 |
| Transactions with owners in their capacity as owners: | | | | | | | | |
| Dividends and Dividend Distribution Tax; | | | | | | | | |
| - Interim Dividends (₹ 6 per share) | - | - | - | (2.54) | - | - | - | (2.54) |
| - Final Dividend (₹ 54 per share) | - | - | - | (22.91) | - | - | - | (22.91) |
| - Dividend Distribution Tax | - | - | - | (5.21) | - | - | - | (5.21) |
| Transfer to General Reserve | - | 1364.32 | - | (1364.32) | - | - | - | - |
| Transfer (from) / to Debenture Redemption Reserve | - | 115.53 | (115.53) | - | - | - | - | - |
| Balance at the beginning of the reporting year | 9.42 | 12036.48 | - | - | 11.35 | - | (57.14) | 12000.11 |
| Profit for the reporting year ending 31st March 2021 | - | - | - | 1249.06 | - | - | - | 1249.06 |
| Other Comprehensive (Loss) / Income | - | - | - | - | (9.76) | (6.74) | (15.64) | (32.14) |
| Total Comprehensive Income for the Reporting year | - | - | - | 1249.06 | (9.76) | (6.74) | (15.64) | 1216.92 |

(₹ Crores)

| OTHER EQUITY (contd.) | Reserves and Surplus | | | | Other Comprehensive Income(OCI) | | | TOTAL |
|--|----------------------|-----------------|------------------------------|-------------------|---------------------------------|------------------------------|---|-----------------|
| | Securities Premium | General Reserve | Debenture Redemption Reserve | Retained Earnings | Cash Flow Hedges through OCI | Debt Instruments through OCI | Remeasurements of Defined Benefit Plans | |
| Transactions with owners in their capacity as owners: | | | | | | | | |
| Dividends and Dividend Distribution Tax; | | | | | | | | |
| - Interim Dividends (Rs. 6 per share) | - | - | - | (2.54) | - | - | - | (2.54) |
| - Final Dividend (Rs.94 per share) | - | - | - | (39.87) | - | - | - | (39.87) |
| Transfer to General Reserve | - | 1206.65 | - | (1206.65) | - | - | - | - |
| Balance at the end of the reporting year ending 31st March 2021 | 9.42 | 13243.13 | - | - | 1.59 | (6.74) | (72.78) | 13174.62 |

| | |
|---|---|
| Securities Premium | Amounts received in excess of par value on issue of shares is classified as Securities Premium. |
| General Reserve | General Reserve represents accumulated profits and is created by transfer of profits from Retained Earnings and it is not an item of Other Comprehensive Income and the same shall not be subsequently reclassified to Statement of Profit and Loss. |
| Debenture Redemption Reserve | In line with the amended Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014 with effect from 18th September 2019, Debenture Redemption Reserve is no longer required to be maintained and hence the same is transferred back to General Reserve as on 31st March, 2020. |
| Retained Earnings | Retained earnings are the Profits that the company has earned till date, less any transfer to General reserve and Dividend. |
| Cash Flow Hedges | Gains / Losses on Effective portion of cashflow hedges are initially recognized in Other Comprehensive Income as per IND AS 109. These gains or losses are reclassified to the Statement of Profit or Loss when the forecasted transaction affects earnings, except for hedge transactions resulting in recognition of non financial assets which are included in the carrying amount of the asset ("Basis Adjustments"). |
| Debt Instruments | The fair value change of the debt instruments measured at fair value through other comprehensive income is recognised in Debt instruments through Other Comprehensive Income. Upon derecognition, the cumulative fair value changes on the said instruments are reclassified to the Statement of Profit and Loss. |
| Remeasurements of Defined Benefit Plans | Gains / Losses arising on Remeasurements of Defined Benefit Plans are recognised in the Other Comprehensive Income as per IND AS-19 and shall not be reclassified to the Statement of Profit or Loss in the subsequent years. |

Significant Accounting Policies 1

Accompanying Notes are an integral part of these Financial Statements

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

For SCA AND ASSOCIATES
Chartered Accountants
Firm Reg. No. 101174W
Shivratan Agarwal
Partner
Mem. No. 104180
Mumbai
Dated 07th June, 2021

For MAHESH, VIRENDER & SRIRAM
Chartered Accountants
Firm Reg. No. 001939S
B R Mahesh
Partner
Mem. No. 18628
Hyderabad

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR
Directors
Chennai

K M MAMMEN
Chairman & Managing Director


MRF LIMITED, CHENNAI
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ Crores)

| | Year ended 31.03.2021 | Year ended 31.03.2020 |
|---|-----------------------|-----------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| NET PROFIT BEFORE TAX | 1700.27 | 1399.32 |
| Adjustment for : | | |
| Depreciation | 1136.92 | 980.62 |
| Unrealised Exchange (Gain) / Loss | 6.34 | (8.50) |
| Government Grant Accrued | (1.63) | (0.02) |
| Impairment of Financial Assets | 0.14 | 0.14 |
| Finance Cost | 264.72 | 274.26 |
| Interest Income | (125.43) | (15.27) |
| Dividend Income | (0.10) | (0.12) |
| Loss / (Gain) on Sale / Disposal of Property, Plant and Equipment | 4.91 | (0.54) |
| Fair Value changes in Investments | (28.73) | (239.43) |
| Fair Value changes in Financial Instruments | 18.27 | 59.62 |
| Loss / (Gain) on Sale of Investments | (0.71) | (13.28) |
| Bad Debts written off | 0.16 | 0.02 |
| OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES | 1274.86 | 1037.50 |
| Trade Receivables | 26.00 | 118.64 |
| Other Receivables | 47.72 | (56.36) |
| Inventories | (27.64) | 98.24 |
| Trade Payable and Provisions | 1956.97 | 3.94 |
| Other Liabilities | 218.81 | (89.04) |
| CASH GENERATED FROM OPERATIONS | 5196.99 | 2512.24 |
| Direct Taxes paid | (509.72) | (434.43) |
| NET CASH FROM OPERATING ACTIVITIES | 4687.27 | 2077.81 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Property, Plant and Equipment | (842.95) | (2732.29) |
| Proceeds from sale of Property, Plant and Equipment | 1.15 | 2.39 |
| Purchase of Investments | (6194.95) | (2064.74) |
| Proceeds from sale of Investments | 1879.39 | 4625.66 |
| Fixed Deposits with Banks matured | 0.22 | 0.78 |
| Loans (Financial assets) given | 8.75 | (12.88) |
| Interest Income | 85.43 | 12.65 |
| Dividend Income | 0.10 | 0.12 |
| NET CASH USED IN INVESTING ACTIVITIES | (5062.86) | (168.31) |

MRF LIMITED, CHENNAI**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)**

(₹ Crores)

| | Year ended 31.03.2021 | Year ended 31.03.2020 |
|--|-----------------------|-----------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| (Repayments) / Proceeds from Working Capital Facilities (Net) | (200.56) | (166.47) |
| Proceeds from Term Loans | 300.00 | - |
| Proceeds from SIPCOT Loan | - | 80.92 |
| Repayment of Term Loans | (180.92) | (242.57) |
| Repayment of Debentures | (160.00) | (160.00) |
| Government Grant Accrued | 1.63 | 0.02 |
| Deferred payment Credit | (0.61) | (0.54) |
| Payment of Lease Liability | (97.77) | (85.58) |
| Interest paid | (244.64) | (259.14) |
| Dividend | (42.41) | (25.45) |
| Dividend Distribution Tax | - | (5.21) |
| NET CASH FROM FINANCING ACTIVITIES | (625.28) | (864.02) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | (1000.87) | 1045.48 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 1104.23 | 57.52 |
| Unrealised Gain / (Loss) on Foreign currency Cash & Cash equivalents | (0.56) | 1.23 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 102.80 | 1104.23 |

Note to Cash Flow Statement:

1. The above Cash Flow Statement has been prepared under the Indirect Method.
2. Reconciliation of Financing Liabilities (Refer Note 11)

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

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

For MAHESH, VIRENDER & SRIRAM
Chartered Accountants
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Shivratan Agarwal
Partner
Mem. No. 104180
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Dated 07th June, 2021

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MADHU P NAINAN
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Company Secretary

JACOB KURIAN
V SRIDHAR
Directors
Chennai

K M MAMMEN
Chairman & Managing Director



Note 1 - Significant Accounting Policies under IND AS

A) **General Information**

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

The Company is India’s largest tyre manufacturer and ranked amongst the top 20 Global Manufacturers, with 10 state-of-the-art factories across India. It is also India’s largest Original Equipment Manufacturer (OEM) tyre supplier with an expansive tyre range from two-wheelers to fighter aircrafts.

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

The Company is the ultimate parent of MRF Group.

B) **Basis of Preparation of Financial Statements**

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

i. **Statement of Compliance**

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

ii. **Basis of preparation and presentation**

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

- a) Certain financial assets/liabilities measured at fair value (Refer Note 1 (C 20) and

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

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

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

The Financial Statements of the Company for the year ended 31st March, 2021 were authorised for issue in accordance with a resolution of the directors on 07th June, 2021.

iii. **Major Sources of Estimation Uncertainty**

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

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

Property, Plant and Equipment:

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

expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support. The Company reviews the useful life of Property, Plant and Equipment at the end of each reporting period. This reassessment may result in change in depreciation charge in future periods. (Refer Note 1 (C 1))

Impairment of Non-financial Assets:

For calculating the recoverable amount of non-financial assets, the Company is required to estimate the value-in-use of the asset or the Cash Generating Unit and the fair value less costs to disposal. For calculating value in use the Company is required to estimate the cash flows to be generated from using the asset. The fair value of an asset is estimated using a valuation technique where observable prices are not available. Further, the discount rate used in value in use calculations includes an estimate of risk assessment specific to the asset. (Refer Note 1 (C 4))

Impairment of Financial Assets:

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

the amount outstanding at the balance sheet date. (Refer Note 1 {C 21(a)})

Defined Benefit Plans:

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

Fair Value Measurement of Financial Instruments:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. (Refer Note 1 (C 20))

Income Taxes

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

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred



income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

Leases

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

Allowance for credit losses on receivables :

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. In calculating expected credit

loss, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future.

C) Summary of Significant Accounting Policies

1) Property, Plant and Equipment (PPE)

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

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses except for freehold land which is not depreciated. Cost includes purchase price after deducting trade discount / rebate, import duties, non-refundable taxes, cost of replacing the component parts, borrowing costs (Refer Note C (15)) and other costs that are directly attributable and necessary to bring the asset to its working condition in the manner intended by the management, and the initial estimates of the cost of dismantling /removing the item and restoring the site on which it is located.

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

An item of PPE is derecognised on disposal or when no future economic benefits are expected from use or disposal. Any gain or loss arising on derecognition of an item of property, plant

and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss when asset is derecognised.

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

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

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

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

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

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

Further, the Company has identified and determined separate useful life for each major component of Property, Plant and Equipment, if they are materially different from that of the remaining assets, for providing depreciation.



2) **Intangible Assets:**

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

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

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

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

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

3) **Assets held for Sale:**

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through sale rather than through continuing use. The condition for classification of held for sale is met when the non-current asset is available for immediate sale and the same is highly probable of being completed within one year from the date of classification as held for sale. Non-current assets held for

sale are measured at the lower of carrying amount and fair value less cost to sell. Non-current assets that ceases to be classified as held for sale shall be measured at the lower of carrying amount before the non-current asset was classified as held for sale adjusted for any depreciation/amortization and its recoverable amount at the date when it no longer meets the “Held for Sale” criteria.

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

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

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

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

5) **Inventories:**

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

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

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

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

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

Inventory obsolescence is based on assessment of the future uses. Obsolete and slow-moving items are subjected to continuous technical monitoring and are valued at lower of cost and estimated net realisable value. When Inventories are sold, the carrying amount of those items are recognised as expenses in the period in which the related revenue is recognised.

6) **Leases:**

The Company has applied Ind AS 116 using the modified retrospective approach.

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land, buildings and vehicles. The Company assesses

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

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

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

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

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset



basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

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

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

The Company as a lessor

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

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

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

7) Government Grants:

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

When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the Statement of Profit

and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

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

8) Provisions, Contingent Liabilities and Contingent Assets:

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

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

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist when a contract under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received from it.

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

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

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

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

9) Foreign Currency Transactions:

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

10) Share Capital and Securities Premium:

Ordinary shares are classified as equity, incremental costs directly attributable to the issue of new shares are shown in equity as a deduction net of tax from the proceeds. Par value of the equity share is recorded as share capital and the amount received in excess of the par value is classified as securities premium.

11) Dividend Distribution to Equity Shareholders:

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company.

A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognised directly in other equity along with any tax thereon.

12) Cash Flows and Cash and Cash Equivalents:

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

13) Revenue Recognition:

The Company derives revenues primarily from sale of goods comprising of Automobile Tyres, Tubes, Flaps and Tread Rubber. The following is a summary of significant accounting policies related to revenue recognition:

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

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

Revenue is measured based on the transaction price, which is the consideration, adjusted for turnover/product/prompt payment discounts to customer as specified in the contract with the customers. When the level of discount varies with increase in levels of revenue transactions, the Company recognises the liability based on its estimate of the customer's future purchases. The Company recognises changes in the estimated amounts of obligations for discounts in the period



in which the change occurs. Revenue also excludes taxes collected from customers.

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

The Company provides warranties for general repairs and does not provide extended warranties or maintenance services in its contracts with customers and are assurance type warranties. Claims preferred during the year against such obligations are netted off from revenue, consistent with its current practice. Provision for warranties is made for probable future claims on sales effected and are estimated based on previous claim experience and are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with its current practice.

Use of significant judgements in Revenue Recognition.

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

payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer.

14) Other Income:

Dividend Income

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

Interest Income:

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

15) Borrowing costs:

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

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

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

16) Employee Benefits:

a) Short term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering services are classified as short-term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., are recognised during the period in which the employee renders related services and are measured at undiscounted amount expected to be paid when the liabilities are settled.

b) Long Term Employee Benefits:

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

c) Post Employment Benefits:

The Company provides the following post employment benefits:

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

d) Defined benefits Plans:

The cost of providing benefits on account of gratuity and post retirement medical benefits / obligations are determined using the projected unit credit method on

the basis of actuarial valuation made at the end of each balance sheet date, which recognises each period of service as given rise to additional unit of employees benefit entitlement and measuring each unit separately to build up the final obligation. The yearly expenses on account of these benefits are provided in the books of accounts.

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

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

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

Eligible employees of the Company receive benefits from a provident fund trust which is a defined benefit plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employees salary. The Company contributes a part of the contribution to the provident fund trusts. The trusts invests in specific designated instruments as permitted by Indian Law. The remaining portion is contributed to the Government Administered Pension Fund. The rate at which the annual interest is payable to the beneficiaries by the trusts is administered by the Government. The



Company has obligation to make good the shortfall, if any, between the return from investments of the Trusts and the notified interest rate. However, as at the year-end no shortfall remains unprovided for.

e) Defined Contribution Plans

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

17) Taxes on Income:

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

a) Current Tax:

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

b) Deferred Tax:

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

18) Earnings per Share:

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

19) Current versus Non-current classification:

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

a) An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

b) A liability is current when:

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

All other liabilities are classified as non-current.

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

20) Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of asset and liability if market participants would take those into consideration. Fair value for measurement and / or disclosure purposes in these Financial Statements is determined on such basis except for Inventories, Leases and value in use of non-financial assets. Normally at initial recognition, the transaction price is the best evidence of fair value.

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

its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

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

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

21) Financial Instruments:

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

a) **Financial Assets**

A financial asset inter-alia includes any asset that is cash, equity instrument of another entity or contractual rights to receive cash or another financial asset or to exchange



financial asset or financial liability under condition that are potentially favourable to the Company.

Investments in subsidiaries

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

Financial assets other than investment in subsidiaries

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

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in Statement of Profit and Loss. Where transaction price is not the measure of fair value and fair value is determined using a valuation method that uses data from observable market, the difference between transaction price and fair value is recognised in Statement of Profit and Loss on the date of recognition if the fair value pertains to Level 1 or Level 2 of the fair value hierarchy and in other cases spread over life of the financial instrument using effective interest method.

Subsequent measurement

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

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

Financial assets measured at amortized cost

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

Financial assets at fair value through OCI (FVTOCI)

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

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

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

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

Derecognition

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

Impairment of financial assets

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

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

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

- The 12 month expected credit losses (expected credit losses that result from those default events on

the financial instruments that are possible within 12 months after the reporting date)

- Full life time expected credit losses (expected credit losses that result from all possible default events over the life of financial instruments)

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

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

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

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

b) Financial Liabilities

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

Initial recognition and measurement

All financial liabilities at initial recognition are classified as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss,



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

Subsequent measurement

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

Financial Liabilities classified as Amortised Cost:

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

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

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged / cancelled / expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated

as the de recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

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

c) Derivatives

Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument and is recognised in Other Comprehensive Income (OCI). Cash flow hedges shall be reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss. If hedge of a forecast transaction results in the recognition of a non-financial asset or a non-financial liability, then the gain or loss that are accumulated in the cash flow hedge reserve is recognised in the initial cost or other carrying amount of the asset or liability (this is also referred to as “Basis Adjustment”).

d) Recent accounting pronouncements

The Ministry of Corporate Affairs (MCA) notifies new standard for amendments to the existing standards. There is no such notifications which would have been applicable from 1st April 2021.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

NOTE 2 (a) : PROPERTY, PLANT AND EQUIPMENT

(₹ Crores)

| Property, plant and equipment | As at 31.03.2021 | As at 31.03.2020 |
|-------------------------------|------------------|------------------|
| Owned Assets | 8957.45 | 8389.78 |
| Leased Assets | 409.38 | 430.94 |
| Total | 9366.83 | 8820.72 |

NOTE 2 (b) : CAPITAL WORK-IN-PROGRESS

1001.03 1734.56

(₹ Crores)

NOTE 2 (a 1) : Owned Assets

| Particulars | Land Freehold | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Air Craft | Office equipment | Computers | Moulds | Other Assets | Total | NOTE 2 (c) INTANGIBLES Computer Software | NOTE 2 (d) ASSETS CLASSIFIED AS HELD FOR SALE Plant & Machinery |
|---|---------------|-----------|---------------------|------------------------|----------|-----------|------------------|-----------|---------|--------------|----------|---|--|
| GROSS BLOCK | | | | | | | | | | | | | |
| Carrying Value as at 31 March 2019 | 526.09 | 1918.98 | 5726.08 | 20.26 | 42.39 | 82.99 | 33.29 | 35.41 | 500.28 | 353.88 | 9239.65 | 35.46 | 3.91 |
| Additions | 44.49 | 767.43 | 1589.73 | 5.70 | 9.34 | 0.99 | 5.70 | 10.65 | 141.97 | 64.58 | 2640.58 | 19.83 | - |
| Disposals | - | (0.11) | (15.97) | (1.50) | (2.25) | - | (3.27) | (0.56) | (6.00) | (8.91) | (38.57) | - | (3.91) |
| Carrying Value as at 31 March 2020 | 570.58 | 2686.30 | 7299.84 | 24.46 | 49.48 | 83.98 | 35.72 | 45.50 | 636.25 | 409.55 | 11841.66 | 55.29 | - |
| Additions | 6.77 | 348.33 | 1106.45 | 7.79 | 8.94 | - | 5.52 | 8.27 | 97.23 | 35.37 | 1624.67 | 5.96 | - |
| Disposals | (0.09) | (4.92) | (9.84) | (0.60) | (5.04) | - | (1.17) | (0.44) | (28.48) | (4.37) | (54.95) | - | - |
| Carrying Value as at 31 March 2021 | 577.26 | 3029.71 | 8396.45 | 31.65 | 53.38 | 83.98 | 40.07 | 53.33 | 705.00 | 440.55 | 13411.38 | 61.25 | - |
| Accumulated depreciation / Amortisation as at 31 March 2019 | - | 193.19 | 1983.75 | 11.31 | 17.14 | 4.40 | 17.40 | 15.94 | 210.74 | 129.70 | 2583.57 | 19.26 | 3.71 |
| Depreciation / Amortisation for the year | - | 73.01 | 657.19 | 3.57 | 7.75 | 5.91 | 6.30 | 9.38 | 90.29 | 51.78 | 905.18 | 7.57 | - |
| Disposals | - | - | (15.66) | (1.41) | (2.12) | - | (3.26) | (0.55) | (5.60) | (8.27) | (36.87) | - | (3.71) |
| Accumulated depreciation / Amortisation as at 31 March 2020 | - | 266.20 | 2625.28 | 13.47 | 22.77 | 10.31 | 20.44 | 24.77 | 295.43 | 173.21 | 3451.88 | 26.83 | - |
| Depreciation / Amortisation for the year | - | 93.63 | 771.70 | 4.42 | 7.18 | 5.92 | 6.12 | 10.42 | 98.66 | 52.89 | 1050.94 | 10.11 | - |
| Disposals | - | (1.32) | (8.47) | (0.47) | (4.44) | - | (1.16) | (0.44) | (28.46) | (4.13) | (48.89) | - | - |
| Accumulated depreciation / Amortisation as at 31 March 2021 | - | 358.51 | 3388.51 | 17.42 | 25.51 | 16.23 | 25.40 | 34.75 | 365.63 | 221.97 | 4453.93 | 36.94 | - |
| Net Block | | | | | | | | | | | | | |
| As at 31 March 2020 | 570.58 | 2420.10 | 4674.56 | 10.99 | 26.71 | 73.67 | 15.28 | 20.73 | 340.82 | 236.34 | 8389.78 | 28.46 | - |
| As at 31 March 2021 | 577.26 | 2671.20 | 5007.94 | 14.23 | 27.87 | 67.75 | 14.67 | 18.58 | 339.37 | 218.58 | 8957.45 | 24.31 | - |

Note:

- Freehold land includes agricultural land - ₹ 0.12 Crores (31st March, 2020 - ₹ 0.12 Crores).
- Other assets represents Electrical Fittings, Fire Fighting/Other Equipments and Canteen Utensils.
- The amount of Borrowing Cost capitalised during the year ended 31st March, 2021 - ₹ 2.11 Crores (31st March, 2020 - ₹ 11.84 Crores.)
- Capital expenditure on Research and Development (including Building) during the year - ₹ 31.88 Crores (31st March, 2020 ₹ 34.65 Crores) - Refer Note 27 h (ii).



NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

NOTE 2 (a 2): Leased Assets

(₹ Crores)

| Particulars | Land | Buildings | Vehicles | Total |
|--|--------------|---------------|--------------|---------------|
| Gross Block | | | | |
| Carrying Value as at 31 March 2019 | 97.58 | - | - | 97.58 |
| Additions on account of transition to IND AS116 | - | 269.33 | 14.75 | 284.08 |
| Additions | 0.15 | 137.74 | - | 137.89 |
| Disposals | (0.15) | (18.25) | - | (18.40) |
| Carrying Value as at 31 March 2020 | 97.58 | 388.82 | 14.75 | 501.15 |
| Additions | 0.26 | 71.41 | 10.18 | 81.85 |
| Disposals | - | (38.57) | - | (38.57) |
| Carrying Value as at 31 March 2021 | 97.84 | 421.66 | 24.93 | 544.43 |
| Depreciation Block | | | | |
| Accumulated depreciation / Amortisation as at 31 March 2019 | 2.34 | - | - | 2.34 |
| Depreciation / Amortisation for the year | 1.06 | 56.98 | 9.83 | 67.87 |
| Disposals | - | - | - | - |
| Accumulated depreciation / Amortisation as at 31 March 2020 | 3.40 | 56.98 | 9.83 | 70.21 |
| Depreciation / Amortisation for the year | 1.06 | 64.98 | 9.83 | 75.87 |
| Disposals | - | (11.03) | - | (11.03) |
| Accumulated depreciation / Amortisation as at 31 March 2021 | 4.46 | 110.93 | 19.66 | 135.05 |
| Net Block | | | | |
| As at 31 March 2020 | 94.18 | 331.84 | 4.92 | 430.94 |
| As at 31 March 2021 | 93.38 | 310.73 | 5.27 | 409.38 |

Note:

1. The Company has adopted Ind AS 116 effective from 1st April, 2019 using modified retrospective method.
2. The Company has incurred ₹ 9.67 Crores (Previous year - ₹ 16.70 Crores) for the year ended 31st March, 2021 towards expenses relating to short-term leases and leases of low-value assets (Refer Note 23). The total cash outflow for leases is ₹ 107.44 Crores (Previous year - ₹ 102.28 Crores) for the year ended 31st March, 2021, including cash outflow of short-term leases and leases of low-value assets. Interest on lease liabilities is ₹ 37.27 Crores (Previous year - ₹ 32.97 Crores) for the year ended 31st March, 2021 (Refer Note 22).
3. The Company's leases mainly comprise of land, buildings and Vehicles. The Company mainly leases land and buildings for its manufacturing, warehouse facilities and sales offices. The Company has leased vehicles for its Goods Transportation.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

NOTE 3: INVESTMENTS

| Particulars | Face Value ₹ | No. of Shares / Units | | (₹ Crores) | |
|--|---------------------|-----------------------|---------------------|---------------------|---------------------|
| | | As at 31.03.2021 | As at 31.03.2020 | As at 31.03.2021 | As at 31.03.2020 |
| | | Nos. | | | |
| Non-Current Investments | | | | | |
| Fully Paid-up | | | | | |
| Quoted | | | | | |
| Equity Shares (at fair value through Profit or Loss) | | | | 8.43 | 4.81 |
| In Debt Instruments-Bonds (at fair value through OCI) | | | | 1120.19 | - |
| Unquoted | | | | | |
| Others: (at fair value through Profit or Loss) * | | | | 0.07 | 0.07 |
| * Note: The Company had invested in Co-operative Societies,MRF Foundation and in certain other companies towards the corpus. These are non participative shares and normally no dividend is accrued. The Company has carried these investments at its transaction value considering it to be its fair value. | | | | | |
| Unquoted | | | | | |
| Subsidiary Companies: (At Cost) - Refer Note 27(a)(i) | | | | | |
| Ordinary Shares in MRF SG PTE. LTD | - | 1273200 | 1273200 | 6.11 | 6.11 |
| Equity Shares in MRF Corp Ltd. - ₹1500 (31.03.2020 - ₹1500) | 10 | 50100 | 50100 | - | - |
| Equity Shares in MRF International Ltd. | 10 | 532470 | 532470 | 0.53 | 0.53 |
| Equity Shares in MRF Lanka Pvt. Ltd. | Sri Lankan Rupee 10 | 34160324 | 34160324 | 15.01 | 15.01 |
| Total | | | | 1150.34 | 26.53 |
| Aggregate Market Value of Quoted Investments | | | | 1128.62 | 4.81 |
| Aggregate Amount of Unquoted Investments | | | | 21.72 | 21.72 |

Current Investments

Fully paid up -Unquoted

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

| | | | | | |
|---|--|--|--|----------------|----------------|
| Income Plan: Growth Option | | | | 4725.83 | 1513.65 |
| Aggregate Amount of Unquoted Investments | | | | 4725.83 | 1513.65 |



NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

NOTE 4 : LOANS (Unsecured, considered good)

(₹ Crores)

| | Non-Current | | Current | |
|--------------------|---------------------|---------------------|---------------------|---------------------|
| | As at 31.03.2021 | As at 31.03.2020 | As at 31.03.2021 | As at 31.03.2020 |
| Loans to employees | 2.67 | 12.22 | 6.77 | 2.89 |
| Total | 2.67 | 12.22 | 6.77 | 2.89 |

NOTE 5 : OTHER FINANCIAL ASSETS

(₹ Crores)

| | Non-Current | | Current | |
|--|---------------------|---------------------|---------------------|---------------------|
| | As at 31.03.2021 | As at 31.03.2020 | As at 31.03.2021 | As at 31.03.2020 |
| Carried at Amortised cost: | | | | |
| Bank deposits with more than 12 months maturity (excludes Interest accrued and due - ₹ Nil, Previous year - ₹ 0.27 Crore) | 0.05 | 0.27 | - | - |
| Export Benefits Receivables | - | - | 14.12 | 7.25 |
| Interest Accrued on Loans and Deposits | - | - | 40.52 | 2.88 |
| Salary and Wage Advance | - | - | 5.64 | 0.90 |
| Carried at Fair value through Profit & Loss: | | | | |
| Derivative Financial Assets (Net) | - | - | - | 39.72 |
| Security Deposits | 2.84 | 2.63 | - | - |
| Deposits | 16.05 | 15.32 | - | - |
| Total | 18.94 | 18.22 | 60.28 | 50.75 |

NOTE 6 : OTHER ASSETS

(₹ Crores)

| | Non-Current | | Current | |
|--|---------------------|---------------------|---------------------|---------------------|
| | As at 31.03.2021 | As at 31.03.2020 | As at 31.03.2021 | As at 31.03.2020 |
| Capital Advances | 234.41 | 263.96 | - | - |
| Advances other than capital advances: | | | | |
| Security Deposits (excludes Interest accrued and due - ₹ 2.66 Crore, Previous year - ₹ 2.52 Crore) | 53.81 | 56.10 | - | - |
| Advances to Employees | - | - | 24.23 | 16.77 |
| Sub Total | 288.22 | 320.06 | 24.23 | 16.77 |
| Others | | | | |
| Advances recoverable in cash or kind | 3.20 | 3.31 | 91.45 | 121.25 |
| Prepaid Expenses | - | - | 37.09 | 35.93 |
| Sub Total | 3.20 | 3.31 | 128.54 | 157.18 |
| Total | 291.42 | 323.37 | 152.77 | 173.95 |

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

NOTE 7 : INVENTORIES

| | (₹ Crores) | |
|--------------------------|---------------------|---------------------|
| | As at 31.03.2021 | As at 31.03.2020 |
| Raw Materials | 1308.75 | 869.52 |
| Raw Materials in transit | 93.57 | 139.08 |
| Work-in-progress | 325.05 | 232.70 |
| Finished goods | 785.78 | 1238.79 |
| Stock-in-trade | 36.15 | 34.85 |
| Stores and Spares | 331.03 | 337.75 |
| Total | 2880.33 | 2852.69 |

NOTE 8 : TRADE RECEIVABLES

| | (₹ Crores) | |
|--|---------------------|---------------------|
| | As at 31.03.2021 | As at 31.03.2020 |
| Trade receivables | | |
| Secured, considered good | 1499.94 | 1334.49 |
| Unsecured, considered good | 720.56 | 922.54 |
| Trade Receivables - credit impaired | 2.45 | 2.31 |
| Less: Expected Credit Loss Provision (Refer Note 24 (B) ii) | (2.45) | (2.31) |
| Total | 2220.50 | 2257.03 |
| Of the above, trade receivables due from a subsidiary Company (Refer Note 27 d) | 0.03 | 0.03 |

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

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

| | (₹ Crores) | |
|---|---------------------|---------------------|
| | As at 31.03.2021 | As at 31.03.2020 |
| Balances with Banks | | |
| - In Current accounts | 56.68 | 31.11 |
| - In Term deposits with original maturity of less than 3 months | 20.27 | 1072.09 |
| Cheques, drafts on hand; and | 25.07 | 0.22 |
| Cash on hand | 0.78 | 0.81 |
| Total | 102.80 | 1104.23 |

NOTE 10 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| | (₹ Crores) | |
|----------------------------|---------------------|---------------------|
| | As at 31.03.2021 | As at 31.03.2020 |
| Unclaimed Dividend Account | 2.54 | 2.62 |
| Total | 2.54 | 2.62 |



NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

NOTE 11 : BORROWINGS

| | (₹ Crores) | |
|--|---------------------|---------------------|
| | As at 31.03.2021 | As at 31.03.2020 |
| NON CURRENT | | |
| <u>Secured</u> | | |
| Debentures; | | |
| 10.09% Secured Redeemable Non Convertible Debentures of ₹ 1000000/- each | - | 180.00 |
| Soft loan from SIPCOT (At amortised cost) | 63.13 | 61.50 |
| <u>Unsecured</u> | | |
| Term loans from Banks; | | |
| - External Commercial Borrowings (ECB) (At amortised cost) | 294.76 | 382.97 |
| - Rupee Term Loan | 450.00 | 150.00 |
| <u>Others</u> | | |
| Deferred payment liabilities | 3.87 | 4.56 |
| Sub Total | 811.76 | 779.03 |
| CURRENT | | |
| <u>Secured</u> | | |
| Loans repayable on demand | | |
| - from banks | 40.02 | 240.58 |
| Interest accrued on above | 0.80 | 1.41 |
| Sub Total | 40.82 | 241.99 |
| Total | 852.58 | 1021.02 |

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

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

Reconciliation of Financing Liabilities

| | As at 31.03.2021 | As at 31.03.2020 |
|--|---------------------|---------------------|
| (₹ Crores) | | |
| Opening balance | | |
| - Long Term Borrowings | 779.03 | 1054.73 |
| - Current maturities of Long Term borrowings | 344.08 | 403.92 |
| Total - A | 1123.11 | 1458.65 |
| a) Cash flow movements | | |
| - Proceeds from borrowings | 300.00 | 80.92 |
| - Repayment of borrowings | (341.53) | (403.11) |
| b) Non-cash movements | | |
| - Effect of amortization of loan origination costs | 1.63 | - |
| - Deferred Income | - | (19.42) |
| - Foreign exchange translation | (4.34) | 6.07 |
| Total - B | (44.24) | (335.54) |
| Closing Balance (A+B) | 1078.87 | 1123.11 |
| Closing Balance Break Up | | |
| - Long Term Borrowings | 811.76 | 779.03 |
| - Current maturities of Long term borrowings | 267.11 | 344.08 |

NOTE 12 : PROVISIONS

| | Non-Current | | Current | |
|---|---------------------|---------------------|---------------------|---------------------|
| | As at 31.03.2021 | As at 31.03.2020 | As at 31.03.2021 | As at 31.03.2020 |
| (₹ Crores) | | | | |
| Provision for employee benefits (Refer Note 27 c) | 51.68 | 45.33 | 50.48 | 53.13 |
| Others: | | | | |
| - Warranty and others (Refer Note 27 c) | 159.57 | 143.83 | 149.25 | 99.95 |
| Total | 211.25 | 189.16 | 199.73 | 153.08 |



NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

NOTE 13 : DEFERRED TAX LIABILITIES - (NET)

| | (₹ Crores) | |
|---|---------------------|---------------------|
| | As at 31.03.2021 | As at 31.03.2020 |
| Deferred Tax Liabilities: | | |
| - Arising on account of difference in carrying amount and tax base of PPE and Intangibles | 445.69 | 438.41 |
| - Unrealised gain/(loss) on FVTPL debt Mutual Funds | 9.63 | 55.93 |
| - Unrealised gain/(loss) on FVTOCI Debt Instruments | (2.27) | - |
| - Other adjustments | 6.72 | 1.72 |
| Sub Total | 459.77 | 496.06 |
| Deferred Tax Asset: | | |
| - Accrued Expenses allowable on Actual Payments | (26.93) | (26.04) |
| - On remeasurements of defined benefit plans | (33.21) | (27.95) |
| - On revaluation of designated cash flow hedges | (6.85) | (3.56) |
| - On Right of Use Asset | (14.28) | (10.68) |
| Sub Total | (81.27) | (68.23) |
| Total | 378.50 | 427.83 |

NOTE 14 : OTHER LIABILITIES

| | (₹ Crores) | | | |
|---------------------------|---------------------|---------------------|---------------------|---------------------|
| | Non-Current | | Current | |
| | As at 31.03.2021 | As at 31.03.2020 | As at 31.03.2021 | As at 31.03.2020 |
| Contract Liabilities | - | - | 31.41 | 83.68 |
| Others; | | | | |
| Dealers' Security Deposit | - | - | 1612.96 | 1450.30 |
| Retention Money | 9.85 | 92.99 | 90.02 | 30.95 |
| Statutory Dues | - | - | 278.35 | 70.52 |
| Deferred Income | 171.19 | 154.14 | 11.98 | 8.89 |
| Others | 3.18 | 3.51 | 15.09 | 65.44 |
| Total | 184.22 | 250.64 | 2039.81 | 1709.78 |

During the year ended 31st March, 2021, the Company recognised revenue of ₹ 76.95 Crores as revenue from contracts with customers, the corresponding value for Previous year - ₹ 31.02 Crores.

Movement of contract liabilities is as under:

| | (₹ Crores) | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| As at beginning of the year | 83.68 | 37.98 |
| Recognised as revenue from contracts with customers | (76.95) | (31.02) |
| Advance from customers received during the year | 24.68 | 76.72 |
| Balance at the close of the year | 31.41 | 83.68 |

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

NOTE 15 : TRADE PAYABLES

| | (₹ Crores) | |
|--|---------------------|---------------------|
| | As at 31.03.2021 | As at 31.03.2020 |
| Outstanding dues of Micro and Small Enterprises (Refer Note 27 f) | 54.21 | 17.02 |
| Outstanding dues of Creditors other than Micro and Small Enterprises | 4190.65 | 2323.12 |
| Total | 4244.86 | 2340.14 |
| Of the above; | | |
| - Acceptances | 1598.81 | 438.81 |
| - Payable to Subsidiary Companies (net of receivables of ₹ Nil, Previous year - ₹ 0.50 crores) (Refer Note 27 d) | 885.32 | 491.42 |

NOTE 16 : OTHER FINANCIAL LIABILITIES

| | (₹ Crores) | | | |
|--|---------------------|---------------------|---------------------|---------------------|
| | Non-Current | | Current | |
| | As at 31.03.2021 | As at 31.03.2020 | As at 31.03.2021 | As at 31.03.2020 |
| Carried at Amortised Cost : | | | | |
| Current maturities of long-term debt | - | - | 267.11 | 344.08 |
| Interest accrued on above | - | - | 26.34 | 42.92 |
| Unclaimed dividends | - | - | 2.54 | 2.62 |
| Employee benefits | - | - | 107.71 | 111.90 |
| Liabilities for expenses | - | - | 165.10 | 164.26 |
| Lease Liability | 312.63 | 327.48 | 54.99 | 54.73 |
| Others | - | - | 10.68 | 10.12 |
| Carried at Fair Value : | | | | |
| Derivative Financial Liabilities (Net) | - | - | 22.67 | - |
| Total | 312.63 | 327.48 | 657.14 | 730.63 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE 17 : REVENUE FROM OPERATIONS

| | (₹ Crores) | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| Revenue from Contracts with Customers : | | |
| Sale of Goods (refer Note 27e) | 15818.39 | 15887.43 |
| Sale of Services | 16.74 | 26.82 |
| Other Operating Revenues: | | |
| Scrap Sales | 86.22 | 76.89 |
| Total | 15921.35 | 15991.14 |

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

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

| | (₹ Crores) | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| Gross Sales (Contracted Price) | 16487.73 | 16550.58 |
| Reductions towards variable consideration (Product, Turnover and Prompt payment discount) | (374.88) | (332.38) |
| Claims preferred against obligation (Note 1(C-13)) | (191.50) | (227.06) |
| Revenue recognised | 15921.35 | 15991.14 |

NOTE 18 : OTHER INCOME

| | (₹ Crores) | |
|--|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| Interest Income | 125.43 | 15.27 |
| Dividend Income from Non Current Investment | | |
| - From a Subsidiary | 0.10 | 0.10 |
| - Others | - | 0.02 |
| Government Grant : | | |
| - Export Incentives | 21.43 | 44.09 |
| - Subsidy from State Government | - | 1.80 |
| - Others | 14.38 | 5.23 |
| Net gain on sale of Investments classified as FVTPL | 0.71 | 13.28 |
| Net gain on fair value changes on financial assets classified as FVTPL | 28.73 | 239.43 |
| Profit on Sale of Fixed Asset (Net) | - | 0.54 |
| Miscellaneous Income | 16.45 | 10.74 |
| Total | 207.23 | 330.50 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE 19 : COST OF MATERIALS CONSUMED

| | (₹ Crores) | |
|--------------------------------|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| Opening Stock of Raw Materials | 1008.60 | 1098.67 |
| Purchases during the year | 9247.35 | 9371.66 |
| Closing Stock of Raw Materials | (1402.32) | (1008.60) |
| Total | 8853.63 | 9461.73 |

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

| | (₹ Crores) | |
|----------------------|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| Closing Stock: | | |
| Finished Goods | 785.78 | 1238.79 |
| Stock-in-Trade | 36.15 | 34.85 |
| Work-in-Progress | 325.05 | 232.70 |
| | 1146.98 | 1506.34 |
| Less: Opening Stock: | | |
| Finished Goods | 1238.79 | 1218.45 |
| Stock-in-Trade | 34.85 | 41.29 |
| Work-in-Progress | 232.70 | 271.48 |
| | 1506.34 | 1531.22 |
| Total | 359.36 | 24.88 |

NOTE 21 : EMPLOYEE BENEFITS EXPENSE

| | (₹ Crores) | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| Salaries and Wages | 1151.54 | 1099.78 |
| Contribution to provident and other funds | 105.69 | 101.63 |
| Staff welfare expenses | 130.64 | 119.10 |
| Total | 1387.87 | 1320.51 |

NOTE 22 : FINANCE COSTS

| | (₹ Crores) | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| Interest on Loans and Deposits | 201.31 | 201.05 |
| Interest on Debentures | 20.64 | 36.78 |
| Interest on Deferred Payment Credit | 0.57 | 0.64 |
| Interest on Lease liabilities | 37.27 | 32.97 |
| Other Borrowing Costs: | | |
| Unwinding of discount relating to Long Term Liabilities | 4.14 | 2.53 |
| Other Charges | 0.79 | 0.29 |
| Total | 264.72 | 274.26 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE 23 : OTHER EXPENSES

| | (₹ Crores) | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| Stores and Spares | 264.66 | 372.24 |
| Power and Fuel | 654.24 | 720.79 |
| Processing Expenses | 236.83 | 224.85 |
| Rent | 9.67 | 16.70 |
| Rates and Taxes | 11.08 | 12.24 |
| Insurance | 54.67 | 51.58 |
| Printing and Stationery | 9.73 | 9.48 |
| Repairs and Renewals: | | |
| Buildings | 21.21 | 22.79 |
| Plant and Machinery | 123.57 | 134.33 |
| Other Assets | 70.31 | 77.16 |
| Travelling and Conveyance | 16.13 | 47.50 |
| Communication Expenses | 5.21 | 6.00 |
| Vehicle Expenses | 9.67 | 12.04 |
| Auditors' Remuneration: | | |
| As Auditors: | | |
| Audit fee | 0.68 | 0.61 |
| Tax Audit fee | 0.12 | 0.10 |
| Other Services | 0.06 | 0.07 |
| Reimbursement of Expenses | 0.03 | 0.01 |
| | 0.89 | 0.79 |
| Cost Auditors Remuneration: | | |
| Audit fee | 0.09 | 0.08 |
| Directors' Fees | 0.12 | 0.10 |
| Directors' Travelling Expenses | 4.01 | 6.69 |
| Advertisement | 104.53 | 300.35 |
| Warranty | 63.04 | 11.91 |
| VAT absorbed by the company | 0.69 | 1.87 |
| Bad debts written off | 0.16 | 0.02 |
| Commission | 1.96 | 4.12 |
| Freight and Forwarding (Net) | 521.26 | 528.55 |
| Loss on Sale of Fixed Asset (Net) | 4.91 | - |
| Net Loss on Foreign Currency Transactions | 49.90 | 29.01 |
| Bank Charges | 5.99 | 6.71 |
| Provision for Impairment of Financial Assets | 0.14 | 0.14 |
| Corporate Social Responsibility Expenditure (Refer Note 27 k) | 90.21 | 66.35 |
| Miscellaneous Expenses | 75.15 | 173.63 |
| Total | 2410.03 | 2838.02 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE 24 :

A. Capital Management

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

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

| | (₹ Crores) | |
|---------------------------------------|-----------------|-----------------|
| Particulars | 31.03.2021 | 31.03.2020 |
| Interest bearing Loans and Borrowings | 1130.08 | 1372.18 |
| Less: Cash and Short Term Deposits | (102.80) | (1104.23) |
| Net Debt | 1027.28 | 267.95 |
| Equity | 4.24 | 4.24 |
| Other Equity | 13174.62 | 12000.11 |
| Total Capital | 13178.86 | 12004.35 |
| Capital and Net Debt | 14206.14 | 12272.30 |
| Gearing Ratio % | 7.23% | 2.18% |

B. Financial Risk Management

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

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

i) Market Risk

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

a) Interest Rate Risk :

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

If the interest rates had been 1% higher / lower and all other variables held constant, the company's profit for the year ended 31st March, 2021 would have been decreased/increased by ₹ 2.92 Crores. (Previous year - ₹ 5.03 Crores)

b) Currency Risk :

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

Unhedged Short Term Exposures:

| | 31.03.2021 | 31.03.2020 |
|-----------------------|------------|------------|
| Financial Assets | 174.23 | 221.64 |
| Financial Liabilities | 223.89 | 141.07 |

The company is mainly exposed to changes in US Dollar. The sensitivity to a 2% (Previous year - 5%) increase or decrease in US Dollar against INR with all other variables held constant will be +/- ₹ 1.34 Crores (previous year - ₹ 1.70 Crores)

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

Hedged Foreign Currency Exposures:

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

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

The outstanding position and exposures are as under :

i) Foreign Currency forward contracts designated as Hedge Instruments :

| | Currency | Amount | | ₹ Crores | Nature | Cross Currency |
|-----------------------------|----------|------------------|--|----------|-----------------|----------------|
| Currency/Interest Rate Swap | USD | 58.33 Million | | 374.59 | ECB Loan | |
| | | (87.00) Million | | (555.51) | | |
| Forward Contract | USD | 36.19 Million | | 267.06 | Import purchase | INR |
| | | (122.84) Million | | (909.11) | | |

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

ii) Other Forward Contract Outstanding :

| | Currency | Amount | | ₹ Crores | Nature | Cross Currency |
|------------------|----------|----------------|--|----------|-----------------|----------------|
| Forward Contract | USD | 140.22 Million | | 1065.30 | Import purchase | INR |
| | | (8.92) Million | | (64.80) | | |

Figures in brackets are in respect of Previous year

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

iii) The following table provides the reconciliation of cash flow hedge for the year ended 31st March, 2021:

| Particulars | (₹ Crores) | |
|--|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| Balance at the beginning of the year | 11.35 | (16.03) |
| Gain / (Loss) recognized in other comprehensive income during the year | (13.05) | 13.98 |
| Tax impact on above | 3.29 | (3.52) |
| Hedged Transaction resulting in recognition of Non Financial Asset (also referred to as "Basis Adjustment") | - | 16.92 |
| Balance at the end of the year | 1.59 | 11.35 |

c) Price Risk :

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

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

As at 31st March 2021 the investments in debt mutual funds and bonds amounting to ₹ 5846.02 Crores (Previous year - ₹ 1513.65 Crores). A 1% point increase or decrease in the NAV with all other variables held constant would have lead to approximately an additional ₹ 58 Crores (Previous year - ₹ 15 Crores) on either side in the statement of profit and loss.

ii) Credit Risk

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

The Company's marketing policies are well structured and all replacement sales are predominantly through dealers and the outstanding are secured by dealer deposits. As regards sales to Original Equipments (O. E.) and other institutional sales, the Company carries out periodic credit checks and also limits the exposure by establishing maximum payment period for customers and by offering prompt payment discounts. The outstanding trade receivables due for a period exceeding 180 days as at the year ended 31st March, 2021 is 0.64%(31st March, 2020 - 0.32%) of the total trade receivables.

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

The company uses Expected Credit Loss (ECL) Model to assess the impairment loss or gain. The allowance for lifetime ECL on customer balances for the year ended 31 March 2021 was ₹ 2.45 Crores and for the year ended 31 March 2020 was ₹ 2.31 Crores.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

| Particulars | (₹ Crores) | |
|----------------------------|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| Balance at the beginning | 2.31 | 2.17 |
| Impairment loss recognised | 0.14 | 0.14 |
| Impairment loss reversed | - | - |
| Balance at the end | 2.45 | 2.31 |

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

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

iii) Liquidity Risk

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

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

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

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

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

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

The details of the contractual maturities of significant financial liabilities as at 31st March, 2021 are as under:

| | | (₹ Crores) | | | | |
|------------------------------|--------------------|------------------------|--------------------|--------------------|--------------------|--|
| | Refer Note | Less than 1 year | 1-3 years | 3-5 years | More than 5 years | |
| Borrowings | Note 11 ,14 and 16 | 334.27 (628.99) | 446.42 (564.44) | 202.21 (151.87) | 180.92 (82.14) | |
| Trade Payable | Note 15 | 4,244.86 (2,340.14) | - (-) | - (-) | - (-) | |
| Other Financial Liabilities | Note 16 | 253.44 (229.11) | 94.02 (93.79) | 94.81 (89.47) | 123.80 (144.22) | |
| Employee Benefit liabilities | Note 16 | 107.71 (111.90) | - (-) | - (-) | - (-) | |
| Unclaimed dividends | Note 16 | 2.54 (2.62) | - (-) | - (-) | - (-) | |

Figures in brackets are in respect of Previous year

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE 25 :

A) Fair Values and Hierarchy

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

| Particulars | Hierarchy | (₹ Crores) | |
|--|-----------|----------------------------|---------------------|
| | | Carrying Value/ Fair Value | |
| | | As at 31.03.2021 | As at 31.03.2020 |
| Financial Assets | | | |
| - Investments | Level One | 5854.45 | 1518.46 |
| - Derivative Financial Assets (Net) | Level One | - | 39.72 |
| Financial Liabilities | | | |
| - Derivative Financial Liabilities (Net) | Level Two | 22.67 | - |

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

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

1. The Fair values of Debt Mutual Funds and Quoted Equities are based on NAV / Quoted Price at the reporting date. Further, the Company had invested in Co-operative Societies and in certain other companies towards the corpus. These are non participative shares and normally no dividend is accrued. The Company has carried these investments at it transaction value considering it to be its fair value.
2. The Company enters into Derivative financial instruments with counterparties principally with Banks with investment grade credit ratings. The Interest Rate swaps, foreign exchange forward contracts are valued using valuation techniques which employs the use of market observable inputs namely, Marked-to-Market.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE 26 : Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

| (₹ Crores) | | |
|--|--------------------------|--------------------------|
| Particulars | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| Accounting Profit before Income Tax | 1700.27 | 1399.32 |
| At statutory income tax rate of 25.168% (31 March 2020: 25.168%) | 427.92 | 352.18 |
| Rate reduction Impact and reversal of temporary differences | - | (304.23) |
| Additional deduction on Research and Development expense | (8.02) | (3.67) |
| Difference in Capital Gains tax payable | 6.91 | (26.62) |
| Effect of non-deductible expenses/other adjustments | 26.42 | (13.32) |
| Effect of deductions available under Income Tax Act | (2.02) | - |
| Total | 451.21 | 4.34 |

NOTE 27: ADDITIONAL/EXPLANATORY INFORMATION

- Disclosure required by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and section 186(4) of the Companies Act, 2013 :
 - Details of investments made are given in Note 3.
 - Amount of Loans and advances in the nature of loans outstanding from /to subsidiaries - ₹ Nil (Previous year - ₹ Nil)
 - Loans to employees have been considered to be outside the purview of disclosure requirements.
 - Investment by Loanee in the shares of the Parent company - Nil (Previous year - Nil)

- Lease Disclosure:

Maturity analysis of lease liabilities

| (₹ Crores) | | |
|--|------------|------------|
| Maturity Analysis - Contractual undiscounted cash flows | 31.03.2021 | 31.03.2020 |
| Less than 1 year | 86.00 | 84.18 |
| 1-5 Years | 327.80 | 316.34 |
| More than 5 Years | 145.19 | 170.55 |
| Total undiscounted lease liabilities as at 31st March, 2021 | 558.99 | 571.07 |

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

| | As at 31.03.2020 | Provided during the year | Used during the year | Reversed during the year | Unwinding discounts | As at 31.03.2021 |
|---------------------------------------|---------------------|-----------------------------|-------------------------|-----------------------------|------------------------|---------------------|
| (i) Warranty | 173.75 (159.48) | 257.60 (241.25) | 191.50 (227.06) | - (-) | 1.03 (0.08) | 238.82 (173.75) |
| (ii) Employee Benefits | 98.46 (89.95) | 50.70 (51.90) | 47.00 (42.00) | - (1.39) | - (-) | 102.16 (98.46) |
| (iii) Litigation and related disputes | 70.03 (67.60) | 0.16 (2.43) | - (-) | 0.19 (-) | - (-) | 70.00 (70.03) |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Notes :

- (i) Cash outflow towards warranty provision would generally occur during the next two years.
- (ii) Litigation and related disputes represents estimates mainly for probable claims arising out of litigation/disputes pending with authorities under various statutes (i.e. Service Tax, Excise and Customs Duty, Electricity/Fuel Surcharge, Cess). The probability and the timing of the outflow with regard to these matters will depend on the final outcome of the litigations/disputes.
- (iii) Figures in brackets are in respect of Previous year.

d. Related party disclosures:

(a) Names of related parties and nature of relationship where control exists are as under:

Subsidiary Companies:

- i) MRF Corp Ltd
- ii) MRF International Ltd
- iii) MRF Lanka (Private) Ltd.
- iv) MRF SG PTE. LTD

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

Key Management Personnel (KMP) :

- i) Mr. K.M. Mammen, Chairman and Managing Director
- ii) Mr. Arun Mammen, Vice Chairman and Managing Director
- iii) Mr. Rahul Mammen Mappillai, Managing Director
- iv) Mr. Samir Thariyan Mappillai, Whole time Director
- v) Mr. Varun Mammen, Whole time Director
- vi) Mr. S.Dhanvanth Kumar, Company Secretary
- vii) Mr. Madhu P Nainan, Vice President Finance

Close Members of the family of KMP :

- i) Mrs. Ambika Mammen, Director (Wife of Chairman and Managing Director)
- ii) Dr. (Mrs) Cibi Mammen, Director (Wife of Vice Chairman and Managing Director)
- iii) Mrs. Meera Mammen (Mother of Mr Varun Mammen)

Companies in which Directors are interested:

Badra Estate & Industries Limited, Devon Machines Pvt. Ltd., Coastal Rubber Equipments Pvt. Ltd. Braga Industries LLP, Automotive Tyre Manufacturers Association
Funskool (India) Ltd., VPC Freight Forwarders Pvt. Ltd., The Malayala Manorama Co. Private Ltd.

Other Related Parties

Mr. Jacob Kurian- Director, MRF Ltd Executives Provident Fund Trust, MRF Management Staff Gratuity Scheme, MRF Employees Gratuity Scheme, MRF Managers' Superannuation Scheme, MRF Foundation.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

| Nature of Transaction | Subsidiary Companies | KMP | Close member of the KMP | Companies in which Directors are interested | Other Related Parties |
|--|-----------------------------|-----------------------------|-----------------------------|---|-----------------------------|
| | Year Ended 31 March 2021 | Year Ended 31 March 2021 | Year Ended 31 March 2021 | Year Ended 31 March 2021 | Year Ended 31 March 2021 |
| i) Sale of Materials | 0.02 (0.01) | - | - | 4.25 (0.04) | - |
| ii) Purchase of Materials/Machinery | 1180.97 (1631.90) | - | - | 136.48 (180.40) | - |
| iii) Sale of Finished Goods | 1.35 (1.05) | - | - | - | - |
| iv) Payment towards Service | - | - | - | 12.27 (14.59) | - |
| v) Selling and Distribution Expenses | - | - | - | 1.28 (1.38) | - |
| vi) Dividend Received | 0.10 (0.10) | - | - | - | - |
| vii) Other Receipts | 0.15 (0.14) | - | - | 1.77 (0.84) | - |
| viii) Professional charges | - | - | - | - | 0.22 (0.14) |
| ix) Contribution to Retirement Benefit fund /Others | - | - | - | - | 180.71 (113.74) |
| <u>Compensation*</u> | | | | | |
| x) Short term Employee benefit (including Commission payable to KMP) | - | 85.78 (83.48) | 2.27 (1.98) | - | - |
| xi) Sitting fees | - | - | 0.02 (0.02) | - | - |
| Outstanding as at Year End | | | | | |
| xii) Investments | 21.65 (21.65) | - | - | - | - |
| xiii) Trade Receivables | 0.03 (0.03) | - | - | - | - |
| xiv) Other Receivables | - | - | - | 2.28 (0.65) | - |
| xv) Trade Payables | 885.32 (491.92) | - | - | 20.14 (14.06) | - |
| xvi) Commission Payable | - | 35.47 (35.47) | - | - | - |
| xvii) Contribution payable to Retirement Benefit fund /Others | - | - | - | - | 46.85 (63.83) |

Figures in brackets are in respect of Previous year

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

(d) Terms and conditions of transactions with related parties:

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31st March 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (Previous Year: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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

The Company is engaged inter alia in the manufacture of Rubber Products such as Tyres, Tubes, Flaps, Tread Rubber. These in the context of IND AS - 108 - 'Operating Segment' are considered to constitute one single primary segment. The Company's operations outside India do not exceed the quantitative threshold for disclosure envisaged in the IND AS. Non-reportable segments has not been disclosed as unallocated reconciling item in view of its materiality. In view of the above, operating segment disclosures for business/geographical segment are not applicable to the Company.

Entity wide disclosure required by IND AS 108 are as detailed below:

| Particulars | (₹ Crores) | |
|--|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| (i) Products: | | |
| Automobile Tyres | 14364.03 | 14407.85 |
| Automobile Tubes | 1122.00 | 1147.83 |
| Others | 332.36 | 331.75 |
| | <u>15818.39</u> | <u>15887.43</u> |
| (ii) Revenue from Customers: | | |
| India | 14485.11 | 14236.24 |
| Outside India | 1333.28 | 1651.19 |
| | <u>15818.39</u> | <u>15887.43</u> |
| (iii) Non Current Assets: | | |
| India | 12107.70 | 11196.23 |
| Outside India | 0.06 | 0.07 |
| (iv) There are no transactions with single customer which amounts to 10% or more of the Company's revenue. | | |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

The details of liabilities to Micro and Small Enterprises, to the extent information available with the Company are given under:

| | | (₹ Crores) |
|--|-------------------|-------------------|
| <u>Particulars</u> | <u>31.03.2021</u> | <u>31.03.2020</u> |
| (i) Principal amounts remaining unpaid to suppliers as at the end of the accounting year | 54.21 | 17.02 |
| (ii) Interest accrued and due to suppliers on above amount, unpaid | 0.20 | 0.07 |
| (iii) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006, along with the amounts of the payment made to the Supplier beyond the appointed day during the accounting year | - | 0.01 |
| (iv) The amount of interest due and payable for the period of delay in making payment(which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 | 0.05 | 0.01 |
| (v) The amount of interest accrued and remaining unpaid at the end of the accounting year | 0.25 | 0.08 |
| (vi) The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act, 2006 | 0.87 | 0.62 |

g. Disclosures as per IND AS - 19 - Employee Benefits

- The contributions to MRF Limited Executives Provident Fund Trust is a defined benefit plan in terms of the definition mentioned in para 7 of IND AS -19 the accounting for which is to be done on an actuarial basis. The actuary has provided a valuation of provident fund liability based on the assumptions listed below and determined that there is no shortfall as at 31st March, 2021 and for the year ended 31st March 2020.

The details of fund and plan assets are given below :

| | | (₹ Crores) |
|--|----------------------------------|----------------------------------|
| <u>Particulars</u> | <u>Year Ended 31.03.2021</u> | <u>Year Ended 31.03.2020</u> |
| Fair value of plan assets | 290.23 | 261.06 |
| Present value of defined benefit obligations | 287.98 | 260.89 |
| Net excess/(Shortfall) | 2.25 | 0.17 |

The plan assets have been primarily invested in Government securities, Corporate bonds and Exchange Traded Funds

The principal assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

Projection is restricted to five years or earlier, if retirement occurs.

Expected guaranteed interest rate - 8.50% (Previous Year - 8.50%)

Discount rate - 6.80% (Previous Year - 6.63%)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

| Particulars | (₹ Crores) | |
|--|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| i) Employer's contribution to Provident Fund and Family Pension Fund | 58.85 | 57.90 |
| ii) Employer's contribution to Superannuation Fund | 17.15 | 17.42 |
| iii) Leave Encashment - Unfunded | 17.14 | 11.18 |
| iv) Defined benefit obligation: | | |
| a) Post Retirement Medical Benefit - Unfunded | 0.07 | 1.00 |
| b) The valuation results for the defined benefit gratuity plan as at 31-3-2021 are produced in the tables below: | | |

i) Changes in the Present Value of Obligation

| Particulars | (₹ Crores) | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| Present Value of Obligation as at the beginning | 385.93 | 329.99 |
| Current Service Cost | 21.54 | 18.09 |
| Interest Expense or Cost | 26.22 | 25.63 |
| Re-measurement (or Actuarial) (gain) / loss arising from: | | |
| - change in demographic assumptions | - | (0.50) |
| - change in financial assumptions | - | 13.86 |
| - experience variance (i.e. Actual experience vs assumptions) | 20.99 | 13.34 |
| Past Service Cost | - | - |
| Benefits Paid | (20.55) | (14.48) |
| Present Value of Obligation as at the end | 434.13 | 385.93 |

ii) Changes in the Fair Value of Plan Assets

| Particulars | (₹ Crores) | |
|--|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| Fair Value of Plan Assets as at the beginning | 338.16 | 288.30 |
| Investment Income | 22.98 | 22.39 |
| Employer's Contribution | 47.00 | 42.00 |
| Benefits Paid | (20.55) | (14.48) |
| Return on plan assets, excluding amount recognised in net interest expense | 0.69 | (0.05) |
| Fair Value of Plan Assets as at the end | 388.28 | 338.16 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

iii) Expenses Recognised in the Income Statement

| Particulars | (₹ Crores) | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| Current Service Cost | 21.54 | 18.09 |
| Past Service Cost | - | - |
| Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset) | 3.24 | 3.24 |
| Payable/(Recoverable) to/ from a subsidiary company | (0.58) | (0.52) |
| Expenses Recognised in the Income Statement | 24.20 | 20.81 |

iv) Other Comprehensive Income

| Particulars | (₹ Crores) | |
|--|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| Actuarial (gains) / losses | | |
| - change in demographic assumptions | - | (0.50) |
| - change in financial assumptions | - | 13.86 |
| - experience variance (i.e. Actual experience vs assumptions) | 20.99 | 13.34 |
| Return on plan assets, excluding amount recognised in net interest expense | (0.69) | 0.05 |
| Payable/(Recoverable) from a subsidiary company | 0.60 | 0.07 |
| Components of defined benefit costs recognised in other comprehensive income | 20.90 | 26.82 |

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

| Particulars | As at | |
|--------------------------|------------|------------|
| | 31.03.2021 | 31.03.2020 |
| Funds managed by Insurer | 100% | 100% |

- In the absence of detailed information regarding Plan assets which is funded with Insurance Company, the composition of each major category of Plan assets, the percentage or amount for each category to the fair value of Plan assets has not been disclosed.

- The group gratuity Policy with LIC includes employees of MRF Corp Ltd., a Subsidiary Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

vi) Actuarial Assumptions

a. Financial Assumptions

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

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|--------------------------------|---------------------|---|
| Discount rate (per annum) | 6.80% | 6.80% |
| Salary growth rate (per annum) | 5.50% | 0% for First year and 5.50% thereafter |

b. Demographic Assumptions

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|--|---------------------|---------------------|
| Mortality Rate % of IALM 2012-14 (% of IALM 2006-08) | 100% | 100% |
| Withdrawal rates, based on age: (per annum) | | |
| Up to 30 years | 3.00% | 3.00% |
| 31 - 44 years | 2.00% | 2.00% |
| Above 44 years | 1.00% | 1.00% |

vii) Amount, Timing and Uncertainty of Future Cash Flows

a. Sensitivity Analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

| Particulars | (₹ Crores) | |
|-----------------------------------|---------------------|---------------------|
| | As at 31.03.2021 | As at 31.03.2020 |
| Defined Benefit Obligation (Base) | 434.13 | 385.93 |

| Particulars | 31.03.2021 | | 31.03.2020 | |
|---|------------------|------------------|------------------|------------------|
| | Decrease | Increase | Decrease | Increase |
| Discount Rate (- / + 1%) (% change compared to base due to sensitivity) | 479.45 10.40% | 395.33 -8.90% | 426.32 10.50% | 351.38 -8.90% |
| Salary Growth Rate (- / + 1%) (% change compared to base due to sensitivity) | 394.49 -9.10% | 479.65 10.50% | 350.45 -9.20% | 426.71 10.60% |
| Attrition Rate (- / + 50%) (% change compared to base due to sensitivity) | 432.99 -0.30% | 435.14 0.20% | 385.10 -0.20% | 386.66 0.20% |
| Mortality Rate (- / + 10%) (% change compared to base due to sensitivity) | 433.46 -0.20% | 434.79 0.20% | 385.25 -0.20% | 386.58 0.20% |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

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

- b. Asset Liability Matching Strategies
The scheme is managed on funded basis.

- c. Effect of Plan on Entity's Future Cash Flows
- Funding arrangements and Funding Policy
The scheme is managed on funded basis.

| | | (₹ Crores) |
|--|------------|------------|
| - Expected Contribution during the next annual reporting period | 31.03.2021 | 31.03.2020 |
| The Company's best estimate of Contribution during the next year | 31.15 | 32.56 |
| - Maturity Profile of Defined Benefit Obligation | | |
| Weighted average duration (based on discounted cash flows) | 10 years | 10 years |

| | | (₹ Crores) |
|---|------------|------------|
| - Expected cash flows over the next (valued on undiscounted basis): | 31.03.2021 | 31.03.2020 |
| 1 year | 41.87 | 40.93 |
| 2 to 5 years | 124.47 | 105.88 |
| 6 to 10 years | 200.23 | 178.14 |
| More than 10 years | 608.13 | 545.35 |

- v) Other Long Term Employee Benefits:

| Particulars | As at 31.03.2021 | (₹ Crores) As at 31.03.2020 |
|--|---------------------|-----------------------------------|
| Present value of obligation as at 31st March, 2021 | | |
| Leave Encashment | 49.97 | 44.40 |
| Post Retirement Medical Benefits | 6.35 | 6.30 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

- h. (i) Revenue expenditure on Research and Development activities during the year ended 31st March, 2021:

| Particulars | (₹ Crores) | |
|--|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| 1) Salaries Wages and Other Benefits | 44.59 | 39.00 |
| 2) Repairs and Maintenance | 11.23 | 11.57 |
| 3) Power | 5.35 | 6.30 |
| 4) Travelling and Vehicle Running | 1.32 | 3.34 |
| 5) Cost of Materials/Tyres used for Rallies / Test Purpose | 7.94 | 7.46 |
| 6) Other Research and Development Expenses | 7.17 | 4.11 |
| | <u>77.60</u> | <u>71.78</u> |

- (ii) Capital Expenditure on Research and Development (excluding Building) during the year, as certified by the management is ₹ 31.75 Crores.
(Previous year - ₹ 14.33 Crores).

This information complies with the terms of the Research and Development recognition granted upto 31st March 2021 for the Company's in-house Research and Development activities by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India, vide their Letter No.TU/IV-RD/118/2018 dated 13th July, 2018.

- i. Terms of Repayment and Security Description of Borrowings: (refer note 11)

a) Current Borrowings

Loans repayable on demand from banks are secured by hypothecation of Inventories and book debts ,equivalent to the outstanding amount and carries interest rates at the rate of 6.60% to 8.85% (Previous year - 7.40% to 8.45%)

b) Non Current Borrowings

- i) The principal amount of Debentures, interest, remuneration to Debenture Trustees and all other costs, charges and expenses payable by the company in respect of Debentures are secured by way of a legal mortgage of Company's land at Taluka Kadi, District Mehsana, Gujarat and hypothecation by way of a first charge on Plant and Machinery at the company's plants at Perambalur, near Trichy, Tamil Nadu, equivalent to the outstanding amount.

1800 (Previous year 3400), 10.09% Non convertible Debentures of ₹ 10,00,000 each are to be redeemed at par in three installments as stated below:

| Debenture Series | As at 31.03.2021 | | As at 31.03.2020 | |
|------------------|---|------------------------|---|------------------------|
| | 10.09% NCD's (Previous year 10.09%) | Dates of Redemption | 10.09% NCD's (Previous year 10.09%) | Dates of Redemption |
| | (₹ Crores) | | (₹ Crores) | |
| Series I | - | - | - | - |
| Series II | - | - | 160.00 | 27/05/2020 |
| Series III | 180.00 | 27/05/2021 | 180.00 | 27/05/2021 |
| | <u>180.00</u> | | <u>340.00</u> | |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

- ii) ECB (Unsecured) from the MUFG Bank, Ltd. (Old name- Bank of Tokyo- Mitsubishi UFJ, Ltd.) USD 20 Million availed in May, 2015 is for capital expenditure. Interest is payable at a rate equal to the six months USD LIBOR plus margin of 1.00% (Previous year-six months USD LIBOR plus margin of 1.00%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning May, 2019.
- iii) ECB (Unsecured) from the HSBC Bank
 - a) USD 20 Million availed in October, 2015 is for capital expenditure. Interest is payable at a rate equal to the six months BBA LIBOR plus margin of 1.25% (Previous year- six months BBA LIBOR plus margin of 1.25%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning October, 2019.
 - b) USD 45 Million availed in December, 2017 is for capital expenditure. Interest is payable at a rate equal to the six months BBA LIBOR plus margin of 0.80% payable half yearly (Previous year- six months BBA LIBOR plus margin of 0.80%). The said Loan is fully hedged and is repayable in one full instalment in December, 2022.
- iv) Indian Rupee Term Loan of ₹ 150 Crores availed from HSBC Bank in February, 2019 is for capital expenditure. Interest is payable at a rate equal to the three months T-Bill rate plus a margin of 1.49% (Previous year- 1.49%) payable monthly. The said Loan is repayable in one full installment in February, 2024.
- v) Indian Rupee Term Loan of ₹ 300 Crores availed from HDFC Bank in June, 2020 is for capital expenditure. Interest is payable at a rate equal to repo rate plus a margin of 1.7% payable monthly. The said Loan is repayable in three equal annual installment in June, 2024/ June 2025/ June 2026.
- vi) Secured Loan availed under SIPCOT soft loan in March 2020, Interest is payable at a rate of 0.10% (Previous year - 0.10%) payable quarterly are secured by way of second charge on the Fixed Assets created at the company's plants at Perambalur, near Trichy, Tamil Nadu. This loan will be repaid in full in April 2033.
- vii) Deferred payment credit is repayable along with interest (at varying rates) in 240 consecutive monthly instalments ending in March 2026.
- j. (i) The amount due and paid during the year to "Investor Education and Protection Fund" is ₹ 0.38 Crores (Previous year - ₹ 0.05 Crores)
- (ii) Donation given to a Political Party - ₹ NIL (Previous Year - ₹ 0.15 Crores)
- k. Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a Company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceeding three financial years on corporate social responsibility(CSR) Activities, which for the financial year ending 31st March 2021 amounts to ₹ 30.44 crores (Previous year ₹31.22 crores). A CSR Committee has been formed by the Company as per the Act. During the financial year ending 31st March 2021, the Company has incurred an amount of ₹ 90.21 crores representing ₹ 30.44 crores for the current financial year and ₹ 59.77 crores towards shortfall in CSR spending during the financial years 2016-17, 2017-18 and 2018-19.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Amount spent during the year on:

| Particulars | (₹ Crores) | | |
|---|------------|------------------------|---------|
| | In cash | yet to be paid in cash | Total |
| 1 Construction/acquisition of any asset | 67.45* | - | 67.45 |
| | (43.57) | (15.00) | (58.57) |
| 2 On purposes other than (1) above | 22.76 | - | 22.76 |
| | (7.78) | - | (7.78) |

*Above includes a contribution of ₹ 59.77 crores paid to MRF Foundation for setting up a new Driver Development Institute for MRF Institute of Driver Development (MIDD).

Previous year figures are in brackets.

I. Events Occurring after the Balance Sheet date

The proposed final dividend and special dividend for FY 2020-21 amounting to ₹ 61.07 Crores will be recognised as distribution to owners during the financial year 2021-22 on its approval by Shareholders. The proposed final dividend of ₹ 94/- per share and special dividend of ₹ 50/- per share amounts to ₹ 144/- per share.

m. Earnings Per Share

| Particulars | | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
|---|----------|--------------------------|--------------------------|
| Profit after taxation | ₹ Crores | 1249.06 | 1394.98 |
| Number of equity shares (Face Value ₹ 10/-) | Nos. | 4241143 | 4241143 |
| Earnings per share | ₹ | 2945.09 | 3289.16 |

n. Estimated amount of contracts remaining to be executed on Capital Account, net of advances and not provided for - ₹ 1454.21 Crores (Previous Year - ₹ 1617.36 Crores)

o. Covid-19 pandemic has caused significant impact on the business environment and the economy. The Company has considered possible impact, if any, due to the current second wave of the pandemic and selective lock down declared in different parts of the country. Based on the current indicators and future economic conditions, the Company does not foresee any incremental risk regarding recoverability of assets and ability to service financial obligations. The Company has strong net worth and has serviced all its debt obligations in a timely manner.

p. Contingent Liabilities not provided for:

- Guarantees given by the Banks - ₹ 40.90 Crores (Previous Year - ₹ 45.03 Crores)
- Letters of Credit issued by the Banks - ₹ 19.40 Crores (Previous Year - ₹ 93.06 Crores)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

(iii) Claims not acknowledged as debts:

- Disputed Sales Tax demands pending before the Appellate Authorities /High Court - ₹ 195.97 Crores (Previous Year- ₹ 37.51 Crores)
- Disputed Excise/Customs Duty demands pending before the Appellate Authorities/High Court - ₹ 323.94 Crores (Previous Year - ₹ 318.97 Crores)
- Disputed Income Tax Demands - ₹ 96.58 Crores (Previous Year - ₹ 93.38 Crores). Against the said demand the company has deposited an amount of ₹ 49.55 Crores (Previous Year - ₹ 49.55 Crores)
- Disputed Goods and Service Tax demands pending before the Appellate Authorities - ₹ 0.29 Crores (Previous Year - ₹ Nil)
- Contested EPF Demands pending before Appellate Tribunal - ₹ 1.10 Crores (Previous year - ₹ 1.10 Crores)

q. Other Notes:

| Particulars | Year Ended 31.03.2021 | | Year Ended 31.03.2020 | |
|--|---------------------------|-------------------|---------------------------|-------------------|
| | % of total Consumption | Value ₹ Crores | % of total Consumption | Value ₹ Crores |
| 1) Value of imported/indigenous raw material/ stores and spares consumed : | | | | |
| Raw Materials | | | | |
| Imported at landed cost | 30.16 | 2670.09 | 40.67 | 3847.81 |
| Indigenous | 69.84 | 6183.54 | 59.33 | 5613.92 |
| | 100.00 | 8853.63 | 100.00 | 9461.73 |
| Stores and Spares | | | | |
| Imported at landed cost | 10.04 | 26.57 | 8.88 | 33.05 |
| Indigenous | 89.96 | 238.09 | 91.12 | 339.19 |
| | 100.00 | 264.66 | 100.00 | 372.24 |

| Particulars | (₹ Crores) | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| 2) Details of Purchase of Traded Goods under broad heads: | | |
| T and S Equipments | 6.79 | 6.83 |
| Sports Goods | 5.99 | 9.36 |
| Tyres and Tubes | 0.17 | 3.43 |
| Others | 2.83 | 2.68 |
| | 15.78 | 22.30 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

| | | (₹ Crores) | |
|--|---|--------------------------|--------------------------|
| Particulars | | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| 3) | CIF Value of Imports: | | |
| a. | Raw Materials | 2430.74 | 3016.15 |
| b. | Components and Spare Parts | 33.61 | 55.99 |
| c. | Capital Goods | 263.16 | 1160.67 |
| 4) | Earnings in Foreign Exchange: | | |
| | FOB Value of Exports | 1113.26 | 1384.45 |
| | Freight and Insurance | 16.03 | 15.51 |
| Note: FOB Value of Exports excludes export sales in Indian Rupee | | | |
| 5) | Expenditure in Foreign Currency paid or payable by the Company: | | |
| a. | Interest and Finance Charges | 2.35 | 3.10 |
| b. | Professional and Consultation Fees | 9.96 | 9.38 |
| c. | Travelling | 1.66 | 8.52 |
| d. | Advertisements | 18.78 | 69.50 |
| e. | Traded goods | 1.59 | 3.49 |
| f. | Insurance | 3.82 | 3.62 |
| g. | Product warranty claims | 0.93 | 2.77 |
| h. | Others | 22.48 | 19.49 |

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

Shivratan Agarwal
Partner
Mem. No. 104180
Mumbai
Dated 07 June, 2021

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

B R Mahesh
Partner
Mem. No. 18628
Hyderabad

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR
Directors
Chennai

K M MAMMEN
Chairman & Managing Director



CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MRF LIMITED

1. Opinion

We have audited the accompanying Consolidated Financial Statements of MRF Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flows Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the Consolidated state of affairs (financial position) of the Group as at 31st March, 2021, and its Consolidated profit(financial performance including Other Comprehensive Income), the Consolidated Changes

in Equity and its Consolidated Cash Flows for the year ended on that date.

2. Basis for Opinion

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

3. Key Audit Matters

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

| Sr. No. | Key Audit Matter | Our Response |
|---------|---|--|
| 1. | Defined Benefit Obligation The valuation of the retirement benefit schemes in the Group is determined with reference to various actuarial assumptions including discount rate, rate of inflation, mortality rates and attrition rates. Due to the size of these schemes, small changes in these assumptions can have a material impact on the estimated defined benefit obligation. | We have examined the key controls over the process involving member data, formulation of assumptions and the financial reporting process in arriving at the provision for retirement benefits. We tested the controls for determining the actuarial assumptions and the approval of those assumptions by senior management. We found these key controls were designed, implemented and operated effectively, and therefore determined that we could place reliance on these key controls for the purposes of our audit. We tested the employee data used in calculating the obligation and where material, we also considered the treatment of curtailments, settlements, past service costs, remeasurements, benefits paid, and any other amendments made to obligations during the year. From the evidence obtained, we found the data and assumptions used by management in the actuarial valuations for retirement benefit obligations to be appropriate. |



| Sr. No. | Key Audit Matter | Our Response |
|---------|---|--|
| 2. | Warranty Provision The Holding Company makes an estimated provision for assurance type warranties at the point of sale. This estimate is based on historical claims data. | We understood and tested the controls over the assumptions applied in arriving at the warranty provision, particularly vouching of relevant data elements with provision calculations; validation of formula used in the warranty spread sheet; management review control of the relevant internal and external factors impacting the provision. |

4. Information Other than the Consolidated Financial Statements and Auditor's Report thereon

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

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

5. Management's Responsibility and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Act that give a true and fair view of the Consolidated financial position, Consolidated financial performance, Consolidated Changes in Equity and Consolidated Cash Flows of the Group in accordance with the accounting principles generally accepted in India, including the

Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

6. Auditor's Responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance

is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

7. Other Matters

We did not audit the financial statements / financial information of certain subsidiaries whose financial statements / financial information



reflect total assets (before consolidation adjustments) of ₹ 1228.89 crores as at 31 March 2021, total revenue (before consolidation adjustments) of ₹ 1424.18 Crores and total net profit after tax (before consolidation adjustments) of ₹ 28.71 Crores and net cash outflow of ₹ 10.45 Crores for the year ended on that date, as considered in the Consolidated Financial Statements. This financial statements/information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

8. Report on Other Legal and Regulatory Requirements

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2021 taken on record by the Board of Directors of the

Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g) As required by section 197(16) of the Act, based on our audit, we report that the Holding Company and its subsidiary companies has paid and provided for remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Consolidated Financial Statements disclose the impact of pending litigations on the Consolidated financial position of the Group – Refer Note 25 (j) to the Consolidated Financial Statements;
 - ii. The Group has long-term contracts including derivative contracts for which there were no material foreseeable losses; and
 - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

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

Shivratan Agarwal
Partner
Mem. No. 104180
UDIN: 21104180AAAAHQ8837
Place : Mumbai
Date : 07th June, 2021

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

B R Mahesh
Partner
Mem. No. 18628
UDIN: 21018628AAAAFK8431
Place : Hyderabad
Date : 07th June, 2021

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

**Report on the Internal Financial Controls under Clause (i) of Sub-section
3 of Section 143 of the Companies Act, 2013 (“the Act”)**

1. OPINION

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to Financial Statements of MRF LIMITED (“the Holding Company”) and its subsidiary companies which are companies incorporated in India, as of that date.

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to Financial Statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

2. Management’s Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence

to respective Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

3. Auditors’ Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to Financial Statements of the Holding Company and its subsidiary companies which are incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Financial Statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of a subsidiary Company incorporated in India, in terms of their report referred to in other



matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company and its subsidiary companies which are incorporated in India.

4. Meaning of Internal Financial Controls with reference to Financial Statements

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

5. Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to Financial Statements, including the possibility of

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

6. Other MATTERS

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to Financial Statements in so far as it relates to subsidiary companies, incorporated in India, is based on the report of the auditors.

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

Shivratan Agarwal
Partner
Mem. No. 104180
UDIN: 21104180AAAAHQ8837
Place : Mumbai
Date : 07th June, 2021

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

B R Mahesh
Partner
Mem. No. 18628
UDIN: 21018628AAAAFK8431
Place : Hyderabad
Date : 07th June, 2021

MRF LIMITED, CHENNAI
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2021

| | Note | As at 31.03.2021 | (₹ Crores) As at 31.03.2020 |
|--|-------|------------------|--------------------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 2 (a) | 9416.42 | 8841.27 |
| Capital Work-in-Progress | 2 (b) | 1002.23 | 1740.94 |
| Other Intangible Assets | 2 (c) | 24.33 | 28.49 |
| Financial Assets: | | | |
| - Investments | 3 | 1129.77 | 5.58 |
| - Loans | 4 | 2.70 | 12.25 |
| - Other financial assets | 5 | 94.48 | 96.67 |
| Non Current Tax Asset (Net) | | 252.22 | 232.22 |
| Other non-current assets | 6 | 292.53 | 333.88 |
| Current Assets | | | |
| Inventories | 7 | 2938.81 | 2905.18 |
| Financial Assets: | | | |
| - Investments | 3 | 4744.25 | 1513.75 |
| - Trade Receivables | 8 | 2254.26 | 2299.40 |
| - Cash and Cash Equivalents | 9 | 166.85 | 1178.52 |
| - Bank Balances other than Cash and Cash Equivalents | 10 | 2.54 | 2.62 |
| - Loans | 4 | 6.77 | 2.89 |
| - Other financial assets | 5 | 61.15 | 52.58 |
| Other Current Assets | 6 | 192.55 | 196.10 |
| Assets Classified as - Held for Sale | 2(d) | - | - |
| TOTAL ASSETS | | 22581.86 | 19442.34 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share Capital | SOCE | 4.24 | 4.24 |
| Other Equity | SOCE | 13409.43 | 12210.47 |
| Non Controlling Interest | | 0.14 | 0.13 |
| Total Equity | | 13413.81 | 12214.84 |
| LIABILITIES | | | |
| Non-Current Liabilities | | | |
| Financial Liabilities: | | | |
| - Borrowings | 11 | 811.76 | 779.03 |
| - Other Financial Liabilities | 16 | 312.63 | 327.48 |
| Provisions | 12 | 211.55 | 189.72 |
| Deferred Tax Liabilities (Net) | 13 | 380.24 | 428.86 |
| Other non-current liabilities | 14 | 184.22 | 250.17 |
| Current Liabilities | | | |
| Financial Liabilities: | | | |
| - Borrowings | 11 | 915.41 | 731.03 |
| - Trade Payables | | | |
| (A) total outstanding dues of micro enterprises and small enterprises; and | 15 | 54.21 | 17.02 |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises | 15 | 3387.23 | 1888.32 |
| - Other Financial Liabilities | 16 | 662.28 | 732.39 |
| Other Current Liabilities | 14 | 2045.03 | 1727.14 |
| Provisions | 12 | 199.73 | 153.53 |
| Current Tax Liabilities (Net) | | 3.76 | 2.81 |
| Total Liabilities | | 9168.05 | 7227.50 |
| TOTAL EQUITY AND LIABILITIES | | 22581.86 | 19442.34 |

Significant Accounting Policies and key accounting estimates and Judgement

Accompanying Notes are an integral part of these Financial Statements.

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

For SCA AND ASSOCIATES

Chartered Accountants
Firm Reg. No. 101174W

Shivratan Agarwal
Partner

Mem. No. 104180

Mumbai

Dated 07th June, 2021

For MAHESH, VIRENDER & SRIRAM

Chartered Accountants
Firm Reg. No. 001939S

B R Mahesh
Partner

Mem. No. 18628

Hyderabad

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR

Directors
Chennai

K M MAMMEN
Chairman & Managing Director



MRF LIMITED, CHENNAI

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ Crores)

| | Note | Year ended 31.03.2021 | Year ended 31.03.2020 |
|--|----------------------|--------------------------|--------------------------|
| INCOME | | | |
| Revenue from Operations | 17 | 16163.19 | 16239.36 |
| Other Income | 18 | 209.94 | 335.38 |
| TOTAL INCOME | | 16373.13 | 16574.74 |
| EXPENSES | | | |
| Cost of materials consumed | 19 | 8952.10 | 9577.04 |
| Purchases of Stock-in-Trade | | 16.15 | 22.59 |
| Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress | 20 | 354.25 | 17.40 |
| Employee Benefits expense | 21 | 1415.03 | 1344.93 |
| Finance Costs | 22 | 274.67 | 292.82 |
| Depreciation and Amortisation expense | 2 (a (1, 2)) and (c) | 1140.77 | 982.32 |
| Other Expenses | 23 | 2483.32 | 2903.39 |
| TOTAL EXPENSES | | 14636.29 | 15140.49 |
| PROFIT BEFORE TAX | | 1736.84 | 1434.25 |
| TAX EXPENSE | | | |
| Current Tax | | 497.57 | 409.07 |
| Deferred Tax | | (37.80) | (397.39) |
| TOTAL TAX EXPENSE | | 459.77 | 11.68 |
| PROFIT FOR THE YEAR | | 1277.07 | 1422.57 |
| NON-CONTROLLING INTEREST - ₹ 55805 (Previous Year ₹ 57834) | | (0.01) | (0.01) |
| OTHER COMPREHENSIVE INCOME (OCI) | | | |
| Items that will not be reclassified to Profit or Loss | | | |
| Re-measurements of Defined benefit plans | | (20.30) | (26.75) |
| Income Tax relating to items that will not be reclassified to Profit or Loss | | 5.11 | 6.73 |
| Items that may be reclassified to Profit or Loss | | | |
| Exchange differences in translating the financial statements of foreign operations | | (4.00) | (0.10) |
| Fair value of cash flow hedges through other comprehensive income | | (13.05) | 13.98 |
| Fair value of debt instruments through other comprehensive income | | (9.01) | - |
| Income tax relating to items that may be reclassified to Profit or Loss | | 5.56 | (3.52) |
| TOTAL OTHER COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR, NET OF TAX | | (35.69) | (9.66) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 1241.37 | 1412.90 |
| EARNINGS PER EQUITY SHARE | | | |
| | 25 (b) | | |
| Basic | | 3011.14 | 3354.20 |
| Diluted | | 3011.14 | 3354.20 |

Significant Accounting Policies and key accounting estimates and Judgement

1

Accompanying Notes are an integral part of these Financial Statements.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

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

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

Shivratan Agarwal
Partner

Mem. No. 104180
Mumbai

Dated 07th June, 2021

B R Mahesh
Partner
Mem. No. 18628
Hyderabad

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR
Directors
Chennai

K M MAMMEN
Chairman & Managing Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SOCE) FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ Crores)

| EQUITY SHARE CAPITAL | | As at | |
|---|---------------|---------------|---------------|
| | | 31.03.2021 | 31.03.2020 |
| | <u>Number</u> | <u>Amount</u> | <u>Amount</u> |
| Authorised Share Capital | 9000000 | 9.00 | 9.00 |
| Issued Share Capital (Excludes 71 bonus shares not issued and not allotted on non-payment of call monies) | 4241143 | 4.24 | 4.24 |
| Subscribed Share Capital | 4241143 | 4.24 | 4.24 |
| Fully Paid-up Share Capital | 4241143 | 4.24 | 4.24 |
| Balance at the beginning of the reporting year | 4241143 | 4.24 | 4.24 |
| Changes in Equity Share Capital during the reporting year: | - | - | - |
| Balance at the end of the reporting year | 4241143 | 4.24 | 4.24 |

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

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

The Holding Company has declared two interim dividends aggregating to ₹ 2.54 Crores (Previous year - ₹ 2.54 Crores) which has already been distributed during the Financial Year 2020-21.

| Shares in the Company held by each shareholder holding more than five percent shares | As at 31.03.2021 | | As at 31.03.2020 | |
|--|------------------|--------|------------------|--------|
| | No. | % | No. | % |
| Comprehensive Investment and Finance Company Private Limited | 440719 | 10.39% | 440719 | 10.39% |
| MOWI Foundation | 507984 | 11.98% | 507984 | 11.98% |



MRF LIMITED, CHENNAI

(₹ Crores)

| OTHER EQUITY | Reserves and Surplus | | | | | | Other Comprehensive Income | | | | TOTAL |
|--|----------------------|-----------------|-----------------|----------------------------|------------------------------|-------------------|------------------------------|------------------------------|---|--------------------------------------|----------|
| | Securities Premium | Capital Reserve | General Reserve | Capital Redemption Reserve | Debenture Redemption Reserve | Retained Earnings | Cash Flow Hedges through OCI | Debt Instruments through OCI | Remeasurements of Defined Benefit Plans | Foreign Currency Translation Reserve | |
| Balance at the beginning of the comparative reporting year - 1st April 2019 | 9.42 | 0.05 | 10746.61 | 0.44 | 115.53 | - | (16.03) | - | (36.93) | 14.02 | 10833.11 |
| Transition impact of IND AS 116 (Net of Tax) (Note Ref 2(a 2)) | - | - | (20.58) | - | - | - | - | - | - | - | (20.58) |
| Profit for the Comparative Year ending 31st March 2020 | - | - | - | - | - | 1422.56 | - | - | - | - | 1422.56 |
| Other Comprehensive Income for the Comparative Year ending 31st March 2020 | - | - | - | - | - | - | 10.46 | - | (20.02) | (0.10) | (9.66) |
| Hedged Transaction resulting in recognition of Non Financial Asset | - | - | - | - | - | - | 16.92 | - | - | - | 16.92 |
| Total Comprehensive Income for the Comparative Year | - | - | (20.58) | - | - | 1422.56 | 27.38 | - | (20.02) | (0.10) | 1409.24 |
| Transactions with owners in their capacity as owners: | | | | | | | | | | | |
| Dividends & Dividend Distribution Tax; | | | | | | | | | | | |
| - Interim Dividends (₹ 6 per share) | - | - | - | - | - | (2.54) | - | - | - | - | (2.54) |
| - Final Dividend (₹ 54 per share) | - | - | - | - | - | (22.91) | - | - | - | - | (22.91) |
| - Dividend Distribution Tax | - | - | - | - | - | (5.23) | - | - | - | - | (5.23) |
| Add/(Less) Adjustments during the year | | | | | | (1.20) | - | - | - | - | (1.20) |
| Transfer to General Reserve | - | - | 1390.68 | - | - | (1390.68) | - | - | - | - | - |
| Transfer from / to Debenture Redemption Reserve | - | - | 115.53 | - | (115.53) | - | - | - | - | - | - |
| Balance at the beginning of the reporting year | 9.42 | 0.05 | 12232.24 | 0.44 | - | - | 11.35 | - | (56.95) | 13.92 | 12210.47 |
| Profit for the Current Reporting Year ending 31st March 2021 | - | - | - | - | - | 1277.06 | - | - | - | - | 1277.06 |
| Other Comprehensive Income for the Current Reporting year ending 31st March 2021 | - | - | - | - | - | - | (9.76) | (6.74) | (15.19) | (4.00) | (35.69) |
| Total Comprehensive Income attributable to the Owners of the Company for the Reporting Year | - | - | - | - | - | 1277.06 | (9.76) | (6.74) | (15.19) | (4.00) | 1241.37 |

(₹ Crores)

| OTHER EQUITY (Contd.) | Reserves and Surplus | | | | | | Other Comprehensive Income | | | | TOTAL |
|--|----------------------|-----------------|-----------------|----------------------------|------------------------------|-------------------|------------------------------|------------------------------|---|--------------------------------------|-----------------|
| | Securities Premium | Capital Reserve | General Reserve | Capital Redemption Reserve | Debenture Redemption Reserve | Retained Earnings | Cash Flow Hedges through OCI | Debt Instruments through OCI | Remeasurements of Defined Benefit Plans | Foreign Currency Translation Reserve | |
| Transactions with owners in their capacity as owners: | | | | | | | | | | | |
| Dividends & Dividend Distribution Tax; | | | | | | | | | | | |
| - Interim Dividends (₹ 6 per share) | - | - | - | - | - | (2.54) | - | - | - | - | (2.54) |
| - Final Dividend (₹ 94 per share) | - | - | - | - | - | (39.87) | - | - | - | - | (39.87) |
| Transfer to General Reserve | - | - | 1234.65 | - | - | (1234.65) | - | - | - | - | - |
| Balance at the end of the reporting year ending 31st March 2021 | 9.42 | 0.05 | 13466.89 | 0.44 | - | - | 1.59 | (6.74) | (72.14) | 9.92 | 13409.43 |

| Nature and Purpose of each component of equity | Nature and Purpose |
|--|---|
| Securities Premium | Amounts received in excess of par value on issue of shares is classified as Securities Premium. |
| Capital Reserve | Capital reserve was created on purchase of shares by the parent company. |
| General Reserve | General Reserve represents accumulated profits and is created by transfer of profits from Retained Earnings and it is not an item of Other Comprehensive Income and the same shall not be subsequently reclassified to Statement of Profit and Loss. |
| Capital Redemption Reserve | Capital Redemption Reserve represents statutory reserve created upon buyback of equity shares in the earlier years. |
| Debenture Redemption Reserve | In line with the amended Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014 with effect from 18th September 2019, Debenture Redemption Reserve is no longer required to be maintained and hence the same is transferred back to General Reserve as on 31st March, 2020. |
| Retained Earnings | Retained earnings are the Profits that the group has earned till date, less any transfer to General reserve and Dividend. |
| Cash Flow Hedges | Gains / Losses on Effective portion of cashflow hedges are initially recognized in Other Comprehensive Income as per IND AS 109. These gains or losses are reclassified to the Statement of Profit or Loss when the forecasted transaction affects earnings, except for hedge transactions resulting in recognition of non financial assets which are included in the carrying amount of the asset ("Basis Adjustments"). |
| Debt Instruments | The fair value change of the debt instruments measured at fair value through other comprehensive income is recognised in Debt instruments through Other Comprehensive Income. Upon derecognition, the cumulative fair value changes on the said instruments are reclassified to the Statement of Profit and Loss. |
| Remeasurements of Defined Benefit Plans | Gains / Losses arising on Remeasurements of Defined Benefit Plans are recognised in the Other Comprehensive Income as per IND AS-19 and shall not be reclassified to the Statement of Profit or Loss in the subsequent years. |
| Foreign Currency Translation Reserve | Exchange differences relating to the translation of the results and net assets of the groups foreign operations from their functional currencies to the Group's presentation currency, i.e, Indian Rupees. |

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

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

Shivratan Agarwal
Partner
Mem. No. 104180
Mumbai

Dated 07th June, 2021

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

B R Mahesh
Partner
Mem. No. 18628
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MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR
Directors
Chennai

K M MAMMEN
Chairman & Managing Director


MRF LIMITED, CHENNAI
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ Crores)

| | Year ended 31.03.2021 | Year ended 31.03.2020 |
|---|-----------------------|-----------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| NET PROFIT BEFORE TAX | 1736.84 | 1434.25 |
| Adjustment for : | | |
| Depreciation | 1140.77 | 982.32 |
| Unrealised Exchange (Gain) / Loss | 6.13 | (8.65) |
| Impairment of Financial Assets | 0.48 | 0.20 |
| Finance Cost | 274.67 | 292.82 |
| Government Grant Accrued | (1.63) | (0.02) |
| Interest Income | (127.33) | (21.92) |
| Dividend Income | - | (0.03) |
| Loss / (Gain) on Sale / Disposal of Property, Plant and Equipment | 4.91 | (0.54) |
| Fair Value changes in Investments | (29.11) | (237.74) |
| Fair Value changes in Financial Instruments | 14.26 | 57.09 |
| Loss / (Gain) on Sale of Investments | (1.01) | (13.28) |
| Bad Debts written off | 0.16 | 0.05 |
| OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES | 1282.30 | 1050.30 |
| | 3019.14 | 2484.55 |
| Trade receivables | 34.27 | 97.29 |
| Other receivables | 22.80 | (72.37) |
| Inventories | (33.63) | 88.02 |
| Trade Payable and Provisions | 1588.24 | 187.92 |
| Other liabilities | 210.53 | (72.37) |
| CASH GENERATED FROM OPERATIONS | 1822.21 | 228.49 |
| | 4841.35 | 2713.04 |
| Direct Taxes paid | (516.77) | (441.81) |
| NET CASH FROM OPERATING ACTIVITIES | 4324.58 | 2271.23 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Property, Plant and Equipment | (852.74) | (2752.36) |
| Proceeds from sale of Property, Plant and Equipment | 1.15 | 2.47 |
| Purchase of Investments | (6218.07) | (2065.74) |
| Proceeds from sale of Investments | 1884.49 | 4650.90 |
| Fixed Deposits with Banks matured | 2.76 | (5.71) |
| Loans (Financial assets) given | 8.75 | (12.86) |
| Interest Income | 87.44 | 19.58 |
| Dividend income | - | 0.03 |
| NET CASH USED IN INVESTING ACTIVITIES | (5086.22) | (163.69) |

MRF LIMITED, CHENNAI**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)**

(₹ Crores)

| | Year ended 31.03.2021 | Year ended 31.03.2020 |
|--|-----------------------|-----------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| (Repayments) / Proceeds from Working Capital Facilities (Net) | 184.44 | (313.02) |
| Proceeds from Term Loans | 300.00 | - |
| Proceeds from SIPCOT Loan | - | 80.92 |
| Repayments of Term Loans | (180.92) | (242.56) |
| Repayments of Debentures | (160.00) | (160.00) |
| Government Grant Accrued | 1.63 | 0.02 |
| Deferred payment Credit | (0.61) | (0.54) |
| Payment of Lease Liability | (97.77) | (85.58) |
| Interest paid | (254.04) | (280.91) |
| Dividend | (42.41) | (25.45) |
| Dividend Distribution Tax | - | (5.23) |
| NET CASH FROM FINANCING ACTIVITIES | (249.68) | (1032.35) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | (1011.32) | 1075.19 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 1178.52 | 101.95 |
| Unrealised Gain / (Loss) on Foreign currency Cash & Cash equivalents | (0.35) | 1.38 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 166.85 | 1178.52 |

Notes to Consolidated Cash Flow Statement:

1. The above Consolidated Cash Flow Statement has been prepared under the Indirect Method.
2. Reconciliation of Financing Liabilities (Refer Note 11)

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

| | | | | | |
|------------------------|-------------------------------|------------------------|-------------------|--------------|------------------------------|
| For SCA AND ASSOCIATES | For MAHESH, VIRENDER & SRIRAM | | | | |
| Chartered Accountants | Chartered Accountants | | | | |
| Firm Reg. No. 101174W | Firm Reg. No. 001939S | | | | |
| Shivratan Agarwal | B R Mahesh | | | JACOB KURIAN | |
| Partner | Partner | | | V SRIDHAR | K M MAMMEN |
| Mem. No. 104180 | Mem. No. 18628 | MADHU P NAINAN | S DHANVANTH KUMAR | Directors | Chairman & Managing Director |
| Mumbai | Hyderabad | Vice President Finance | Company Secretary | Chennai | |
| Dated 07th June, 2021 | | | | | |



NOTE 1 – BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES UNDER IND AS

A) General Information

The Consolidated Financial Statements comprise Financial Statements of MRF Limited (the Holding Company) and its Subsidiaries (collectively, the Group) for the year ended 31st March 2021.

The Group, except for MRF Corp Ltd., a subsidiary company, is engaged inter alia in the manufacture of Rubber Products such as Tyres, Tubes, Flaps, Tread Rubber and trading in rubber. MRF Corp Ltd., is engaged in the manufacture of specialty coatings.

B) Principles of Consolidation:

The Consolidated Financial Statements comprise of the Financial Statements of the Holding Company and the following Subsidiaries as on March 31st, 2021:

| Name | Country of incorporation | Proportion of ownership interest | Financial Statement as on | Accounting Period covered for consolidation |
|------------------------|--------------------------|----------------------------------|---------------------------|---|
| MRF Corp Ltd. | India | 100% | March 31, 2021 | 1st April, 2020 – 31st March, 2021 |
| MRF International Ltd. | India | 94.66% | March 31, 2021 | 1st April, 2020 – 31st March, 2021 |
| MRF Lanka Pvt. Ltd. | Sri Lanka | 100% | March 31, 2021 | 1st April, 2020 – 31st March, 2021 |
| MRF SG PTE LTD. | Singapore | 100% | March 31, 2021 | 1st April, 2020 – 31st March, 2021 |

The Consolidated Financial Statements comprise the Financial Statements of the Holding Company and its Subsidiaries as at 31st March 2021. Control is achieved when the Holding Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Holding Company controls an investee if and only if the Holding Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Holding Company has less than a majority of the voting or similar rights of an investee, the Holding Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Holding Company's voting rights and potential voting rights
- The size of the Holding Company's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Holding Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a Subsidiary begins when the Holding Company obtains control over the Subsidiary and ceases when the Holding Company loses control of the Subsidiary. Assets, liabilities, income and expenses of a Subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Holding Company gains control until the date the Holding Company ceases to control the Subsidiary.

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate

adjustments, if material, are made to that group's Financial Statements in preparing the Consolidated Financial Statements to ensure conformity with the group's accounting policies.

The Financial Statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Holding Company, i.e., year ended on 31 March.

Consolidation procedure:

- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company with those of its Subsidiaries.
- b) Offset (eliminate) the carrying amount of the Holding Company's investment in each Subsidiary and the Holding Company's portion of equity of each Subsidiary.
- c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and Property, Plant and Equipment, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Consolidated Financial Statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Holding Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the Financial Statements of Subsidiaries to bring their accounting policies in line with the Holding Company's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Holding Company loses control over a Subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the Subsidiary

- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the Holding Company's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Holding Company had directly disposed of the related assets or liabilities

C) Basis of preparation of Financial Statements

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to all the years presented.

i. Statement of Compliance

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

ii. Basis of preparation and presentation

The Consolidated Financial Statements have been prepared on historical cost basis considering the applicable provisions of Companies Act, 2013, except for the following items that have been measured at fair value as required by relevant IND AS. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

- a) Certain financial assets/liabilities measured at fair value ((Refer Note 1 (D 20)) and
- b) Any other item as specifically stated in the accounting policy.



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

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

The Consolidated Financial Statements of the Group for the year ended 31st March, 2021 were authorised for issue in accordance with a resolution of the directors on 07th June, 2021.

iii. Major Sources of Estimation Uncertainty

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

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

Property, Plant and Equipment:

Useful life of Property, Plant and Equipment and Intangible Assets are as specified in Schedule II to the Companies Act, 2013 and on certain assets based on technical advice which considered the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of

the asset, anticipated technological changes, manufacturers warranties and maintenance support. The Group reviews the useful life of Property, Plant and Equipment at the end of each reporting period. This reassessment may result in change in depreciation charge in future periods. (Refer Note 1 (D 1))

Impairment of Non-financial Assets:

For calculating the recoverable amount of non-financial assets, the Group is required to estimate the value-in-use of the asset or the Cash Generating Unit and the fair value less costs to disposal. For calculating value in use the Group is required to estimate the cash flows to be generated from using the asset. The fair value of an asset is estimated using a valuation technique where observable prices are not available. Further, the discount rate used in value in use calculations includes an estimate of risk assessment specific to the asset. (Refer Note 1 (D 4))

Impairment of Financial Assets:

The Group impairs financial assets other than those measured at fair value through profit or loss or designated at fair value through other comprehensive income on expected credit losses. The estimation of expected credit loss includes the estimation of probability of default (PD), loss given default (LGD) and the exposure at default (EAD). Estimation of probability of default apart from involving trend analysis of past delinquency rates include an estimation on forward-looking information relating to not only the counterparty but also relating to the industry and the economy as a whole. The probability of default is estimated for the entire life of the contract by estimating the cash flows that are likely to be received in default scenario. The lifetime PD is reduced to 12 months PD based on an assessment of past history of default cases in 12 months. Further, the loss given default is calculated based on an estimate of the value of the security recoverable as on the reporting date. The exposure at default is the amount outstanding at the balance sheet date. (Refer Note 1 (D 21(a)))

Defined Benefit Plans:

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

Fair Value Measurement of Financial Instruments:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. (Refer Note 1 (D 20))

Income Taxes

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

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred

income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the group will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. (Refer Note 1 (D 6))

Allowance for credit losses on receivables:

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



D) Summary of Significant Accounting Policies:

1) Property, Plant and Equipment (PPE)

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

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses except for freehold land which is not depreciated. Cost includes purchase price after deducting trade discount / rebate, import duties, non-refundable taxes, cost of replacing the component parts, borrowing costs (Refer Note D15) and other costs that are directly attributable and necessary to bring the asset to its working condition in the manner intended by the management, and the initial estimates of the cost of dismantling/removing the item and restoring the site on which it is located.

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

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

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

| Description of the Asset | Estimated Useful life (On Single shift working) |
|--|--|
| Tangible (Owned Assets) : | |
| Building – Factory | 30 Years |
| – Other than factory buildings | 60 Years |
| Plant and Equipment | 5-21 Years |
| Moulds | 6 Years |
| Furniture and Fixtures | 5 Years |
| Computer Servers | 5 Years |
| Computers | 3 Years |
| Office Equipment | 5 Years |
| Other Assets, viz., Electrical Fittings, Fire Fighting/Other Equipments and Canteen Utensils | 10 Years |
| Renewable Energy Saving Device – Windmills | 22 Years |
| Vehicles | 5 Years |
| Aircraft | 10 and 20 Years |
| Right of Use Assets (Leased Assets) : | |
| - Buildings-Other than factory buildings | 1-21 Years |
| - Vehicles | 2 Years |
| - Land – Leasehold | Primary period of lease |
| Intangible (Owned Assets): | |
| Software | 5 Years |

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

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

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

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

In respect of Property, Plant & Equipment of MRF Lanka Pvt. Ltd. and MRF SG PTE Ltd. depreciation is provided on straight line method based on management estimate of useful life of assets based on internal technical evaluation, except for certain Property, Plant and Equipment namely Building, Plant and Machinery, Moulds and Equipments of MRF Lanka Pvt Ltd, which are depreciated on Written Down Value method. The proportion of depreciation of the Subsidiaries to the total depreciation of the group is not material.

2) **Intangible Assets:**

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

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

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

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

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

3) **Assets held for Sale:**

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

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

At the end of each reporting period, the Group reviews the carrying amounts of its PPE and other intangible assets to



determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The resulting impairment loss is recognised in the Consolidated statement of profit and loss.

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

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

5) Inventories:

Inventories consisting of stores and spares, raw materials, work in progress, stock in trade and finished goods are valued at lower of cost and net realisable value. However, materials held for use in production of inventories are not written down below cost, if the finished products are expected to be sold at or above cost. The cost is computed on FIFO basis except for stores and spares which are on daily moving Weighted Average Cost basis and is net of input tax credits under various tax laws.

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

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

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

Inventory obsolescence is based on assessment of the future uses. Obsolete and slow-moving items are subjected to continuous technical monitoring and are valued at lower of cost and estimated net realisable value. When Inventories are sold, the carrying amount of those items are recognized as expenses in the period in which the related revenue is recognized.

6) Leases:

The Group has applied Ind AS 116 using the modified retrospective approach.

The Group as a lessee

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

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-

term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

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

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

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

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

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

The Group as a lessor

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

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

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

7) Government Grants:

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

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

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

8) Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event and it is probable (i.e. more likely than not) that an outflow of



resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are determined based on management estimate of the amount required to settle the obligation at the balance sheet date. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a standalone asset only when the reimbursement is virtually certain.

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

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist when a contract under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received from it. Unavoidable cost are determined based on cost that are directly attributable to having and executing the contracts.

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

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

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

9) Foreign Currency Transactions:

The Financial Statements of Group are presented in INR, which is also the functional currency. In preparing the Financial Statements, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign

currencies are translated at the rates prevailing at that date. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.

On consolidation, the assets and liabilities of foreign operations are translated into INR at the exchange rate prevailing at the reporting date and their statement of profit and loss are translated at the exchange rate prevailing on the date of transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on the translation for consolidation are recognised in consolidated statement of OCI. On disposal of foreign operation, the relevant component of OCI is reclassified to consolidated statement of profit and loss.

10) Share Capital and Securities Premium:

Ordinary shares are classified as equity, incremental costs directly attributable to the issue of new shares are shown in equity as a deduction net of tax from the proceeds. Par value of the equity share is recorded as share capital and the amount received in excess of the par value is classified as securities premium.

11) Dividend Distribution to Equity Shareholders:

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

12) Cash Flows and Cash and Cash Equivalents

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

in value, and book overdrafts. However, Book overdrafts are to be shown within borrowings in current liabilities in the balance sheet for the purpose of presentation.

13) Revenue Recognition:

The Group derives revenues primarily from sale of goods comprising of Automobile Tyres, Tubes, Flaps, Tread Rubber, Speciality Coatings and trading in rubber.

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

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

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

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

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

The Holding Company provides warranties for general repairs and does not provide extended warranties or maintenance services in its contracts with customers and are assurance type warranties. Claims preferred during the year against such obligations are netted off from revenue, consistent with its current practice. Provision for warranties is made for probable future claims on sales effected and are estimated based on

previous claim experience and are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with its current practice.

Use of significant judgments in revenue recognition.

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

14) Other Income:

Dividend Income

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

Interest Income

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

15) Borrowing Costs

Borrowing cost includes interest, commitment charges, brokerage, underwriting costs, discounts/premiums, financing



charges, exchange difference to the extent they are regarded as interest costs and all ancillary / incidental costs incurred in connection with the arrangement of borrowing.

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

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

16) **Employee Benefits:**

a) **Short term Employee Benefits:**

All employee benefits payable wholly within twelve months of rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., are recognized during the period in which the employee renders related services and are measured at undiscounted amount expected to be paid when the liabilities are settled.

b) **Long Term Employee Benefits:**

The cost of providing long term employee benefit such as earned leave is measured as the present value of expected future payments to be made in respect of services provided by employees upto the end of the reporting period. The expected costs of the benefit is accrued over the period of employment using the same methodology as used for defined benefits post employment plans. Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to the

Consolidated statement of profit and loss in which they arise except those included in cost of assets as permitted. The benefit is valued annually by independent actuary.

c) **Post Employment Benefits:**

The Group provides the following post employment benefits:

- i) Defined benefit plans such as gratuity, trust managed Provident Fund and post-retirement medical benefit (PRMB); and
- ii) Defined contributions plans such as provident fund, pension fund and superannuation fund.

d) **Defined Benefits Plans:**

The cost of providing benefits on account of gratuity and post retirement medical benefits / obligations are determined using the projected unit credit method on the basis of actuarial valuation made at the end of each balance sheet date, which recognises each period of service as given rise to additional unit of employees benefit entitlement and measuring each unit separately to build up the final obligation. The yearly expenses on account of these benefits are provided in the books of accounts.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Consolidated statement of profit and loss except those included in cost of assets as permitted.

Re-measurements comprising of actuarial gains and losses arising from experience adjustments and change in actuarial assumptions, the effect of change in assets ceiling (if applicable) and the return on plan asset (excluding net interest as defined above) are recognized in other comprehensive income (OCI) except those included in cost of assets as permitted in the period in which they occur. Re-measurements are not reclassified to the Consolidated statement of profit and loss in subsequent periods.

Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) is recognized in the Consolidated statement of profit and loss except those included in cost of assets as permitted in the period in which they occur.

Eligible employees of the Group receive benefits from a provident fund trust which is a defined benefit plan. Both the eligible employee and the Group make monthly contributions to the provident fund plan equal to a specified percentage of the covered employees salary. The Group contributes a part of the contribution to the provident fund trusts. The trusts invests in specific designated instruments as permitted by Indian Law. The remaining portion is contributed to the Government Administered Pension Fund. The rate at which the annual interest is payable to the beneficiaries by the trusts is administered by the Government. The Group has obligation to make good the shortfall, if any, between the return from investments of the Trusts and the notified interest rate. However, as at the year end no shortfall remains unprovided for.

e) **Defined Contribution Plans**

Payments to defined contribution retirement benefit plans, viz., Provident Fund for certain eligible employees, Pension Fund and Superannuation benefits are recognized as an expense when employees have rendered the service entitling them to the contribution.

17) **Taxes on Income:**

Income tax expense represents the sum of tax currently payable and deferred tax. Tax is recognized in the Consolidated statement of profit and loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

a) **Current Tax:**

Current tax includes provision for Income Tax computed under normal provision of Income Tax Act. Tax on Income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws

and based on the expected outcome of assessments/appeals.

b) **Deferred Tax:**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unabsorbed losses and unabsorbed depreciation to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unabsorbed losses and unabsorbed depreciation can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The deferred tax assets (Net) and deferred tax liabilities (Net) are determined separately for the parent and each



subsidiary Group, as per their applicable laws and then aggregated.

18) Earnings per Share:

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the Holding Company by the weighted average number of equity shares outstanding during the period.

19) Current versus non-current classification:

The Group presents assets and liabilities in the Balance Sheet based on current/non-current classification.

a) An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

b) A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

c) Deferred tax assets and liabilities are classified as non-current assets and liabilities.

20) Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction

between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of asset and liability if market participants would take those into consideration. Fair value for measurement and / or disclosure purposes in these Financial Statements is determined on such basis except for Inventories, Leases and value in use of non-financial assets. Normally at initial recognition, the transaction price is the best evidence of fair value.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All financial assets and financial liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Financial assets and financial liabilities that are recognized at fair value on a recurring basis, the Group determines whether

transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

21) Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group recognizes a financial asset or financial liability in its balance sheet only when the entity becomes party to the contractual provisions of the instrument.

a) Financial Assets

A financial asset inter-alia includes any asset that is cash, equity instrument of another entity or contractual rights to receive cash or another financial asset or to exchange financial asset or financial liability under condition that are potentially favourable to the Group.

Financial assets other than investment in Subsidiaries

Financial assets of the Group comprise trade receivable, cash and cash equivalents, Bank balances, Investments in equity shares of companies other than in Subsidiaries, investment in units of Mutual Funds, loans/advances to employee / related parties / others, security deposit, claims recoverable etc.

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in Consolidated statement of profit and loss. Where transaction price is not the measure of fair value and fair value is determined using a valuation method that uses data from observable market, the difference between transaction price and fair value is recognized in Consolidated statement of profit and loss on the date of recognition if the fair value pertains to Level 1 or Level 2 of the fair value hierarchy and in other cases spread over life of the financial instrument using effective interest method.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in three categories:

- Financial assets measured at amortized cost
- Financial assets at fair value through OCI – Debt Instruments
- Financial assets at fair value through profit or loss

Financial assets measured at amortized cost

Financial assets are measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are amortized using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statement of profit and loss. The losses arising from impairment are recognized in the consolidated statement of profit and loss in finance costs.

Financial assets at fair value through OCI (FVTOCI)

Financial assets are mandatorily measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition, an irrevocable election is made (on an instrument-by-instrument basis) to designate investments in equity instruments other than held for trading purpose at FVTOCI. Fair value changes relating to financial assets measured at FVTOCI are recognized



in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the income statement. On derecognition of the financial asset other than equity instruments, cumulative gain or loss previously recognised in OCI is reclassified to Profit or Loss.

Financial assets at fair value through profit or loss (FVTPL)

Any financial asset that does not meet the criteria for classification as at amortized cost or as financial assets at fair value through other comprehensive income, is classified as financial assets at fair value through profit or loss. Further, financial assets at fair value through profit or loss also include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are fair valued at each reporting date with all the changes recognized in the Consolidated statement of profit and loss.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

Impairment of financial assets

The Group assesses impairment based on expected credit loss (ECL) model on the following:

- Financial assets that are measured at amortised cost.

- Financial assets (excluding equity instruments) measured at fair value through other comprehensive income (FVTOCI).

ECL is measured through a loss allowance on a following basis after considering the value of recoverable security:-

- The 12 month expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within 12 months after the reporting date)
- Full life time expected credit losses (expected credit losses that result from all possible default events over the life of financial instruments)

The Group follows 'simplified approach' for recognition of impairment on trade receivables or contract assets resulting from normal business transactions. The application of simplified approach does not require the Group to track changes in credit risk. However, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, from the date of initial recognition.

For recognition of impairment loss on other financial assets, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has increased significantly, lifetime ECL is provided. For assessing increase in credit risk and impairment loss, the Group assesses the credit risk characteristics on instrument-by-instrument basis.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

Impairment loss allowance (or reversal) recognized during the period is recognized as expense/income in the consolidated statement of profit and loss.

b) Financial Liabilities

The Group's financial liabilities includes borrowings, trade payable, accrued expenses and other payables.

Initial recognition and measurement

All financial liabilities at initial recognition are classified as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Any difference between the proceeds (net of transaction costs) and the fair value at initial recognition is recognised in the consolidated statement of profit and loss depending upon the level of fair value.

Subsequent measurement

The subsequent measurement of financial liabilities depends upon the classification as described below:-

Financial Liabilities classified as Amortised Cost:

Financial Liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate. Interest expense that is not capitalised as part of costs of assets is included as Finance costs in the consolidated statement of profit and loss.

Financial Liabilities at Fair value through profit and loss (FVTPL)

FVTPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities have not been designated upon initial recognition at FVTPL.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged / cancelled / expired. When an existing financial liability is replaced by another from the same lender on substantially different

terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

c) Derivatives

Derivative instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated. The resulting gain or loss is recognized in the consolidated statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument and is recognized in Other Comprehensive Income (OCI). Cash flow hedges shall be reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss. If hedge of a forecast transaction results in the recognition of a non-financial asset or a non-financial liability, then the gain or loss that are accumulated in the cash flow hedge reserve is recognised in the initial cost or other carrying amount of the asset or liability (this is also referred to as “Basis Adjustment”).

E) Recent accounting pronouncements

The Ministry of Corporate Affairs (MCA) notifies new standard for amendments to the existing standards. There is no such notifications which would have been applicable from 1st April 2021.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

NOTE 2 (a) : PROPERTY, PLANT AND EQUIPMENT

(₹ Crores)

| Property, plant and equipment | As at 31.03.2021 | As at 31.03.2020 |
|-------------------------------|------------------|------------------|
| Owned Assets | 9007.04 | 8410.33 |
| Leased Assets | 409.38 | 430.94 |
| Total | 9416.42 | 8841.27 |

NOTE 2 (b) : CAPITAL WORK-IN-PROGRESS

1002.23 1740.94

(₹ Crores)

NOTE 2 (a 1) : Owned Assets

| Particulars | Land Freehold | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Air Craft | Office equipment | Computers | Moulds | Other Assets | Total | NOTE 2 (c) INTANGIBLES | NOTE 2 (d) ASSETS CLASSIFIED AS HELD FOR SALE |
|---|---------------|-----------|---------------------|------------------------|----------|-----------|------------------|-----------|---------|--------------|----------|------------------------|---|
| | | | | | | | | | | | | Computer Software | Plant & Machinery |
| GROSS BLOCK | | | | | | | | | | | | | |
| Carrying Value as at 31 March 2019 | 528.31 | 1923.51 | 5737.94 | 21.16 | 42.82 | 82.99 | 33.63 | 35.82 | 501.45 | 356.91 | 9264.54 | 35.53 | 3.91 |
| Additions | 44.50 | 767.44 | 1592.34 | 6.22 | 9.46 | 0.99 | 5.71 | 10.74 | 142.04 | 65.02 | 2644.46 | 19.83 | - |
| Disposals | - | (0.11) | (16.11) | (1.55) | (2.25) | - | (3.27) | (0.56) | (6.00) | (8.94) | (38.79) | - | (3.91) |
| Carrying Value as at 31 March 2020 | 572.81 | 2690.84 | 7314.17 | 25.83 | 50.03 | 83.98 | 36.07 | 46.00 | 637.49 | 412.99 | 11870.21 | 55.36 | - |
| Additions | 6.77 | 368.07 | 1116.75 | 8.32 | 8.94 | - | 5.62 | 8.41 | 97.23 | 37.44 | 1657.55 | 5.96 | - |
| Disposals | (0.09) | (4.92) | (9.84) | (0.60) | (5.04) | - | (1.17) | (0.44) | (28.48) | (4.37) | (54.95) | - | - |
| Carrying Value as at 31 March 2021 | 579.49 | 3053.99 | 8421.08 | 33.55 | 53.93 | 83.98 | 40.52 | 53.97 | 706.24 | 446.06 | 13472.81 | 61.32 | - |
| DEPRECIATION BLOCK | | | | | | | | | | | | | |
| Accumulated depreciation/ Amortisation as at 31 March 2019 | - | 194.11 | 1985.96 | 12.08 | 17.42 | 4.40 | 17.66 | 16.25 | 210.95 | 131.18 | 2590.01 | 19.30 | 3.71 |
| Depreciation / Amortisation for the year | - | 73.22 | 657.99 | 3.71 | 7.80 | 5.91 | 6.34 | 9.44 | 90.33 | 52.13 | 906.87 | 7.57 | - |
| Disposals | - | - | (15.71) | (1.47) | (2.12) | - | (3.26) | (0.55) | (5.59) | (8.30) | (37.00) | - | (3.71) |
| Accumulated depreciation / Amortisation as at 31 March 2020 | - | 267.33 | 2628.24 | 14.32 | 23.10 | 10.31 | 20.74 | 25.14 | 295.69 | 175.01 | 3459.88 | 26.87 | - |
| Depreciation / Amortisation for the year | - | 93.93 | 774.41 | 4.62 | 7.24 | 5.92 | 6.17 | 10.49 | 98.69 | 53.31 | 1054.78 | 10.12 | - |
| Disposals | - | (1.32) | (8.47) | (0.47) | (4.44) | - | (1.16) | (0.44) | (28.46) | (4.13) | (48.89) | - | - |
| Accumulated depreciation / Amortisation as at 31 March 2021 | - | 359.94 | 3394.18 | 18.47 | 25.90 | 16.23 | 25.75 | 35.19 | 365.92 | 224.19 | 4465.77 | 36.99 | - |
| NET BLOCK | | | | | | | | | | | | | |
| As at 31 March 2020 | 572.81 | 2423.51 | 4685.93 | 11.51 | 26.93 | 73.67 | 15.33 | 20.86 | 341.80 | 237.98 | 8410.33 | 28.49 | - |
| As at 31 March 2021 | 579.49 | 2694.05 | 5026.90 | 15.08 | 28.03 | 67.75 | 14.77 | 18.78 | 340.32 | 221.87 | 9007.04 | 24.33 | - |

Note:

- Freehold land includes agricultural land - ₹ 0.12 Crores (31st March, 2020 - ₹ 0.12 Crores).
- Other assets represents Electrical Fittings, Fire Fighting/Other Equipments and Canteen Utensils.
- The amount of Borrowing Cost capitalised during the year ended 31st March, 2021 - ₹ 2.11 Crores (31st March, 2020 - ₹ 11.84 Crores.)
- Capital expenditure on Research and Development (including Building) during the year - ₹ 31.88 Crores (31st March, 2020 - ₹ 34.65 Crores)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

NOTE 2 (a 2): Leased Assets

(₹ Crores)

| Particulars | Land | Buildings | Vehicles | Total |
|--|--------------|---------------|--------------|---------------|
| GROSS BLOCK | | | | |
| Carrying Value as at 31 March 2019 | 97.58 | - | - | 97.58 |
| Additions on account of transition to IND AS116 | - | 269.33 | 14.75 | 284.08 |
| Additions | 0.15 | 137.74 | - | 137.89 |
| Disposals | (0.15) | (18.25) | - | (18.40) |
| Carrying Value as at 31 March 2020 | 97.58 | 388.82 | 14.75 | 501.15 |
| Additions | 0.26 | 71.41 | 10.18 | 81.85 |
| Disposals | - | (38.57) | - | (38.57) |
| Carrying Value as at 31 March 2021 | 97.84 | 421.66 | 24.93 | 544.43 |
| Depreciation Block | | | | |
| Accumulated depreciation / Amortisation as at 31 March 2019 | 2.34 | - | - | 2.34 |
| Depreciation / Amortisation for the year | 1.06 | 56.98 | 9.83 | 67.87 |
| Disposals | - | - | - | - |
| Accumulated depreciation / Amortisation as at 31 March 2020 | 3.40 | 56.98 | 9.83 | 70.21 |
| Depreciation / Amortisation for the year | 1.06 | 64.98 | 9.83 | 75.87 |
| Disposals | - | (11.03) | - | (11.03) |
| Accumulated depreciation / Amortisation as at 31 March 2021 | 4.46 | 110.93 | 19.66 | 135.05 |
| Net Block | | | | |
| As at 31 March 2020 | 94.18 | 331.84 | 4.92 | 430.94 |
| As at 31 March 2021 | 93.38 | 310.73 | 5.27 | 409.38 |

Note:

- The Group has adopted Ind AS 116 effective from 1st April, 2019.
- The Group has incurred ₹ 12.65 crores (Previous year - ₹ 19.62 crores) for the year ended 31st March, 2021 towards expenses relating to short-term leases and leases of low-value assets (Refer Note 23). The total cash outflow for leases is ₹ 110.42 crores (Previous year - ₹ 105.20 crores) for the year ended 31st March, 2021, including cash outflow of short-term leases and leases of low-value assets. Interest on lease liabilities is ₹ 37.27 crores (Previous year - ₹ 32.97 crores) for the year ended 31st March, 2021 (Refer Note 22).
- The Group's leases mainly comprise of land, buildings and Vehicles. The Group mainly leases land and buildings for its manufacturing, warehouse facilities and sales offices. The Company also has leased vehicles for its Goods Transportation.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

NOTE 3: INVESTMENTS

| Particulars | (₹ Crores) | |
|---|---------------------|---------------------|
| | As at 31.03.2021 | As at 31.03.2020 |
| Non-Current Investments | | |
| Fully Paid-up | | |
| Quoted | | |
| Equity Shares (at fair value through Profit or Loss) | 9.51 | 4.82 |
| In Debt Instruments - Bonds (at fair value through OCI) | 1120.19 | - |
| Unquoted | | |
| In Mutual Fund Units: (at fair value through Profit or Loss) | | |
| Income Plan: Growth Option | - | 0.69 |
| Others: (at fair value through Profit or Loss) * | 0.07 | 0.07 |
| * Note: The Holding Company had invested in Co-operative Societies and in certain other companies towards the corpus. These are non participative shares and normally no dividend is accrued. The Holding Company has carried these investments at its transaction value considering it to be its fair value. | | |
| Total | 1129.77 | 5.58 |
| Aggregate Market Value of Quoted Investments | 1129.70 | 4.82 |
| Aggregate Amount of Unquoted Investments | 0.07 | 0.76 |

Current Investments

Fully paid up -Unquoted

| | | |
|---|----------------|----------------|
| In Mutual Fund Units (at fair value through Profit or Loss) | | |
| Income Plan: Growth Option | 4744.25 | 1513.75 |
| Aggregate Amount of Unquoted Investments | 4744.25 | 1513.75 |

NOTE 4 : LOANS (Unsecured, considered good)

| | (₹ Crores) | | | |
|--------------------|---------------------|---------------------|---------------------|---------------------|
| | Non-Current | | Current | |
| | As at 31.03.2021 | As at 31.03.2020 | As at 31.03.2021 | As at 31.03.2020 |
| Loans to employees | 2.70 | 12.25 | 6.77 | 2.89 |
| Total | 2.70 | 12.25 | 6.77 | 2.89 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

NOTE 5 : OTHER FINANCIAL ASSETS

(₹ Crores)

| | Non-Current | | Current | |
|--|---------------------|---------------------|---------------------|---------------------|
| | As at 31.03.2021 | As at 31.03.2020 | As at 31.03.2021 | As at 31.03.2020 |
| Carried at Amortised cost : | | | | |
| Bank deposits with more than 12 months maturity | 75.39 | 78.15 | - | - |
| Export Benefits receivables | - | - | 14.74 | 7.93 |
| Interest Accrued on Loans, Deposits etc | 0.06 | 0.41 | 40.77 | 2.89 |
| Salary and wage advance | - | - | 5.64 | 0.89 |
| Carried at Fair value through Profit & Loss : | | | | |
| Security Deposits | 2.84 | 2.63 | - | - |
| Derivative Financial Assets (Net) | - | - | - | 40.87 |
| Deposits | 16.19 | 15.48 | - | - |
| Total | 94.48 | 96.67 | 61.15 | 52.58 |

NOTE 6 : OTHER ASSETS

(₹ Crores)

| | Non-Current | | Current | |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | As at 31.03.2021 | As at 31.03.2020 | As at 31.03.2021 | As at 31.03.2020 |
| Capital Advances | 235.38 | 274.34 | - | 8.50 |
| Advances other than capital advances: | | | | |
| Security Deposits | 53.95 | 56.23 | - | - |
| Advances to Employees | - | - | 24.23 | 16.77 |
| Sub-Total | 289.33 | 330.57 | 24.23 | 25.27 |
| Others | | | | |
| Balance with statutory authorities | - | - | 6.20 | - |
| Advances recoverable in cash or kind | 3.20 | 3.31 | 124.08 | 134.15 |
| Prepaid Expenses | - | - | 38.04 | 36.68 |
| Sub-Total | 3.20 | 3.31 | 168.32 | 170.83 |
| Total | 292.53 | 333.88 | 192.55 | 196.10 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

NOTE 7 : INVENTORIES

| | (₹ Crores) | |
|--------------------------|---------------------|---------------------|
| | As at 31.03.2021 | As at 31.03.2020 |
| Raw Materials | 1327.92 | 887.91 |
| Raw Materials in transit | 93.34 | 138.62 |
| Work-in-progress | 326.36 | 233.50 |
| Finished goods | 818.59 | 1266.42 |
| Stock-in-trade | 40.76 | 40.04 |
| Stores and spares | 331.84 | 338.69 |
| Total | 2938.81 | 2905.18 |

NOTE 8 : TRADE RECEIVABLES

| | (₹ Crores) | |
|---|---------------------|---------------------|
| | As at 31.03.2021 | As at 31.03.2020 |
| Trade receivables | | |
| Secured considered good | 1500.82 | 1335.16 |
| Unsecured considered good | 753.44 | 964.24 |
| Trade Receivables - credit impaired | 3.24 | 2.76 |
| Less: Expected Credit Loss Provision (Refer Note 24 (B) ii) | (3.24) | (2.76) |
| Total | 2254.26 | 2299.40 |

Note: The Group has used a practical expedient for computing expected credit loss allowance for trade receivables taking into account historical credit loss experience and accordingly provisions are made for expected credit loss for amounts due from customers where necessary.

NOTE 9 : CASH AND CASH EQUIVALENTS (as per Cash Flow Statement)

| | (₹ Crores) | |
|---|---------------------|---------------------|
| | As at 31.03.2021 | As at 31.03.2020 |
| Balances with Banks | | |
| - In Current accounts | 104.05 | 88.49 |
| - In Term deposits with original maturity of less than 3 months | 36.93 | 1088.97 |
| Cheques, drafts on hand; and | 25.07 | 0.22 |
| Cash on hand | 0.80 | 0.84 |
| Total | 166.85 | 1178.52 |

NOTE 10 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| | (₹ Crores) | |
|----------------------------|---------------------|---------------------|
| | As at 31.03.2021 | As at 31.03.2020 |
| Others: | | |
| Unclaimed Dividend Account | 2.54 | 2.62 |
| Total | 2.54 | 2.62 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

NOTE 11 : BORROWINGS

| | (₹ Crores) | |
|--|---------------------|---------------------|
| | As at 31.03.2021 | As at 31.03.2020 |
| NON-CURRENT | | |
| <u>Secured</u> | | |
| Debentures: | | |
| 10.09% Secured Redeemable Non Convertible Debentures of ₹ 1000000/- each | - | 180.00 |
| Softloan from SIPCOT (At amortized cost) | 63.13 | 61.50 |
| <u>Unsecured</u> | | |
| Term loans from Banks; | | |
| - External Commercial Borrowings (ECB) | 294.76 | 382.97 |
| - Rupee Term Loan | 450.00 | 150.00 |
| <u>Others</u> | | |
| Deferred payment liabilities | 3.87 | 4.56 |
| Sub Total | 811.76 | 779.03 |
| CURRENT | | |
| <u>Secured</u> | | |
| Loans repayable on demand | | |
| - from banks | 40.02 | 240.58 |
| Interest accrued on above | 0.80 | 1.41 |
| <u>Unsecured</u> | | |
| - from banks | 871.83 | 486.83 |
| Interest accrued on above | 2.76 | 2.21 |
| (The interest rate on the above said loans range from 0.665% to 2.98% p.a (Previous Year - 2.14% to 3.17% p.a)). | | |
| Sub Total | 915.41 | 731.03 |
| Total | 1727.17 | 1510.06 |

Note: Security and terms of repayment in respect of above borrowings are detailed in Note 25 g.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

Reconciliation of Financing Liabilities :

| | As at 31.03.2021 | As at 31.03.2020 |
|--|---------------------|---------------------|
| Opening balance | | |
| - Long Term Borrowings | 779.03 | 1054.73 |
| - Current maturities of Long Term borrowings | 344.08 | 403.92 |
| Total - A | 1123.11 | 1458.65 |
| a) Cash flow movements | | |
| - Proceeds from borrowings | 300.00 | 80.92 |
| - Repayment of borrowings | (341.53) | (403.11) |
| b) Non-cash movements | | |
| - Effect of amortization of loan origination costs | 1.63 | - |
| - Deferred Income | - | (19.42) |
| - Foreign exchange translation | (4.34) | 6.07 |
| Total - B | (44.24) | (335.54) |
| Closing Balance (A+B) | 1078.87 | 1123.11 |
| Closing Balance Break Up | | |
| - Long Term Borrowings | 811.76 | 779.03 |
| - Current maturities of Long term borrowings | 267.11 | 344.08 |

NOTE 12 : PROVISIONS

| | Non-Current | | Current | |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|
| | As at 31.03.2021 | As at 31.03.2020 | As at 31.03.2021 | As at 31.03.2020 |
| Provision for employee benefits | 51.98 | 45.89 | 50.48 | 53.58 |
| Others: | | | | |
| Warranty and others | 159.57 | 143.83 | 149.25 | 99.95 |
| Total | 211.55 | 189.72 | 199.73 | 153.53 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

NOTE 13 : DEFERRED TAX LIABILITIES (NET)

| | (₹ Crores) | |
|---|---------------------|---------------------|
| | As at 31.03.2021 | As at 31.03.2020 |
| Deferred Tax Liabilities: | | |
| - Arising on account of difference in carrying amount and tax base of PPE and Intangibles | 446.89 | 439.48 |
| - Unrealised (gain)/loss on FVTPL debt Mutual Funds | 9.63 | 55.93 |
| - Unrealised gain/(loss) on FVTOCI Debt Instruments | (2.27) | - |
| - Other adjustments | 7.26 | 1.72 |
| Total | 461.51 | 497.13 |
| Deferred Tax Asset: | | |
| - Accrued Expenses allowable on Actual Payments | (26.93) | (26.08) |
| - On remeasurements of defined benefit plans | (33.21) | (27.95) |
| - On revaluation of designated cash flow hedges | (6.85) | (3.56) |
| - On Right of Use Asset | (14.28) | (10.68) |
| Total | (81.27) | (68.27) |
| Total | 380.24 | 428.86 |

NOTE 14 : OTHER LIABILITIES

| | (₹ Crores) | | | |
|---------------------------|---------------------|---------------------|---------------------|---------------------|
| | Non-Current | | Current | |
| | As at 31.03.2021 | As at 31.03.2020 | As at 31.03.2021 | As at 31.03.2020 |
| Contract Liabilities | - | - | 33.04 | 85.88 |
| Others: | | | | |
| Dealers' Security Deposit | - | - | 1615.54 | 1452.42 |
| Retention Money | 9.85 | 92.99 | 90.02 | 30.95 |
| Statutory Dues | - | - | 278.86 | 83.37 |
| Liabilities for expenses | - | - | 0.49 | 0.17 |
| Deferred Income | 171.19 | 154.15 | 11.98 | 8.89 |
| Others | 3.18 | 3.03 | 15.10 | 65.46 |
| Total | 184.22 | 250.17 | 2045.03 | 1727.14 |

During the year ended 31st March, 2021, the Group recognised revenue of ₹ 76.95 Crores as revenue from contracts with customers, the corresponding value for Previous year - ₹ 31.02 Crores.

Movement of contract liabilities is as under:

| | (₹ Crores) | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| As at beginning of the year | 85.88 | 39.34 |
| Recognised as revenue from contracts with customers | (76.95) | (31.02) |
| Advance from customers received during the year | 24.11 | 77.56 |
| Balance at the close of the year | 33.04 | 85.88 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2021

NOTE 15 : TRADE PAYABLES

(₹ Crores)

| | As at 31.03.2021 | As at 31.03.2020 |
|--|---------------------|---------------------|
| Outstanding dues of Micro and Small Enterprises | 54.21 | 17.02 |
| Outstanding dues of Creditors other than Micro and Small Enterprises | 3387.23 | 1888.32 |
| Total | 3441.44 | 1905.34 |
| Of the above; | | |
| - Acceptances | 1598.81 | 438.81 |

NOTE 16 : OTHER FINANCIAL LIABILITIES

(₹ Crores)

| | Non-Current | | Current | |
|--|---------------------|---------------------|---------------------|---------------------|
| | As at 31.03.2021 | As at 31.03.2020 | As at 31.03.2021 | As at 31.03.2020 |
| Carried at Amortised Cost: | | | | |
| Current maturities of long-term debt | - | - | 267.11 | 344.08 |
| Interest accrued on above | - | - | 26.34 | 42.92 |
| Unclaimed dividends | - | - | 2.54 | 2.62 |
| Employee benefits | - | - | 107.97 | 111.96 |
| Liabilities for expenses | - | - | 165.35 | 164.29 |
| Lease Liability | 312.63 | 327.48 | 54.99 | 54.73 |
| Others | - | - | 12.51 | 11.79 |
| Carried at Fair Value: | | | | |
| Derivative Financial Liabilities (Net) | - | - | 25.47 | - |
| Total | 312.63 | 327.48 | 662.28 | 732.39 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE 17 : REVENUE FROM OPERATIONS

| | (₹ Crores) | |
|--|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| Revenue from Contracts with Customers: | | |
| Sale of Goods (Refer note 25 e) | 16059.93 | 16135.33 |
| Sale of Services | 16.74 | 26.82 |
| Other Operating Revenues: | | |
| Scrap Sales | 86.52 | 77.21 |
| Total | 16163.19 | 16239.36 |

The management determines that the segment information reported is sufficient to meet the disclosure objective with respect to disaggregation of revenue under IND AS 115 "Revenue from contracts with customers". Hence no separate disclosure of disaggregate revenues are reported.(refer note 25 e)

Reconciliation of revenue recognised with the contracted price is as follows:

| | (₹ Crores) | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| Gross Sales (Contracted Price) | 16738.96 | 16806.67 |
| Reductions towards variable consideration (Product, Turnover and Prompt payment discount) | (384.27) | (340.25) |
| Claims preferred against obligation(Note 1(D-13)) | (191.50) | (227.06) |
| Revenue recognised | 16163.19 | 16239.36 |

NOTE 18 : OTHER INCOME

| | (₹ Crores) | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| Interest Income | 127.33 | 21.92 |
| Dividend Income from Non Current Investment | - | 0.03 |
| Government Grant : | | |
| - Export Incentives | 21.43 | 44.09 |
| - Subsidy from State Government | - | 1.80 |
| - Others | 14.38 | 5.23 |
| Net gain on sale of Investments classified as FVTPL | 1.01 | 13.28 |
| Net gains on fair value changes on financial assets classified as FVTPL | 29.11 | 237.74 |
| Profit on Sale of Fixed Asset | - | 0.54 |
| Miscellaneous Income | 16.68 | 10.75 |
| Total | 209.94 | 335.38 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE 19 : COST OF MATERIALS CONSUMED

| | (₹ Crores) | |
|--------------------------------|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| Opening Stock of Raw Materials | 1026.53 | 1113.99 |
| Purchases during the year | 9346.83 | 9489.58 |
| Closing Stock of Raw Materials | (1421.26) | (1026.53) |
| Total | 8952.10 | 9577.04 |

NOTE 20 : CHANGES IN INVENTORIES OF FINISHED GOODS STOCK-IN-TRADE AND WORK-IN-PROGRESS

| | (₹ Crores) | |
|----------------------|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| Closing Stock: | | |
| Finished Goods | 818.59 | 1266.42 |
| Stock-in-Trade | 40.76 | 40.04 |
| Work-in-Progress | 326.36 | 233.50 |
| | <u>1185.71</u> | <u>1539.96</u> |
| Less: Opening Stock: | | |
| Finished Goods | 1266.42 | 1240.65 |
| Stock-in-Trade | 40.04 | 44.67 |
| Work-in-Progress | 233.50 | 272.04 |
| | <u>1539.96</u> | <u>1557.36</u> |
| Total | 354.25 | 17.40 |

NOTE 21 : EMPLOYEE BENEFITS EXPENSE

| | (₹ Crores) | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| Salaries and Wages | 1175.96 | 1121.51 |
| Contribution to provident and other funds | 107.27 | 103.15 |
| Staff welfare expenses | 131.80 | 120.27 |
| Total | 1415.03 | 1344.93 |

NOTE 22 : FINANCE COSTS

| | (₹ Crores) | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| Interest on Loans and Deposits | 211.26 | 219.61 |
| Interest on Debentures | 20.64 | 36.78 |
| Interest on Deferred Payment Credit | 0.57 | 0.64 |
| Interest on Lease liabilities | 37.27 | 32.97 |
| Other Borrowing Costs | | |
| Unwinding of discount relating to Long Term Liabilities | 4.14 | 2.53 |
| Other Charges | 0.79 | 0.29 |
| Total | 274.67 | 292.82 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE 23 : OTHER EXPENSES

| | (₹ Crores) | |
|--|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| Stores and Spares Consumed | 265.97 | 373.28 |
| Power and Fuel | 655.20 | 721.56 |
| Processing Expenses | 241.62 | 230.09 |
| Rent | 12.65 | 19.62 |
| Rates and Taxes | 11.28 | 12.55 |
| Insurance | 55.47 | 52.12 |
| Printing and Stationery | 10.01 | 9.74 |
| Repairs and Renewals: | | |
| Buildings | 21.30 | 22.85 |
| Plant and Machinery | 123.98 | 134.72 |
| Other Assets | 70.80 | 77.50 |
| Travelling and Conveyance | 17.49 | 49.76 |
| Communication Expenses | 5.50 | 6.34 |
| Vehicle Expenses | 10.05 | 12.49 |
| Auditors' Remuneration: | | |
| As Auditors: | | |
| Audit fee | 0.84 | 0.77 |
| Tax Audit fee | 0.16 | 0.12 |
| Other Services | 0.06 | 0.07 |
| Reimbursement of Expenses | 0.04 | 0.01 |
| | 1.10 | 0.97 |
| Cost Auditors Remuneration: | | |
| Audit fee | 0.09 | 0.08 |
| Directors' Fees | 0.23 | 0.20 |
| Directors' Travelling Expenses | 4.01 | 6.69 |
| Advertisement | 118.81 | 318.27 |
| Warranty | 63.04 | 11.91 |
| Sales tax absorbed by the company | 0.70 | 1.98 |
| Bad debts written off (Net) | 0.16 | 0.05 |
| Commission | 19.50 | 19.75 |
| Freight and Forwarding (Net) | 536.65 | 543.73 |
| Loss on Sale of Fixed Asset | 4.91 | - |
| Net Loss on Foreign Currency Transactions | 55.29 | 24.31 |
| Bank Charges | 6.97 | 8.01 |
| Provision for impairment of Financial Assets | 0.48 | 0.20 |
| Corporate Social Responsibility Expenditure | 90.23 | 66.62 |
| Miscellaneous Expenses | 79.83 | 178.00 |
| | 2483.32 | 2903.39 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE 24 :

A. Capital Management

For the purpose of Group's Capital Management, capital includes Issued Equity Capital, Securities Premium, and all other Equity Reserves attributable to the Equity Holders of the Group. The primary objective of the Group's Capital Management is to maximise the Shareholder Value.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions and requirements of the financial covenants and to continue as a going concern. The Group monitors using a gearing ratio which is net debts divided by total capital plus net debt. The group includes within net debt, interest bearing loans and borrowings, less cash and short term deposit. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain an optimal capital structure, the group allocates its capital for distribution as dividend or reinvestment into business based on its long term financial plans.

B. Financial Risk Management

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the operations of the Group. The principal financial assets include trade and other receivables, investments in mutual funds and cash and short term deposits.

The Group has assessed market risk, credit risk and liquidity risk to its financial instruments.

i) Market Risk

Is the risk of loss of future earnings, fair values or cash flows that may result from a change in the price of a financial instrument, as a result of interest rates, foreign exchange rates and other price risks. Financial instruments affected by market risks, primarily include loans & borrowings, investments and foreign currency receivables, payables and borrowings.

a) Interest Rate Risk:

The Group borrows funds in Indian Rupees and Foreign currency, to meet both the long term and short term funding requirements. The Interest rate risk in terms of Foreign currency is managed through financial instruments available to convert floating rate liability into fixed rate liability. The Group due to its AAA rated status commands one of the cheapest source of funding. Interest rate is fixed for the tenor of the Long term loans availed by the Group. Interest on Short term borrowings is subject to floating interest rate and are repriced regularly. The sensitivity analysis detailed below have been determined based on the exposure to variable interest rates on the average outstanding amounts due to bankers over a year.

If the interest rates had been 1% higher / lower and all other variables held constant, the Group's profit for the year ended 31st March, 2021 would have been decreased/increased by ₹ 11.66 Crores (Previous year - ₹ 9.60 Crores).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

b) Currency Risk:

Foreign currency risks from financial instruments at the end of the reporting period expressed in INR :

Unhedged Short Term Exposures:

(₹ Crores)

| | 31.03.2021 | 31.03.2020 |
|-----------------------|------------|------------|
| Financial Assets | 174.23 | 221.64 |
| Financial Liabilities | 223.89 | 141.07 |

The Group is mainly exposed to changes in US Dollar. The sensitivity to a 2% (Previous year - 5%) increase or decrease in US Dollar against INR with all other variables held constant will be +/- ₹ 1.34 Crores (Previous year - ₹ 1.70 Crores)

The Sensitivity analysis is prepared on the net unhedged exposure of the company at the reporting date.

Hedged Foreign Currency exposures:

Foreign Exchange forward Contracts on External Commercial borrowings and certain highly probable forecast transactions, are measured at fair value through OCI on being designated as Cash Flow Hedges.

The Group also enters into foreign exchange forward contracts with the intention to minimise the foreign exchange risk of expected purchases, these contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

The outstanding position and exposures are as under :

i) Foreign Currency forward contracts designated as Hedge Instruments :

| | Currency | Amount | | ₹ Crores | Nature | Cross Currency |
|-----------------------------|----------|----------|---------|----------|-----------------|----------------|
| Currency/Interest Rate Swap | USD | 58.33 | Million | 374.59 | ECB Loan | |
| | | (87.00) | Million | (555.51) | | |
| Forward Contract | USD | 36.19 | Million | 267.06 | Import purchase | INR |
| | | (122.84) | Million | (909.11) | | |

The terms of the foreign currency forward contracts match the terms of the transactions. As a result, no hedge ineffectiveness arises requiring recognition through profit or loss.

ii) Other Forward Contract Outstanding :

| | Currency | Amount | | ₹ Crores | Nature | Cross Currency |
|------------------|----------|--------|---------|----------|-----------------|----------------|
| Forward Contract | USD | 140.22 | Million | 1065.30 | Import purchase | INR |
| | | (8.92) | Million | (64.80) | | |
| Forward Contract | USD | 55.79 | Million | 407.71 | Sales | USD |
| | | (2.53) | Million | (18.39) | | |

Figures in brackets are in respect of Previous year.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

c) Price Risk :

The Group is affected by the price stability of certain commodities. Due to the significantly increased volatility of certain commodities like Natural Rubber, Synthetic Rubber and other Chemicals, the Group enters into purchase contracts on a short to medium Term and forward foreign exchange contracts are entered into to bring in stability of price fluctuations.

The Group's investments in Quoted and Unquoted Securities are susceptible to market price risk arising from uncertainties about future values of investment securities. The group manages the securities price risk through investments in debt funds and diversification by placing limits on individual and total investments. Reports on Investment Portfolio are reviewed on regular basis and all approvals of investment decisions are done in concurrence with the senior management.

As at 31st March 2021 the investments in debt mutual funds and Bonds amounts to ₹ 5864.44 Crores (Previous year - ₹ 1514.44 Crores). A 1% point increase or decrease in the NAV with all other variables held constant would have lead to approximately an additional ₹ 59 Crores (Previous Year - ₹ 15 Crores) on either side in the statement of profit and loss.

ii) Credit Risk

Is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. It arises from credit exposure to customers, financial instruments viz., Investments in Equity Shares, Debt Funds and Balances with Banks.

The Group's marketing policies are well structured and all replacement sales are predominantly through dealers and the outstanding are secured by dealer deposits. As regards sales to Original Equipments (O.E.), and other institutional sales, the Group carries out periodic credit checks and also limits the exposure by establishing maximum payment period for customers and by offering prompt payment discounts. The outstanding trade receivables due for a period exceeding 180 days as at the year ended 31st March, 2021 is 0.64% (31st March, 2020 - 0.32%) of the total trade receivables.

The group uses Expected Credit Loss (ECL) Model to assess the impairment loss or gain. The allowance for lifetime ECL on customer balances for the year ended 31 March 2021 was ₹ 3.24 Crores and for the year ended 31 March 2020 was ₹ 2.76 Crores.

| Particulars | (₹ Crores) | |
|----------------------------|--------------------------|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| Balance at the beginning | 2.76 | 2.56 |
| Impairment loss recognised | 0.48 | 0.20 |
| Impairment loss reversed | - | - |
| Balance at the end | 3.24 | 2.76 |

The Group holds cash and deposits with banks which are having highest safety rankings and hence has a low credit risk.

Investments in mutual funds are primarily debt funds, which have high safety ratings and are monitored on a monthly basis and the Group is of the opinion that its mutual fund investments have low credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

iii) Liquidity Risk

The Group manages liquidity risk by maintaining adequate surplus, banking facilities and reserve borrowings facilities by continuously monitoring forecasts and actual cash flows.

The Group has a system of forecasting rolling three months cash inflow and outflow and all liquidity requirements are planned.

All Long term borrowings are for a fixed tenor and generally these cannot be foreclosed.

The Group has access to various source of Short term funding and debt maturing within 12 months can be rolled over with existing lenders/new lenders, or repaid based on short term requirements.

Trade and other payables are plugged into the three months rolling cash flow forecast to ensure timely funding, if required.

All payments are made along due dates and requests for early payments are entertained after due approval and availing early payment discounts.

The details of the contractual maturities of significant financial liabilities as at 31st March, 2021 are as under:

| | | (₹ Crores) | | | |
|------------------------------|------------------|----------------------|--------------------|--------------------|--------------------|
| | Refer Note | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
| Borrowings | Note 11, 14 & 16 | 1208.86 (1118.03) | 446.42 (564.44) | 202.21 (151.87) | 180.92 (82.14) |
| Trade Payable | Note 15 | 3441.44 (1905.34) | - (-) | - (-) | - (-) |
| Other Financial Liabilities | Note 16 | 258.32 (230.81) | 94.02 (93.79) | 94.81 (89.47) | 123.80 (144.22) |
| Employee Benefit liabilities | Note 16 | 107.97 (111.96) | - (-) | - (-) | - (-) |
| Unclaimed dividends | Note 16 | 2.54 (2.62) | - (-) | - (-) | - (-) |

Figures in brackets are in respect of Previous year.

NOTE 25 : ADDITIONAL / EXPLANATORY INFORMATION

a. Disclosures

- The Notes to these consolidated Ind AS financial statements are disclosed to the extent relevant and necessary for presenting a true and fair view of the consolidated Ind AS financial statements based on section 129(4) of The Companies Act, 2013 and as clarified vide Circular No.39/2014 dated 14th October, 2014.
- Movement in Provisions as required by IND AS - 37 - "Provisions, Contingent Liabilities and Contingent Assets" are the same as disclosed in the Standalone Ind AS Financial Statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

- (iii) Consolidated Employee benefit disclosures are not materially different from the employee benefit disclosures of the standalone Ind AS financial statements of the Company.

b. Earnings Per Share

| Particulars | | Year ended 31.03.2021 | Year ended 31.03.2020 |
|--|----------|--------------------------|--------------------------|
| Profit after taxation | ₹ Crores | 1277.07 | 1422.57 |
| Number of equity shares (Face Value ₹10/-) | Nos. | 4241143 | 4241143 |
| Earnings per share | ₹ | 3011.14 | 3354.20 |

c. Related party disclosures:

- (a) Names of related parties and nature of relationship with whom transactions have taken place:

| | |
|--|---|
| Key Management Personnel (KMP): | <ul style="list-style-type: none"> i) Mr. K.M. Mammen, Chairman and Managing Director ii) Mr. Arun Mammen, Vice Chairman and Managing Director iii) Mr. Rahul Mammen Mappillai, Managing Director iv) Mr. Samir Thariyan Mappillai, Whole time Director v) Mr. Varun Mammen, Whole time Director vi) Mr. S. Dhanvanth Kumar, Company Secretary vii) Mr. Madhu P Nainan, Vice President Finance |
| Close Members of the family of KMP | <ul style="list-style-type: none"> i) Mrs. Ambika Mammen, Director (Wife of Chairman and Managing Director) ii) Dr. (Mrs) Cibi Mammen, Director (Wife of Vice Chairman and Managing Director) iii) Mrs. Meera Mammen (Mother of Mr Varun Mammen) |
| Companies in which Directors are interested: | <p>Badra Estate & Industries Limited, Devon Machines Pvt. Ltd., Coastal Rubber Equipments Pvt. Ltd.</p> <p>Braga Industries LLP, Automotive Tyre Manufacturers Association</p> <p>Funkskool (India) Ltd, VPC Freight Forwarders Pvt. Ltd., The Malayala Manorama Co. Private Ltd.</p> |
| Other Related Parties | <p>Mr.Jacob Kurian- Director, MRF Ltd Executives Provident Fund Trust, MRF Management Staff Gratuity Scheme, MRF Employees Gratuity Scheme, MRF Managers' Superannuation Scheme, MRF Foundation.</p> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

(b) Transactions with related parties (excluding reimbursements)

(₹ Crores)

| Nature of Transaction | KMP | Close member of the KMP | Companies in which Directors are interested | Other Related Parties |
|--|--------------------------|----------------------------|---|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2021 | Year Ended 31.03.2021 | Year Ended 31.03.2021 |
| i Sale of Materials | - | - | 4.25 | - |
| | - | - | (0.04) | - |
| ii Purchase of Materials/Machinery | - | - | 136.48 | - |
| | - | - | (180.40) | - |
| iii Payment towards Service | - | - | 12.27 | - |
| | - | - | (14.59) | - |
| iv Selling and Distribution Expenses | - | - | 1.28 | - |
| | - | - | (1.38) | - |
| v Other Receipts | - | - | 1.77 | - |
| | - | - | (0.84) | - |
| vi Professional charges | - | - | - | 0.22 |
| | - | - | - | (0.14) |
| vii Contribution to Retirement Benefit fund /Others | - | - | - | 180.71 |
| | - | - | - | (113.74) |
| Compensation* | | | | |
| viii Short term Employee benefit (including Commission payable to KMP) | 85.78 | 2.27 | - | - |
| | (83.48) | (1.98) | - | - |
| ix Sitting fees | - | 0.02 | - | - |
| | - | (0.02) | - | - |

* Remuneration does not include provisions made for Gratuity and Leave benefits as they are determined on an actuarial basis for the Company as a whole.

(Figures in brackets are in respect of previous year).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ Crores)

| Nature of Transaction | KMP | Close member of the KMP | Companies in which Directors are interested | Other Related Parties |
|--|--------------------------|----------------------------|---|--------------------------|
| | Year Ended 31.03.2021 | Year Ended 31.03.2021 | Year Ended 31.03.2021 | Year Ended 31.03.2021 |
| Outstanding as at Year End | | | | |
| x. Other Receivables | - | - | 2.28 | - |
| | - | - | (0.65) | - |
| xi. Trade Payables | - | - | 20.14 | - |
| | - | - | (14.06) | - |
| xii. Commission Payable | 35.47 | - | - | - |
| | (35.47) | - | - | - |
| xiii. Contribution payable to Retirement Benefit fund/Others | - | - | - | 46.85 |
| | - | - | - | (63.83) |

(Figures in brackets are in respect of Previous year)

(c) Terms and conditions of transactions with related parties;

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31st March 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (Previous Year: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

d. Additional information on Net Assets and Share of Profit as at 31st March, 2021

| Name of the entity | | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in Other comprehensive Income (OCI) | |
|--------------------------|---------|--|-------------------|-------------------------|-------------------|---|-------------------|
| | | As % of consolidated net assets | Amount (₹ Crores) | As % of net Profit | Amount (₹ Crores) | As a % of OCI | Amount (₹ Crores) |
| Parent | | | | | | | |
| - MRF Ltd. | 2020-21 | 98.23 | 13176.19 | 97.89 | 1700.12 | 101.42 | (32.14) |
| | 2019-20 | 98.26 | 12002.38 | 97.62 | 1400.12 | 100.52 | (9.61) |
| Subsidiaries | | | | | | | |
| Indian | | | | | | | |
| - MRF Corp.Ltd | 2020-21 | 0.84 | 112.27 | 1.46 | 25.32 | (1.42) | 0.45 |
| | 2019-20 | 0.76 | 93.27 | 1.61 | 23.05 | (0.52) | 0.05 |
| - MRF International Ltd. | 2020-21 | 0.01 | 1.90 | 0.01 | 0.14 | | |
| | 2019-20 | 0.01 | 1.81 | 0.01 | 0.15 | | |
| Foreign | | | | | | | |
| - MRF Lanka (P) Ltd. | 2020-21 | 0.07 | 9.15 | 0.10 | 1.76 | | |
| | 2019-20 | 0.07 | 9.03 | 0.11 | 1.63 | | |
| - MRF SG PTE. LTD | 2020-21 | 0.85 | 114.16 | 0.55 | 9.50 | | |
| | 2019-20 | 0.89 | 108.22 | 0.65 | 9.30 | | |
| Minority Interest | | | | | | | |
| Indian Subsidiary | 2020-21 | - | 0.14 | - | - | - | - |
| | 2019-20 | - | 0.13 | - | - | - | - |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

e. Disclosures under Ind AS 108 - "Operating Segment" :

The group except for MRF Corp Ltd., is engaged in the manufacture of rubber products such as Tyre, Tubes, Flaps, Tread Rubber and / or Trading in Rubber and Rubber Chemicals. In the context of IND-AS 108 operating segment are considered to constitute one single primary segment. MRF Corp Ltd. is engaged in the manufacture of Speciality Coatings and its revenues, results and assets do not meet the criteria specified for reportable segment prescribed in the IND-AS. The group's operations outside India do not exceed the quantitative threshold for disclosure envisaged in the IND-AS. Non-reportable segments have not been disclosed as unallocated reconciling item in view of their materiality. In view of the above, primary and secondary reporting disclosures for business/geographical segment are not applicable.

Entity wide disclosure as per paragraph 31 of Ind AS 108:

| | | (₹ Crores) | |
|--------------------|---|--------------------------|--------------------------|
| <u>Particulars</u> | | Year Ended 31.03.2021 | Year Ended 31.03.2020 |
| (i) | Products: | | |
| | Automobile Tyres | 14364.03 | 14407.85 |
| | Automobile Tubes | 1122.00 | 1147.83 |
| | Speciality Coating | 232.70 | 237.60 |
| | Others | 341.20 | 342.05 |
| | | <u>16059.93</u> | <u>16135.33</u> |
| (ii) | Revenue from Customers: | | |
| | India | 14714.88 | 14472.77 |
| | Outside India | 1345.05 | 1662.56 |
| | | <u>16059.93</u> | <u>16135.33</u> |
| (iii) | Non Current Assets : | | |
| | India | 12212.04 | 11291.29 |
| | Outside India | 2.64 | 3.09 |
| (iv) | There are no transactions with single customer which amounts to 10% or more of the Group's revenue. | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

f. Terms of Repayment and Security Description of Current Borrowings:

Loans repayable on demand from banks are secured by hypothecation of Inventories and book debts ,equivalent to the outstanding amount and carries interest rates at the rate of 6.60% to 8.85% (Previous year - 7.40% to 8.45%)

g. Terms of Repayment and Security Description of Non Current Borrowings:

- i) The principal amount of Debentures, interest, remuneration to Debenture Trustees and all other costs, charges and expenses payable by the company in respect of Debentures are secured by way of a legal mortgage of Company's land at Taluka Kadi, District Mehsana, Gujarat and hypothecation by way of a first charge on Plant and Machinery at the company's plants at Perambalur, near Trichy, Tamil Nadu, equivalent to the outstanding amount.

1800 (Previous year 3400), 10.09% Non convertible Debentures of ₹ 10,00,000 each are to be redeemed at par in three instalments as stated below;

| Debentures Series | As at 31.03.2021 | | As at 31.03.2020 | |
|-------------------|---|------------------------|---|------------------------|
| | 10.09% NCD's (Previous year 10.09%) (₹ Crores) | Dates of Redemption | 10.09% NCD's (Previous year 10.09%) (₹ Crores) | Dates of Redemption |
| Series I | - | - | - | - |
| Series II | - | - | 160.00 | 27/05/2020 |
| Series III | 180.00 | 27/05/2021 | 180.00 | 27/05/2021 |
| | 180.00 | | 340.00 | |

- ii) ECB (Unsecured) from the MUFG Bank, Ltd. (Old name- Bank of Tokyo-Mitsubishi UFJ, Ltd) USD 20 Million availed in May, 2015 is for capital expenditure. Interest is payable at a rate equal to the six months USD LIBOR plus margin of 1.00% (Previous year-six months USD LIBOR plus margin of 1.00%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning May, 2019.
- iii) ECB (Unsecured) from the HSBC Bank
- a) USD 20 Million availed in October, 2015 is for capital expenditure. Interest is payable at a rate equal to the six months BBA LIBOR plus margin of 1.25% (Previous year- six months BBA LIBOR plus margin of 1.25%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning October, 2019.
- b) USD 45 Million availed in December, 2017 is for capital expenditure. Interest is payable at a rate equal to the six months BBA LIBOR plus margin of 0.80% payable half yearly (Previous year- six months BBA LIBOR plus margin of 0.80%). The said Loan is fully hedged and is repayable in one full instalment in December, 2022.
- iv) Indian Rupee Term Loan of ₹ 150 Crores availed from HSBC Bank in February, 2019 is for capital expenditure. Interest is payable at a rate equal to the three months T-Bill rate plus a margin of 1.49% (Previous year- 1.49%) payable monthly. The said Loan is repayable in one full installment in February, 2024.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

- v) Indian Rupee Term Loan of ₹ 300 Crores availed from HDFC Bank in June, 2020 is for capital expenditure. Interest is payable at a rate equal to repo rate plus a margin of 1.7% payable monthly. The said Loan is repayable in three equal annual installment in June, 2024/June 2025/June 2026.
- vi) Secured Loan availed under SIPCOT soft loan in March 2020. Interest is payable at a rate of 0.10% (Previous year - 0.10%) payable quarterly are secured by way of second charge on the Fixed Assets created at the company's plants at Perambalur, near Trichy, Tamil Nadu. This loan will be repaid in full in April 2033.
- vii) Deferred payment credit is repayable along with interest(at varying rates) in 240 consecutive monthly instalments ending in March 2026.

h. Events Occurring after the Balance Sheet date

The proposed final dividend and special dividend for FY 2020-21 amounting to ₹ 61.07 Crores will be recognised as distribution to owners during the financial year 2021-22 on its approval by Shareholders. The proposed final dividend of ₹ 94/- per share and special dividend of ₹ 50/- per share amounts to ₹ 144/- per share.

i. Commitment:

Estimated amount of contracts remaining to be executed on Capital Account, net of advances and not provided for - ₹ 1454.21 Crores (Previous Year - ₹ 1617.36 Crores)

j. Contingent Liabilities not provided for:

- (i) Guarantees given by the Banks - ₹ 40.90 Crores (Previous Year - ₹ 45.03 Crores)
- (ii) Letters of Credit issued by the Banks - ₹ 19.40 Crores (Previous Year - ₹ 93.06 Crores)
- (iii) Claims not acknowledged as debts:
 - (a) Disputed Sales Tax demands pending before the Appellate Authorities /High Court - ₹ 195.97 Crores (Previous Year- ₹ 37.51 Crores)
 - (b) Disputed Excise/Customs Duty demands pending before the Appellate Authorities/High Court - ₹ 323.94 Crores (Previous Year - ₹ 318.97 Crores)
 - (c) Disputed Income Tax Demands - ₹ 96.58 Crores (Previous Year - ₹ 93.38 Crores) Against the said demand the company has deposited an amount of ₹ 49.55 Crores (Previous Year - ₹ 49.55 Crores)
 - (d) Disputed Goods and Service Tax demands pending before the Appellate Authorities - ₹ 0.29 Crores (Previous Year - ₹ Nil)
 - (e) Contested EPF Demands pending before Appellate Tribunal - ₹ 1.10 Crores (Previous year - ₹ 1.10 Crores)

For SCA AND ASSOCIATES
Chartered Accountants
Firm Reg. No. 101174W

Shivratan Agarwal
Partner
Mem. No. 104180
Mumbai
Dated 07th June, 2021

For MAHESH, VIRENDER & SRIRAM
Chartered Accountants
Firm Reg. No. 001939S

B R Mahesh
Partner
Mem. No. 18628
Hyderabad

JACOB KURIAN
MADHU P NAINAN S DHANVANTH KUMAR V SRIDHAR K M MAMMEN
Vice President Finance Company Secretary Directors Chairman & Managing Director
Chennai

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MRF LIMITED

1. Opinion

We have audited the Separate financial statements (also known as Standalone Financial Statements) of **MRF Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (IND AS) prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31st March 2022, and its profit (financial performance including Other Comprehensive Income), the Changes in Equity and its Cash Flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the

Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

3. Emphasis of Matter

We draw attention to Note 27(p) to the Standalone Financial Statement which describe the following matter :

In terms of the Order dated 31st August 2018 the Competition Commission of India (CCI) has on 2nd February 2022 released its Order imposing penalty on the Company concerning the breach of provisions of the Competition Act, 2002 during the year 2011-2012 and imposed a penalty of ₹ 622.09 Crores on the Company. The Company has filed an appeal against the CCI Order before the National Company Law Appellate Tribunal (NCLAT). Based on the Company's assessment on the outcome of the appeal, the Company is of the view that no provision is necessary in respect of this matter in the Standalone Financial Statements.

Our opinion is not modified in respect of this matter.

4. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Sr. No. | Key Audit Matter | Our Response |
|---------|---|---|
| 1 | Defined Benefit Obligation The valuation of the retirement benefit schemes in the Company is determined with reference to various actuarial assumptions including discount rate, future salary increases, rate of inflation, mortality rates and attrition rates. | We have examined the key controls over the process involving member data, formulation of assumptions and the financial reporting process in arriving at the provision for retirement benefits. We tested the controls for determining the actuarial assumptions and the approval of those assumptions by senior management. We found these key controls were designed, implemented and operated effectively, and therefore determined that we could place reliance on these key controls for the purposes of our audit. |



| Sr. No. | Key Audit Matter | Our Response |
|---------|--|---|
| | Due to the size of these schemes, small changes in these assumptions can have a material impact on the estimated defined benefit obligation. | We tested the employee data used in calculating the obligation and where material, we also considered the treatment of curtailments, settlements, past service costs, remeasurements, benefits paid, and any other amendments made to obligations during the year. From the evidence obtained, we found the data and assumptions used by management in the actuarial valuations for retirement benefit obligations to be appropriate. |
| 2. | Warranty Provision The Company makes an estimated provision for assurance type warranties at the point of sale. This estimate is based on historical claims data. | We understood and tested the controls over the assumptions applied in arriving at the warranty provision, particularly vouching of relevant data elements with provision calculations; validation of formula used in the warranty spread sheet; management review control of the relevant internal and external factors impacting the provision. |
| 3. | Litigation, Claims and Contingent Liabilities (Refer Note 27(p), to be read along with Emphasis of matter in Independent Auditor's Report) The Company is exposed to variety of different laws, regulations and interpretations thereof. Consequently, in the normal course of business, Provisions and Contingent Liabilities may arise from legal proceedings, constructive obligations and commercial claims. <ul style="list-style-type: none"> • Management applies significant judgement when considering whether and how much to provide for the potential exposure of each matter. • These estimates could change substantially over time as new facts emerge as each legal case or matters progresses. • Given the different views possible, basis the interpretations, complexity and the magnitude of potential exposures and the judgement necessary to estimate the amount of provision required or determine required disclosures. | <ul style="list-style-type: none"> • We understood the processes, evaluated the design and implementation of controls and tested the operating effectiveness of the Company's controls over the recording and re-assessment of uncertain legal positions, claims and contingent liabilities. • We held discussions with senior management including the person responsible for legal and compliance to obtain an understanding of the factors considered by management in classification of the matter as 'probable', 'possible' and 'remote'. • Examined the Company's legal expenses on sample basis and read the minutes of the board meetings in order to ensure completeness. • With respect to tax matters, involving our tax specialists, and discussing with the Company's tax officers, their views and strategies on significant cases, as well as the related technical grounds relating to their conclusions based on applicable tax laws. • Assessing the decisions and rationale for provisions held or for decisions not to record provisions or make disclosures. • For those matters where management concluded that no provisions should be recorded, considering the adequacy and completeness of the Company's disclosures. |

5. Information Other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Management Discussion and Analysis, Report on Corporate Governance, Business Responsibility Report, but does not include the Standalone Financial Statements and our auditor's report thereon. Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

6. Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, Changes in Equity and Cash Flows of the Company in accordance with the IND AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view

and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

7. Auditor's Responsibility for the audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of



the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or

regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

8. Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143(3) of the Act, based on our audit, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Standalone Financial Statements comply with the IND AS prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) As required by section 197(16) of the Act, based on our audit, we report that the Company has paid and provided for

remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 27 (p) to the Standalone Financial Statements;
 - ii. The Company has long-term contracts including derivative contracts for which there were no material foreseeable losses; and
 - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. (a) As represented to us by the management and to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (Intermediaries), with the understanding whether recorded in writing or otherwise that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - (b) As represented to us by the management and to the best of its knowledge and belief, no funds

have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- (c) Based on such audit procedures, we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that causes us to believe that the above representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material misstatement.
- v. The Company has complied with the provisions with respect to Section 123 of the Companies Act, 2013 in respect of final dividend proposed in the previous year, interim dividends declared and paid by the company during the year and the proposed final dividend for the year which is subject to the approval of members at the ensuing Annual General Meeting.

For M M NISSIM & CO. LLP
Chartered Accountants
Firm Reg. No. 107122W / W100672

N KASHINATH
Partner
Mem. No. 36490
UDIN: 22036490AIRUOC1601
Place: Chennai
Date : 10th May, 2022

For MAHESH, VIRENDER & SRIRAM
Chartered Accountants
Firm Reg. No. 001939S

B R MAHESH
Partner
Mem. No. 18628
UDIN: 22018628AIRTA5362
Place : Hyderabad
Date : 10th May, 2022



**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF
EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF
MRF LIMITED**

- (i) (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and right-of-use assets;
B. The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size and the nature of its business. The frequency of verification is reasonable and no material discrepancies have been noticed on such physical verification. All discrepancies have been properly dealt with in the books of accounts;
- (c) Based on our examination of the registered sale deed / transfer deed / conveyance deed / property tax paid documents (which evidences title) provided to us, we report that, the title in respect of self – constructed buildings and title deeds of all other immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment are held in the name of the Company as at the balance sheet date.
- (d) The Company has not revalued any of its property, Plant and Equipment (including of right-of-use assets) and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at 31st March 2022 for holding any benami property under the Benami Transaction (Prohibition) Act, 1988, as amended and rules made thereunder.
- (ii) (a) The inventory, except for goods in transit and stocks held with third parties, has been physically verified by the management during the year at reasonable intervals. In our opinion, the coverage and procedure of such verification by the management is appropriate having regard to the size of the Company and the nature of its operation. For stocks held with third parties at the year end, written confirmations have been obtained and in respect of goods in transit, the goods have

been received subsequent to the year-end or confirmation have been obtained. No discrepancies of 10% or more in the aggregate for each class of inventory were noticed on such physical verification of inventory when compared with books of account.

- (b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, at any point of time during the year, from banks on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns and other stipulated financial information filed by the Company with such banks are in agreement with the unaudited books of account of the Company for the first three quarters and with the audited books of account in respect of fourth quarter ending 31st March 2022 and there are no material discrepancies.
- (iii) The Company has made investments in companies and other entities. The Company has not provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year.
- (a) The Company has not provided any loans or advances in the nature of loans or stood guarantee or provided security to any other entity during the year and hence reporting under clauses (iii)(a), (c), (d), (e) and (f) of the order are not applicable.
- (b) In our opinion, the investments made in companies are, prima facie, not prejudicial to the company's interest.
- (iv) In our opinion, in respect of investments made, the Company has complied with the provisions of Section 186 of the Act.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 as amended. Accordingly, the provisions of clause 3(v) of Para 3 of the Order are not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148 (1) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii) (a) The Company is regular in depositing undisputed statutory dues, including Goods and Service Tax, Provident Fund,

Employees' State Insurance, Income Tax, Sales-Tax, Service Tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with appropriate authorities, where applicable. There are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2022 for a period of more than six months from the date they became payable.

- (b) According to the records of the Company, the statutory dues referred to in sub-clause (a) above which have not been deposited as on 31st March 2022 on account of any dispute, are as follows:

| Statute and nature of dues | Financial year to which the matter pertains | Forum where dispute is pending | ₹ Crores |
|---|---|--|----------|
| CENTRAL SALES TAX ACT, 1956 and VAT LAWS | | | |
| Sales tax / VAT and Penalty | 1999-2000, 2000-01, 2002-03, 2003-04, 2006-07, 2009-10 to 2018-19 | Appellate Commissioner | 132.95 |
| | 1996-97 to 2010-11, 2014-15, 2016-17 | Appellate Tribunal/Board | 19.49 |
| | 1996-97, 2006-07 to 2017-18 | High Court | 43.59 |
| CUSTOMS ACT, 1962 | | | |
| Customs Duty and Penalty | 1992-93 to 1994-95 | High Court | 74.89 |
| CENTRAL EXCISE ACT, 1944 and FINANCE ACT, 1994 | | | |
| Excise duty, Service tax and Penalty | 2012-13 to 2016-17 | Director General Goods and Service Tax | 221.31 |
| | 1997-98, 1998-99, 2006-07 to 2010-11, 2014-15 to 2017-18 | Appellate Commissioner | 5.24 |
| | 2008-09 to 2017-18 | Appellate Tribunal | 38.46 |
| | 2001-02 | Supreme Court | 0.06 |
| INCOME TAX, 1961 | | | |
| Income Tax | 2013-14 to 2015-16 | Appellate Commissioner | 38.24 |
| | 2014-15 | Appellate Tribunal | 20.58 |
| | 2002-03, 2005-06, 2008-09 to 2013-14 | High Court | 3.53 |
| GOODS & SERVICES TAX | | | |
| GST | 2017-18, 2019-20 and 2020-21 | Appellate Commissioner | 1.57 |

- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries.
- (x) (a) The Company has not raised any moneys by way of Initial public offer or further Public offer (including debt instruments), during the year and hence reporting under Clause (x) (a) of Para 3 of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of share or fully convertible debentures (fully, partially or optionally convertible) during the year and accordingly provisions of clause (x)(b) of Para 3 of the Order are not applicable to the Company.
- (xi) (a) On the basis of our examination and according to the information and explanations given to us, no fraud by the Company or any material fraud on the Company has been noticed or reported during the year, nor have we been informed of any such case by the management.



- (b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and accordingly provisions of clause (xii) of Para 3 of the Order are not applicable to the Company.
- (xiii) On the basis of our examination and according to the information and explanations given to us, we report that all the transaction with the related parties are in compliance with Section 177 and 188 of the Act, and the details have been disclosed in the Standalone Financial Statements in Note 27(d) as required by the applicable Indian Accounting Standards.
- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- (xv) According to the information and explanations given to us, in our opinion during the year the Company has not entered into any non-cash transactions with directors or persons connected with the directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, provisions of clause (xvi)(a) of Para 3 of the Order are not applicable to the Company.
(b) During the year, the Company has not conducted any Non-Banking Financial or Housing Finance activities and accordingly, provisions of clause (xvi)(b) of Para 3 of the Order are not applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in the Regulations made by the Reserve Bank of India and accordingly the provisions of clause (xvi)(c) of Para 3 of the Order is not applicable to the Company.
- (d) The group does not have any CIC as a part of the group and accordingly reporting under clause (xvi)(d) of Para 3 of the Order is not applicable to the Company.

- (xvii) The Company has not incurred cash losses during the Financial Year covered by our audit and in the immediately preceding Financial Year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on 'other than ongoing' projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with the provision of sub-section (5) of section 135 of the said Act. Accordingly, reporting under clause (xx) (a) of Para 3 of the Order is not applicable for the year.
(b) In respect of 'ongoing' projects, the Company has transferred unspent CSR amount, to a special account within a period of 30 days from the end of the said financial year in compliance with the provisions of sub section (6) of section 135 of the said Act.

For M M NISSIM & CO. LLP

Chartered Accountants

Firm Reg. No. 107122W / W100672

N KASHINATH

Partner

Mem. No. 36490

UDIN: 22036490AIRUOC1601

Place: Chennai

Date : 10th May, 2022

For MAHESH, VIRENDER & SRIRAM

Chartered Accountants

Firm Reg. No. 0019395

B R MAHESH

Partner

Mem. No. 18628

UDIN: 22018628AIRTBA5362

Place : Hyderabad

Date : 10th May, 2022

**“ANNEXURE B” TO THE INDEPENDENT AUDITOR’S REPORT OF
EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MRF
LIMITED.**

**REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE
TO FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3
OF SECTION 143 OF THE COMPANIES ACT, 2013 (“the Act”)**

1. OPINION

We have audited the internal financial controls with reference to Financial Statements of **MRF LIMITED** (“the Company”) as of **March 31, 2022** in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to Financial Statements and such controls were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India (ICAI).

2. MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records

and the timely preparation of reliable financial information, as required under the Act.

3. AUDITORS’ RESPONSIBILITY

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) issued by Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Financial Statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Financial Statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system with reference to Financial Statements.



4. MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

A Company's internal financial control with reference to Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

5. INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Financial Statements to future periods are subject to the risk that the internal financial control with reference to Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For M M NISSIM & CO. LLP
Chartered Accountants
Firm Reg. No. 107122W / W100672

For MAHESH, VIRENDER & SRIRAM
Chartered Accountants
Firm Reg. No. 001939S

N KASHINATH
Partner
Mem. No. 36490
UDIN: 22036490AIRUOC1601
Place: Chennai
Date : 10th May, 2022

B R MAHESH
Partner
Mem. No. 18628
UDIN: 22018628AIRTBAS362
Place : Hyderabad
Date : 10th May, 2022

MRF LIMITED, CHENNAI
BALANCE SHEET AS AT 31ST MARCH, 2022

| | | | (₹ Crores) |
|--|--------------|------------------|------------------|
| | Note | As at 31.03.2022 | As at 31.03.2021 |
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 2 (a (1, 2)) | 9445.06 | 9366.83 |
| Capital Work-in-Progress | 2 (b) | 1225.81 | 1001.03 |
| Other Intangible Assets | 2 (c) | 21.21 | 24.31 |
| Financial Assets | | | |
| - Investments | 3 | 1155.53 | 1150.34 |
| - Loans | 4 | 0.82 | 2.67 |
| - Other Financial Assets | 5 | 72.94 | 18.94 |
| Non Current Tax Asset (Net) | | 241.77 | 256.60 |
| Other Non-current Assets | 6 | 586.05 | 291.42 |
| Current Assets | | | |
| Inventories | 7 | 4061.72 | 2880.33 |
| Financial Assets | | | |
| - Investments | 3 | 2509.69 | 4725.83 |
| - Trade Receivables | 8 | 2283.26 | 2112.20 |
| - Cash and Cash Equivalents | 9 | 113.11 | 102.80 |
| - Bank Balances other than Cash and Cash Equivalents | 10 | 1.74 | 2.54 |
| - Loans | 4 | 3.18 | 6.77 |
| - Other Financial Assets | 5 | 766.97 | 60.28 |
| Other Current Assets | 6 | 204.54 | 256.69 |
| TOTAL ASSETS | | 22693.40 | 22259.58 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share Capital | SOCE | 4.24 | 4.24 |
| Other Equity | SOCE | 13773.03 | 13174.62 |
| Total Equity | | 13777.27 | 13178.86 |
| LIABILITIES | | | |
| Non-Current Liabilities | | | |
| Financial Liabilities | | | |
| - Borrowings | 11 | 817.21 | 811.76 |
| - Lease Liability | | 350.87 | 312.63 |
| - Other Financial Liabilities | 16 | 106.83 | - |
| Provisions | 12 | 218.67 | 211.25 |
| Deferred Tax Liabilities (Net) | 13 | 393.30 | 378.50 |
| Other Non-current Liabilities | 14 | 182.54 | 184.22 |
| Current Liabilities | | | |
| Financial Liabilities | | | |
| - Borrowings | 11 | 1186.51 | 334.27 |
| - Lease Liability | | 60.08 | 54.99 |
| - Trade Payables | | | |
| (A) total outstanding dues of micro enterprises and small enterprises; | 15 | 58.26 | 54.21 |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises | 15 | 2716.06 | 4055.35 |
| - Other Financial Liabilities | 16 | 399.47 | 444.00 |
| Other Current Liabilities | 14 | 2246.29 | 2039.81 |
| Provisions | 12 | 180.04 | 199.73 |
| Total Liabilities | | 8916.13 | 9080.72 |
| TOTAL EQUITY AND LIABILITIES | | 22693.40 | 22259.58 |
| Significant Accounting Policies | 1 | | |

Accompanying Notes are an integral part of these Financial Statements
This is the Balance Sheet referred to in our report of even date

For M M NISSIM & CO LLP For MAHESH, VIRENDER & SRIRAM
Chartered Accountants Chartered Accountants
Firm Reg. No. 107122W / W100672 Firm Reg. No. 001939S

N. KASHINATH
Partner
Mem. No. 036490
Chennai
Dated 10th May, 2022

B R MAHESH
Partner
Mem. No. 18628
Hyderabad

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary
Chennai

JACOB KURIAN
Director
DIN: 00860095

V SRIDHAR
Director
DIN: 00020276

K M MAMMEN
Chairman &
Managing Director
DIN: 00020202



MRF LIMITED, CHENNAI

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ Crores)

| | Note | Year ended 31.03.2022 | Year ended 31.03.2021 |
|---|----------------------|--------------------------|--------------------------|
| INCOME | | | |
| Revenue from Operations | 17 | 18989.51 | 15921.35 |
| Other Income | 18 | 314.92 | 207.23 |
| TOTAL INCOME | | 19304.43 | 16128.58 |
| EXPENSES | | | |
| Cost of materials consumed | 19 | 13254.45 | 8853.63 |
| Purchases of Stock-in-Trade | 27(q(2)) | 17.01 | 15.78 |
| Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress | 20 | (844.92) | 359.36 |
| Employee Benefits Expense | 21 | 1471.94 | 1387.87 |
| Finance Costs | 22 | 247.01 | 264.72 |
| Depreciation and Amortisation Expense | 2 (a (1, 2)) and (c) | 1201.41 | 1136.92 |
| Other Expenses | 23 | 3078.37 | 2410.03 |
| TOTAL EXPENSES | | 18425.27 | 14428.31 |
| PROFIT BEFORE TAX | | 879.16 | 1700.27 |
| TAX EXPENSE | | | |
| Current Tax | | 221.95 | 489.72 |
| Deferred Tax | | 9.87 | (38.51) |
| TOTAL TAX EXPENSE | | 231.82 | 451.21 |
| PROFIT FOR THE YEAR | | 647.34 | 1249.06 |
| OTHER COMPREHENSIVE INCOME (OCI) | | | |
| Items that will not be reclassified to Profit or Loss | | | |
| Remeasurements of Defined benefit plans | 27(g(iv)) | 14.07 | (20.90) |
| Income Tax relating to items that will not be reclassified to Profit or Loss | | (3.54) | 5.26 |
| Items that may be reclassified to Profit or Loss | | | |
| Fair value of cash flow hedges through other comprehensive income | | 2.25 | (13.05) |
| Fair value of debt instruments through other comprehensive income | | 3.28 | (9.01) |
| Income tax relating to items that may be reclassified to Profit or Loss | | (1.39) | 5.56 |
| TOTAL OTHER COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR, NET OF TAX | | 14.67 | (32.14) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 662.01 | 1216.92 |
| EARNINGS PER EQUITY SHARE | | | |
| | 27 (m) | | |
| Basic | | 1526.34 | 2945.09 |
| Diluted | | 1526.34 | 2945.09 |
| Significant Accounting Policies | 1 | | |

Accompanying Notes are an integral part of these Financial Statements

This is the Statement of Profit and Loss referred to in our report of even date

For M M NISSIM & CO LLP
Chartered Accountants
Firm Reg. No. 107122W / W100672

For MAHESH, VIRENDER & SRIRAM
Chartered Accountants
Firm Reg. No. 001939S

N. KASHINATH
Partner
Mem. No. 036490
Chennai
Dated 10th May, 2022

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Mem. No. 18628
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Vice President Finance

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Company Secretary
Chennai

JACOB KURIAN
Director
DIN: 00860095

V SRIDHAR
Director
DIN: 00020276

K M MAMMEN
Chairman &
Managing Director
DIN: 00020202

STATEMENT OF CHANGES IN EQUITY (SOCE) FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ Crores)

| EQUITY SHARE CAPITAL | As at | As at | As at | As at |
|--|----------------|----------------|---------------|---------------|
| | 31.03.2022 | 31.03.2021 | 31.03.2022 | 31.03.2021 |
| | <u>Number</u> | <u>Number</u> | <u>Amount</u> | <u>Amount</u> |
| Authorised Share Capital | 9000000 | 9000000 | 9.00 | 9.00 |
| Issued Share Capital (Excludes 71 bonus shares not issued and not allotted on non-payment of call monies) | 4241143 | 4241143 | 4.24 | 4.24 |
| Subscribed Share Capital | 4241143 | 4241143 | 4.24 | 4.24 |
| Fully Paid-up Share Capital | 4241143 | 4241143 | 4.24 | 4.24 |
| Balance at the beginning of the reporting year | 4241143 | 4241143 | 4.24 | 4.24 |
| Changes in equity share capital due to prior period errors | - | - | - | - |
| Restated balance at the beginning of the reporting year | 4241143 | 4241143 | 4.24 | 4.24 |
| Changes in equity share capital during the year | - | - | - | - |
| Balance at the end of the reporting year | 4241143 | 4241143 | 4.24 | 4.24 |

Rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital

The company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividends proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

The Company has declared two interim dividends aggregating to ₹ 2.54 Crores (Previous year - ₹ 2.54 Crores) which has already been distributed during the Financial Year 2021-22.

| Shares in the Company held by each shareholder holding more than five percent shares | As at 31.03.2022 | | As at 31.03.2021 | |
|---|------------------|--------|------------------|--------|
| | No. | % | No. | % |
| Comprehensive Investment and Finance Company Private Limited | 441834 | 10.42% | 440719 | 10.39% |
| MOWI Foundation | 507984 | 11.98% | 507984 | 11.98% |



(₹ Crores)

| OTHER EQUITY | Reserves and Surplus | | | | Other Comprehensive Income (OCI) | | TOTAL |
|--|----------------------|-----------------|---|-------------------|----------------------------------|------------------------------|-----------------|
| | Securities Premium | General Reserve | Remeasurements of Defined Benefit Plans | Retained Earnings | Cash Flow Hedges through OCI | Debt Instruments through OCI | |
| Balance at the beginning of the comparative reporting year - 1st April 2020 | 9.42 | 12036.48 | (57.14) | - | 11.35 | - | 12000.11 |
| Changes in Accounting Policy or Correction of Prior Period Errors | - | - | - | - | - | - | - |
| Restated balance as at 1st April 2020 | 9.42 | 12036.48 | (57.14) | - | 11.35 | - | 12000.11 |
| Profit for the Comparative Year ending 31st March 2021 | - | - | - | 1249.06 | - | - | 1249.06 |
| Other Comprehensive (Loss) / Income for the Year ending 31st March 2021 * | - | - | (15.64) | - | (9.76) | (6.74) | (32.14) |
| Total Comprehensive Income for the Comparative year | - | - | (15.64) | 1249.06 | (9.76) | (6.74) | 1216.92 |
| Transactions with owners in their capacity as owners: | | | | | | | |
| Dividends and Dividend Distribution Tax; | - | - | - | - | - | - | - |
| - Interim Dividends (₹ 6 per share) | - | - | - | (2.54) | - | - | (2.54) |
| - Final Dividend (₹ 94 per share) | - | - | - | (39.87) | - | - | (39.87) |
| - Dividend Distribution Tax | - | - | - | - | - | - | - |
| Transfer to General Reserve | - | 1206.65 | - | (1206.65) | - | - | - |
| Balance at the beginning of the reporting year | 9.42 | 13243.13 | (72.78) | - | 1.59 | (6.74) | 13174.62 |
| Changes in Accounting Policy or Correction of Prior Period Errors | - | - | - | - | - | - | - |
| Restated balance as at 1st April 2021 | 9.42 | 13243.13 | (72.78) | - | 1.59 | (6.74) | 13174.62 |
| Profit for the reporting year ending 31st March 2022 | - | - | - | 647.34 | - | - | 647.34 |
| Other Comprehensive (Loss) / Income * | - | - | 10.53 | - | 1.69 | 2.45 | 14.67 |
| Total Comprehensive Income for the Reporting year | - | - | 10.53 | 647.34 | 1.69 | 2.45 | 662.01 |

(₹ Crores)

| OTHER EQUITY (contd.) | Reserves and Surplus | | | | Other Comprehensive Income (OCI) | | TOTAL |
|--|----------------------|-----------------|---|-------------------|----------------------------------|------------------------------|-----------------|
| | Securities Premium | General Reserve | Remeasurements of Defined Benefit Plans | Retained Earnings | Cash Flow Hedges through OCI | Debt Instruments through OCI | |
| Transactions with owners in their capacity as owners: | | | | | | | |
| Dividends and Dividend Distribution Tax; | - | - | - | - | - | - | - |
| - Interim Dividends (₹ 6 per share) | - | - | - | (2.54) | - | - | (2.54) |
| - Final Dividend and Special Dividend (₹ 144 per share) | - | - | - | (61.06) | - | - | (61.06) |
| Transfer to General Reserve | - | 583.74 | - | (583.74) | - | - | - |
| Balance at the end of the reporting year ending 31st March 2022 | 9.42 | 13826.87 | (62.25) | - | 3.28 | (4.29) | 13773.03 |

* Gain of ₹ 10.53 Crores and Loss of ₹ 15.64 Crores on re-measurement of defined benefit plans (net of tax) is recognised as part of Reserves and Surplus for the year ended 31st March 2022 and 31st March 2021, respectively.

| | |
|---|--|
| Securities Premium | Amounts received in excess of par value on issue of shares is classified as Securities Premium. |
| General Reserve | General Reserve represents accumulated profits and is created by transfer of profits from Retained Earnings and it is not an item of Other Comprehensive Income and the same shall not be subsequently reclassified to Statement of Profit and Loss. |
| Retained Earnings | Retained earnings are the Profits that the company has earned till date, less any transfer to General Reserve and Dividend. |
| Cash Flow Hedges | Gains / Losses on Effective portion of cashflow hedges are initially recognized in Other Comprehensive Income as per IND AS 109. These gains or losses are reclassified to the Statement of Profit or Loss when the forecasted transaction affects earnings, except for hedge transactions resulting in recognition of non financial assets which are included in the carrying amount of the asset ("Basis Adjustments") |
| Debt Instruments | The fair value change of the debt instruments measured at fair value through Other Comprehensive Income is recognised in Debt instruments through Other Comprehensive Income. Upon derecognition, the cumulative fair value changes on the said instruments are reclassified to the Statement of Profit and Loss. |
| Remeasurements of Defined Benefit Plans | Gains/Losses arising on Remeasurements of Defined Plan at the end of each reporting period is separately disclosed under Reserves and Surplus and shall not be reclassified to the Statement of Profit or Loss in the Subsequent years. |

Significant Accounting Policies 1

Accompanying Notes are an integral part of these Financial Statements

This is the Statement of Changes in Equity (SOCE) referred to in our report of even date

For M M NISSIM & CO LLP For MAHESH, VIRENDER & SRIRAM
Chartered Accountants Chartered Accountants
Firm Reg. No. 107122W / W100672 Firm Reg. No. 001939S

N. KASHINATH
Partner
Mem. No. 036490
Chennai
Dated 10th May, 2022

B R MAHESH
Partner
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MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary
Chennai

JACOB KURIAN
Director
DIN: 00860095

V SRIDHAR
Director
DIN: 00020276

K M MAMMEN
Chairman &
Managing Director
DIN: 00020202



Disclosure of shareholding of Promoters:

| Sl. No. | Promoter Name | As at 31st March, 2022 | | % Change during the year as compared to 31st March, 2021 | As at 31st March, 2021 | | % Change during the year as compared to 31st March, 2020 |
|---------|--|------------------------|-------------------|--|------------------------|-------------------|--|
| | | No. of Shares | % of total shares | | No. of Shares | % of total shares | |
| 1 | ACCAMMA KURUVILLA | 2338 | 0.06 | (0.00) | 2348 | 0.06 | - |
| 2 | ADARSH MAMMEN VERGHESE | 2000 | 0.05 | - | 2000 | 0.05 | 0.05 |
| 3 | ADITH POULOSE MAMMEN | 1635 | 0.04 | - | 1635 | 0.04 | - |
| 4 | ADITI MAMMEN GUPTA | 4744 | 0.11 | - | 4744 | 0.11 | - |
| 5 | AMBIKA MAMMEN | 2489 | 0.06 | - | 2489 | 0.06 | - |
| 6 | AMIT MATHEW | 4520 | 0.11 | - | 4520 | 0.11 | - |
| 7 | AMMU MATHEW | 2650 | 0.06 | - | 2650 | 0.06 | - |
| 8 | ANITA MANI | 1334 | 0.03 | (0.00) | 1344 | 0.03 | - |
| 9 | ANNA PHILIP | 350 | 0.01 | - | 350 | 0.01 | - |
| 10 | ANNA RAPHAEL | 258 | 0.01 | - | 258 | 0.01 | - |
| 11 | ANNA THOMAS CHACKO | 1291 | 0.03 | - | 1291 | 0.03 | - |
| 12 | ANNAMMA MAMMEN | 11265 | 0.27 | - | 11265 | 0.27 | - |
| 13 | ANNAMMA PHILIP | 9500 | 0.22 | 0.11 | 4500 | 0.11 | (0.03) |
| 14 | ANNU KURIEN | 12490 | 0.29 | (0.01) | 12640 | 0.30 | - |
| 15 | ARJUN JOSEPH | 1850 | 0.04 | - | 1850 | 0.04 | (0.01) |
| 16 | ARUN MAMMEN | 27560 | 0.65 | - | 27560 | 0.65 | - |
| 17 | ASHOK KURIYAN | 1878 | 0.04 | - | 1878 | 0.04 | - |
| 18 | ASHWATHI JACOB | 151 | 0.00 | - | 151 | 0.00 | - |
| 19 | ASWATHY VARGHESE | 9450 | 0.22 | - | 9450 | 0.22 | - |
| 20 | BADRA ESTATES AND INDUSTRIES LIMITED | 6530 | 0.15 | - | 6530 | 0.15 | (0.02) |
| 21 | BEEBI MAMMEN | 20237 | 0.48 | - | 20237 | 0.48 | - |
| 22 | BINA MATHEW | 1568 | 0.04 | - | 1568 | 0.04 | - |
| 23 | BRAGA INDUSTRIES LLP | 29457 | 0.69 | 0.11 | 24541 | 0.58 | 0.03 |
| 24 | CHALAKUZH Y POULOSE MAMMEN | 530 | 0.01 | - | 530 | 0.01 | - |
| 25 | CIBI MAMMEN | 500 | 0.01 | - | 500 | 0.01 | - |
| 26 | COMPREHENSIVE INVESTMENT AND FINANCE COMPANY PVT. LTD. | 441834 | 10.42 | 0.03 | 440719 | 10.39 | - |
| 27 | DEVON MACHINES PVT LTD | 1000 | 0.02 | - | 1000 | 0.02 | - |
| 28 | ELA KATTUKARAN | - | - | - | - | - | (0.14) |
| 29 | ELIZABETH JACOB MATTHAI | 4000 | 0.09 | - | 4000 | 0.09 | - |
| 30 | GEETHA ZACHARIAH | 6113 | 0.14 | - | 6113 | 0.14 | - |
| 31 | GEETHA MAMMEN MAPPILLAI | 250 | 0.01 | - | 250 | 0.01 | - |
| 32 | GEORGE MAMMEN | 808 | 0.02 | - | 808 | 0.02 | (0.01) |
| 33 | HANNAH KURIAN | 600 | 0.01 | - | 600 | 0.01 | - |
| 34 | HARSHA MATHEW | 1250 | 0.03 | - | 1250 | 0.03 | - |
| 35 | JACOB MAMMEN | 35120 | 0.83 | - | 35120 | 0.83 | 0.00 |
| 36 | JACOB MATHEW | 20977 | 0.49 | - | 20977 | 0.49 | - |

| Sl. No. | Promoter Name | As at 31st March, 2022 | | % Change during the year as compared to 31st March, 2021 | As at 31st March, 2021 | | % Change during the year as compared to 31st March, 2020 |
|---------|---|------------------------|-------------------|--|------------------------|-------------------|--|
| | | No. of Shares | % of total shares | | No. of Shares | % of total shares | |
| 37 | JAYANT MAMMEN MATHEW | 2190 | 0.05 | - | 2190 | 0.05 | - |
| 38 | JCEE MANUFACTURING AND SERVICES PVT LTD | 12415 | 0.29 | 0.03 | 10965 | 0.26 | 0.01 |
| 39 | JOSEPH KANIANTHRA PHILIPS | 1000 | 0.02 | - | 1000 | 0.02 | - |
| 40 | K C MAMMEN | 9043 | 0.21 | - | 9043 | 0.21 | - |
| 41 | K K MAMMEN MAPPILLAI | 7399 | 0.17 | - | 7399 | 0.17 | (0.00) |
| 42 | K M MAMMEN | 16048 | 0.38 | - | 16048 | 0.38 | - |
| 43 | K S JOSEPH | 483 | 0.01 | - | 483 | 0.01 | (0.01) |
| 44 | K Z KURIYAN | 650 | 0.02 | - | 650 | 0.02 | - |
| 45 | KANDATHIL MATHEW JACOB | - | - | (0.00) | 28 | 0.00 | - |
| 46 | KARUN PHILIP | 4000 | 0.09 | - | 4000 | 0.09 | (0.02) |
| 47 | KAVITA PHILIP | - | - | (0.12) | 5000 | 0.12 | - |
| 48 | KAVYA VERGHESE | 2000 | 0.05 | - | 2000 | 0.05 | 0.05 |
| 49 | KIRAN JOSEPH | 1850 | 0.04 | - | 1850 | 0.04 | (0.01) |
| 50 | KIRAN KATTUKARAN | - | - | - | - | - | (0.14) |
| 51 | KIRAN KURIYAN | 403 | 0.01 | - | 403 | 0.01 | - |
| 52 | KMMMF PVT. TRUST | 36987 | 0.87 | - | 36987 | 0.87 | - |
| 53 | LATHA MATTHEW | 5723 | 0.13 | - | 5723 | 0.13 | - |
| 54 | M A MATHEW | 6595 | 0.16 | - | 6595 | 0.16 | - |
| 55 | M M HOUSING PRIVATE LIMITED | 179 | 0.00 | - | 179 | 0.00 | - |
| 56 | M.M.PUBLICATIONS LIMITED | 300 | 0.01 | - | 300 | 0.01 | - |
| 57 | MALINI MATHEW | 1800 | 0.04 | - | 1800 | 0.04 | - |
| 58 | MAMMEN EAPEN | 4128 | 0.10 | - | 4128 | 0.10 | - |
| 59 | MAMMEN MAPPILLAI INVESTMENTS LTD | 1209 | 0.03 | - | 1209 | 0.03 | - |
| 60 | MAMMEN MATHEW | 11015 | 0.26 | - | 11015 | 0.26 | - |
| 61 | MAMMEN PHILIP | 7880 | 0.19 | (0.02) | 8700 | 0.21 | 0.02 |
| 62 | MAMY PHILIP | 7350 | 0.17 | - | 7350 | 0.17 | - |
| 63 | MARIA MAMMEN | 84 | 0.00 | - | 84 | 0.00 | - |
| 64 | MARIAM MAMMEN MATHEW | 100 | 0.00 | - | 100 | 0.00 | - |
| 65 | MARIEN MATHEW | 160 | 0.00 | - | 160 | 0.00 | - |
| 66 | MARIKA MAMMEN APPIAH | 100 | 0.00 | - | 100 | 0.00 | - |
| 67 | MARY KURIEN | 10839 | 0.26 | - | 10839 | 0.26 | - |
| 68 | MEERA NINAN | 6167 | 0.15 | - | 6167 | 0.15 | - |
| 69 | MEERA PHILIP | 33627 | 0.79 | - | 33627 | 0.79 | - |
| 70 | MEERA MAMMEN | 15840 | 0.37 | - | 15840 | 0.37 | - |
| 71 | MICAH MAMMEN PARAMBI | 100 | 0.00 | - | 100 | 0.00 | - |
| 72 | NISHA SARAH MATTHEW | 164 | 0.00 | - | 164 | 0.00 | - |
| 73 | NITHYA SUSAN MATTHEW | 169 | 0.00 | - | 169 | 0.00 | - |
| 74 | OMANA MAMMEN | 4703 | 0.11 | - | 4703 | 0.11 | - |
| 75 | PENINSULAR INVESTMENTS PRIVATE LIMITED | 124367 | 2.93 | 0.00 | 124087 | 2.93 | - |



| Sl. No. | Promoter Name | As at 31st March, 2022 | | % Change during the year as compared to 31st March, 2021 | As at 31st March, 2021 | | % Change during the year as compared to 31st March, 2020 |
|--------------|--|------------------------|-------------------|--|------------------------|-------------------|--|
| | | No. of Shares | % of total shares | | No. of Shares | % of total shares | |
| 76 | PETER K PHILIPS | 2341 | 0.06 | - | 2341 | 0.06 | - |
| 77 | PETER PHILIP | 2352 | 0.06 | - | 2352 | 0.06 | - |
| 78 | PHILIP MATHEW | 11762 | 0.28 | - | 11762 | 0.28 | - |
| 79 | PREMA MAMMEN MATHEW | 10881 | 0.26 | - | 10881 | 0.26 | - |
| 80 | PREMINDA JACOB | 98 | 0.00 | - | 98 | 0.00 | - |
| 81 | RACHEL KATTUKARAN | 17247 | 0.41 | - | 17247 | 0.41 | 0.28 |
| 82 | RADHIKA MARIA MAMMEN | 600 | 0.01 | - | 600 | 0.01 | - |
| 83 | RAHUL MAMMEN MAPPILLAI | 4538 | 0.11 | - | 4538 | 0.11 | - |
| 84 | RAMANI JOSEPH | 2509 | 0.06 | - | 2509 | 0.06 | - |
| 85 | RANJEET JACOB | 28 | 0.00 | 0.00 | - | - | - |
| 86 | REENU ZACHARIAH | 517 | 0.01 | - | 517 | 0.01 | - |
| 87 | RIYAD MATHEW | 4520 | 0.11 | - | 4520 | 0.11 | - |
| 88 | ROHAN MATHEW MAMMEN | 1635 | 0.04 | - | 1635 | 0.04 | - |
| 89 | ROSHIN VARGHESE | 6679 | 0.16 | - | 6679 | 0.16 | - |
| 90 | ROY MAMMEN | 12894 | 0.30 | - | 12894 | 0.30 | - |
| 91 | SAMIR THARIYAN MAPPILLAI | 4470 | 0.11 | - | 4470 | 0.11 | - |
| 92 | SARA KURIYAN | 1880 | 0.04 | - | 1880 | 0.04 | - |
| 93 | SARAH CHERIAN TRUST | 4950 | 0.12 | - | 4950 | 0.12 | - |
| 94 | SARAH THOMAS | 12608 | 0.30 | (0.00) | 12664 | 0.30 | - |
| 95 | SARASU JACOB | 14114 | 0.33 | (0.00) | 14204 | 0.33 | (0.00) |
| 96 | SHANTA MAMMEN | 4938 | 0.12 | - | 4938 | 0.12 | 0.01 |
| 97 | SHILPA MAMMEN | 4412 | 0.10 | - | 4412 | 0.10 | - |
| 98 | SHIRIN MAMMEN | 1450 | 0.03 | - | 1450 | 0.03 | (0.10) |
| 99 | SHONA BHOJNAGARWALA | 50 | 0.00 | - | 50 | 0.00 | - |
| 100 | SHREYA JOSEPH | 5120 | 0.12 | - | 5120 | 0.12 | - |
| 101 | SOMA PHILIPS | - | - | (0.05) | 2000 | 0.05 | - |
| 102 | STABLE INVESTMENTS AND FINANCE COMPANY LTD | 3964 | 0.09 | - | 3964 | 0.09 | (0.01) |
| 103 | SUSAN ABRAHAM | 68 | 0.00 | - | 68 | 0.00 | (0.00) |
| 104 | SUSAN KURIAN | 9137 | 0.22 | - | 9137 | 0.22 | - |
| 105 | SUSY THOMAS | 5278 | 0.12 | - | 5278 | 0.12 | - |
| 106 | TARA JOSEPH | 3150 | 0.07 | - | 3150 | 0.07 | - |
| 107 | THANGAM MAMMEN | 5981 | 0.14 | - | 5981 | 0.14 | - |
| 108 | THE MALAYALA MANORAMA COMPANY LIMITED | 6109 | 0.14 | - | 6109 | 0.14 | - |
| 109 | USHA EAPEN GEORGE | 1220 | 0.03 | - | 1220 | 0.03 | (0.00) |
| 110 | VARUN MAMMEN | 8706 | 0.21 | - | 8706 | 0.21 | - |
| 111 | VIKRAM KURUVILLA | 109 | 0.00 | - | 109 | 0.00 | - |
| 112 | ZACHARIAH KURIYAN | 3411 | 0.08 | - | 3411 | 0.08 | - |
| Total | | 1185320 | | | 1180695 | | |

Note: Figures in brackets represents reduction in percentage change as compared to previous period.

MRF LIMITED, CHENNAI**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022**

(₹ Crores)

| | Year ended 31.03.2022 | Year ended 31.03.2021 |
|---|-----------------------|-----------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| NET PROFIT BEFORE TAX | 879.16 | 1700.27 |
| Adjustment for : | | |
| Depreciation | 1201.41 | 1136.92 |
| Unrealised Exchange (Gain) / Loss | (0.39) | 6.34 |
| Government Grant Accrued | (0.99) | (1.63) |
| Impairment of Financial Assets | 0.30 | 0.14 |
| Finance Cost | 247.01 | 264.72 |
| Interest Income | (99.08) | (125.43) |
| Dividend Income | (0.15) | (0.10) |
| Loss / (Gain) on Sale / Disposal of Property, Plant and Equipment | 2.20 | 4.91 |
| Provision for Impairment of Assets (other than Financial Assets) | 7.10 | - |
| Fair Value changes in Investments | (155.43) | (28.73) |
| Fair Value changes in Financial Instruments | 34.39 | 18.27 |
| Loss / (Gain) on Sale of Investments | (6.83) | (0.71) |
| Bad debts written off (Net off Impairment reversal of ₹ 0.67 Crore) | 0.21 | 0.16 |
| OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES | 1229.75 | 1274.86 |
| Trade Receivables | 2108.91 | 2975.13 |
| Other Receivables | (171.82) | 26.84 |
| Inventories - Finished Goods | (94.55) | 46.88 |
| Inventories - Raw materials and Others | (775.34) | 453.01 |
| Trade Payable | (406.05) | (480.65) |
| - Supplier Finance | (983.40) | 883.76 |
| - Import acceptance and Others (Change in Regulation) | (352.33) | 1093.13 |
| Provisions | 1.80 | 47.84 |
| Other Liabilities | 222.53 | 151.05 |
| CASH GENERATED FROM OPERATIONS | (2559.16) | 2221.86 |
| Direct Taxes paid | (450.25) | 5196.99 |
| NET CASH FROM OPERATING ACTIVITIES | (207.12) | (509.72) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | (657.37) | 4687.27 |
| Purchase of Property, Plant and Equipment | (1690.76) | (842.95) |
| Proceeds from sale of Property, Plant and Equipment | 2.36 | 1.15 |
| Purchase of Investments | (649.97) | (6194.95) |
| Proceeds from sale of Investments | 3025.80 | 1879.39 |
| Fixed Deposits - Others | (600.00) | - |
| Fixed Deposits with Banks matured | - | 0.22 |
| Loans (Financial assets) given | 1.29 | 8.75 |
| Interest Income | 86.85 | 85.43 |
| Dividend Income | 0.15 | 0.10 |
| NET CASH USED IN INVESTING ACTIVITIES | 175.72 | (5062.86) |



MRF LIMITED, CHENNAI

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

(₹ Crores)

| | Year ended 31.03.2022 | Year ended 31.03.2021 |
|--|-----------------------|-----------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| (Repayments) / Proceeds from Working Capital Facilities (Net) | 844.98 | (200.56) |
| Proceeds from Term Loans | 299.99 | 300.00 |
| Repayment of Term Loans | (86.00) | (180.92) |
| Repayment of Debentures | (180.00) | (160.00) |
| Government Grant Accrued | 0.99 | 1.63 |
| Deferred payment Credit | (0.68) | (0.61) |
| Payment of Lease Liability | (96.78) | (97.77) |
| Interest paid | (228.04) | (244.64) |
| Dividend | (63.60) | (42.41) |
| NET CASH FROM FINANCING ACTIVITIES | 490.86 | (625.28) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 9.21 | (1000.87) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 102.80 | 1104.23 |
| Unrealised Gain / (Loss) on Foreign currency Cash & Cash equivalents | 1.10 | (0.56) |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 113.11 | 102.80 |

Refer Note No. 27k for amount spent during the year ended 31st March, 2022 and 31st March, 2021 on construction / acquisition of assets relating to CSR activities

Note to Cash Flow Statement:

- The above Cash Flow Statement has been prepared under the Indirect Method.
- Reconciliation of Financing Liabilities (Refer Note 11)

This is the Cash Flow statement referred to in our report of even date

| | |
|---------------------------------|-------------------------------|
| For M M NISSIM & CO LLP | For MAHESH, VIRENDER & SRIRAM |
| Chartered Accountants | Chartered Accountants |
| Firm Reg. No. 107122W / W100672 | Firm Reg. No. 001939S |

| | | | | | | |
|----------------------|----------------|------------------------|-------------------|---------------|---------------|-------------------|
| N. KASHINATH | B R MAHESH | MADHU P NAINAN | S DHANVANTH KUMAR | JACOB KURIAN | V SRIDHAR | K M MAMMEN |
| Partner | Partner | Vice President Finance | Company Secretary | Director | Director | Chairman & |
| Mem. No. 036490 | Mem. No. 18628 | | | DIN: 00860095 | DIN: 00020276 | Managing Director |
| Chennai | Hyderabad | | Chennai | | | DIN: 00020202 |
| Dated 10th May, 2022 | | | | | | |

Note 1 - Significant Accounting Policies under IND AS

A) General Information

MRF Limited (the "Company") is a limited company, incorporated on 5th November, 1960 in India, whose shares are publicly traded.

The Company is India's largest tyre manufacturer and ranked amongst the top 20 Global Manufacturers, with 10 state-of-the-art factories across India with an expansive tyre range from two-wheelers to fighter aircrafts.

The Registered Office is located at No.114, Greams Road, Chennai-600 006.

The Company is the ultimate parent of MRF Group.

B) Basis of preparation of Financial Statements

The principal accounting policies applied in the preparation of these Financial Statements are set out in Para C below. These policies have been consistently applied to all the years presented.

i. Statement of Compliance

These Separate Financial Statements (also known as Standalone Financial Statements) have been prepared in accordance with IND AS as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto.

ii. Basis of preparation and presentation

The Financial Statements have been prepared on historical cost basis considering the applicable provisions of Companies Act, 2013, except for the following material item that has been measured at fair value as required by relevant IND AS. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

- Certain financial assets/liabilities measured at fair value (Refer Note 1 (C 20)) and
- Any other item as specifically stated in the accounting policy. (Refer Note 27 (g))

The Financial Statement are presented in INR and **all values are rounded off to Rupees Crores** unless otherwise stated.

The Company reclassifies comparative amounts, unless impracticable and whenever the Company changes the presentation or classification of items in its Financial Statements materially. No such material reclassification has been made during the year.

The Financial Statements of the Company for the year ended 31st March, 2022 were authorised for issue in accordance with a resolution of the directors on 10th May, 2022.

iii. Major Sources of Estimation Uncertainty

In the application of accounting policy which are described in note (C) below, the management is required to make judgment, estimates and assumptions about the carrying amount of assets and liabilities, income and expenses, contingent liabilities and the accompanying disclosures that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are prudent and reasonable. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future period.

The few critical estimations and judgments made in applying accounting policies are:

Property, Plant and Equipment:

Useful life of Property, Plant and Equipment and Intangible Assets are as specified in Schedule II to the Companies Act, 2013 and on certain assets based on technical advice which considered the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support. The Company reviews the useful life of Property, Plant and Equipment at the end of each reporting period. This reassessment may result in change in depreciation charge in future periods. (Refer Note 1 (C 1))



Impairment of Non-financial Assets:

For calculating the recoverable amount of non-financial assets, the Company is required to estimate the value-in-use of the asset or the Cash Generating Unit and the fair value less costs to disposal. For calculating value in use the Company is required to estimate the cash flows to be generated from using the asset. The fair value of an asset is estimated using a valuation technique where observable prices are not available. Further, the discount rate used in value in use calculations includes an estimate of risk assessment specific to the asset. (Refer Note 1 (C 4))

Impairment of Financial Assets:

The Company impairs financial assets other than those measured at fair value through profit or loss or designated at fair value through other comprehensive income on expected credit losses. The estimation of expected credit loss includes the estimation of probability of default (PD), loss given default (LGD) and the exposure at default (EAD). Estimation of probability of default apart from involving trend analysis of past delinquency rates includes an estimation on forward-looking information relating to not only the counterparty but also relating to the industry and the economy as a whole. The probability of default is estimated for the entire life of the contract by estimating the cash flows that are likely to be received in default scenario. The lifetime PD is reduced to 12 months PD based on an assessment of past history of default cases in 12 months. Further, the loss given default is calculated based on an estimate of the value of the security recoverable as on the reporting date. The exposure at default is the amount outstanding at the balance sheet date. (Refer Note 1 [C 21(a)])

Defined Benefit Plans:

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include

the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. (Refer Note 27 (g))

Fair Value Measurement of Financial Instruments:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. (Refer Note 1 (C 20))

Income Taxes

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. (Refer Note 1 (C 17))

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

Leases

IND AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts. (Refer Note 1 (C 6))

Allowance for credit losses on receivables:

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future.

C) Summary of Significant Accounting Policies:

1) Property, Plant and Equipment (PPE)

The Company has elected to continue with the carrying value of Property, Plant and Equipment ('PPE') recognised as of the transition date, measured as per the Previous GAAP and use that carrying value as its deemed cost of the PPE.

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment

losses except for freehold land which is not depreciated. Cost includes purchase price after deducting trade discount / rebate, import duties, non-refundable taxes, cost of replacing the component parts, borrowing costs (Refer Note C (15)) and other costs that are directly attributable and necessary to bring the asset to its working condition in the manner intended by the management, and the initial estimates of the cost of dismantling /removing the item and restoring the site on which it is located.

Spare parts procured along with the Plant and Equipment or subsequently which has a useful life of more than 1 year and considering the concept of materiality evaluated by management are capitalised and added to the carrying amount of such items. The carrying amount of items of PPE and spare parts that are replaced is derecognised when no future economic benefits are expected from their use or upon disposal. Other machinery spares are treated as 'stores and spares' forming part of the inventory. If the cost of the replaced part is not available, the estimated cost of similar new parts is used as an indication of what the cost of the existing part was when the item was acquired.

An item of PPE is derecognised on disposal or when no future economic benefits are expected from use or disposal. Any gain or loss arising on derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss when asset is derecognised.

The depreciable amount of an asset is determined after deducting its residual value. Where the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, no depreciation charge is recognised till the asset's residual value decreases below the asset's carrying amount. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the intended manner. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date when the asset is derecognised.



| Description of the Asset | Estimated Useful life (On Single shift working) |
|--|---|
| Tangible (Owned Assets) : | |
| Building – Factory | 30 Years |
| – Other than factory buildings | 60 Years |
| Plant and Equipment | 5-21 Years |
| Moulds | 6 Years |
| Furniture and Fixtures | 5 Years |
| Computer Servers | 5 Years |
| Computers | 3 Years |
| Office Equipment | 5 Years |
| Other Assets, viz., Electrical Fittings, Fire Fighting/Other Equipments and Canteen Utensils | 10 Years |
| Renewable Energy Saving Device – Windmills | 22 Years |
| Vehicles | 5 Years |
| Aircraft | 10 and 20 Years |
| Right of Use Assets (Leased Assets) : | |
| - Buildings-Other than factory buildings | 1-21 Years |
| - Vehicles | 2 Years |
| - Land – Leasehold | Primary period of lease |
| Intangible (Owned Assets): | |
| Software | 5 Years |

Depreciation on the property, plant and equipment, is provided over the useful life of assets based on management estimates which is in line with the useful life indicated in Schedule II to the Companies Act, 2013. Depreciation on all assets except Renewable Energy Saving Devices is provided on straight line basis whereas depreciation on renewable energy saving devices is provided on reducing balance basis. Plant and Machinery, Moulds, Vehicles, Furniture and Fixtures and Computer Servers are depreciated based on management estimate of the useful life of the assets, and is after considering the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset,

anticipated technological changes, manufacturers warranties and maintenance support.

Depreciation on property, plant and equipment added/discharged off during the year is provided on pro rata basis with reference to the date of addition/disposal.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Further, the Company has identified and determined separate useful life for each major component of Property, Plant and Equipment, if they are materially different from that of the remaining assets, for providing depreciation.

2) **Intangible Assets:**

Intangible assets acquired separately are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Software (not being an integral part of the related hardware) acquired for internal use are treated as intangible assets.

An item of Intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any profit or loss arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Intangible Assets are amortised over 5 years on straight-line method over the estimated useful economic life of the assets.

The Company undertakes Research and Development activities for development of new and improved products. All expenditure incurred during Research and Development are analysed into research phase and development phase. The Company recognises all expenditure incurred during the research phase in the profit or loss whereas the expenditure incurred in development phase are presented as Intangible Assets under Development till the time they are available for use in the manner intended at which moment they are treated

as Intangible Assets and amortised over their estimated useful life.

3) **Assets held for Sale:**

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through sale rather than through continuing use. The condition for classification of held for sale is met when the non-current asset is available for immediate sale and the same is highly probable of being completed within one year from the date of classification as held for sale. Non-current assets held for sale are measured at the lower of carrying amount and fair value less cost to sell. Non-current assets that cease to be classified as held for sale shall be measured at the lower of carrying amount before the non-current asset was classified as held for sale adjusted for any depreciation/amortization and its recoverable amount at the date when it no longer meets the "Held for Sale" criteria.

4) **Impairment of tangible (PPE) and intangible assets:**

At the end of each reporting period, the Company reviews the carrying amounts of its PPE and other intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The resulting impairment loss is recognised in the Statement of Profit and Loss.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such

transactions can be identified, an appropriate valuation model is used.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised in the Statement of Profit and Loss.

5) **Inventories:**

Inventories consisting of stores and spares, raw materials, Work in progress, Stock in Trade and finished goods are valued at lower of cost and net realisable value. However, materials held for use in production of inventories are not written down below cost, if the finished products are expected to be sold at or above cost.

The cost is computed on FIFO basis except for stores and spares which are on daily moving Weighted Average Cost basis and is net of inputs tax credits under various tax laws.

Goods and materials in transit include materials, duties and taxes (other than those subsequently recoverable from tax authorities) labour cost and other related overheads incurred in bringing the inventories to their present location and condition.

Traded goods include cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale.

Inventory obsolescence is based on assessment of the future uses. Obsolete and slow-moving items are subjected to continuous technical monitoring and are valued at lower of cost and estimated net realisable value. When Inventories are sold, the carrying amount of those items are recognised as expenses in the period in which the related revenue is recognised.



6) Leases:

The Company has applied IND AS 116 using the modified retrospective approach.

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land, buildings and vehicles. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset, (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are

evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the financial statements and lease payments have been classified as financing cash flows.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

7) Government Grants:

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset or by deducting the grant in arriving at the carrying amount of the assets. Where the assets have been fully depreciated with no future related cost, the grant is recognised in profit or loss.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities in respect of loans/ assistance received subsequent to the date of transition.

8) Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are determined based on management estimate of the amount required to settle the obligation at the balance sheet date. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a standalone asset only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous

contract is considered to exist when a contract under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received from it. Unavoidable cost is determined based on cost that are directly attributable to having and executing the contracts.

Contingent liabilities are disclosed on the basis of judgment of management / independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Provisions for warranty-related costs are recognised when the product is sold to the customer. Initial recognition is based on scientific basis as per past trends of such claims. The initial estimate of warranty-related costs is revised annually.

Contingent Assets are not recognised, however, disclosed in Financial Statement when inflow of economic benefits is probable.

9) Foreign Currency Transactions:

The Financial Statements of Company are presented in INR, which is also the functional currency. In preparing the financial statements, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.

10) Share Capital and Securities Premium:

Ordinary shares are classified as equity, incremental costs directly attributable to the issue of new shares are shown in equity as a deduction net of tax from the proceeds. Par value of the equity share is recorded as share capital and the amount received in excess of the par value is classified as securities premium.

11) Dividend Distribution to Equity Shareholders:

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company.



A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognised directly in other equity.

12) Cash Flows and Cash and Cash Equivalents:

Statement of cash flows is prepared in accordance with the indirect method prescribed in the relevant IND AS. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, cheques and drafts on hand, deposits held with Banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. However, Bank overdrafts are to be shown within borrowings in current liabilities in the balance sheet for the purpose of presentation.

13) Revenue Recognition:

The Company derives revenues primarily from sale of goods comprising of Automobile Tyres, Tubes, Flaps and Tread Rubber. The following is a summary of significant accounting policies related to revenue recognition:

Revenue from contract with customers is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer.

Revenue is measured based on the transaction price, which is the consideration, adjusted for turnover/product/prompt payment discounts to customer as specified in the contract with the customers. When the level of discount varies with increase in levels of revenue transactions, the Company recognises the liability based on its estimate of the customer's future purchases. The Company recognises changes in the estimated amounts of obligations for discounts in the period in which the change occurs. Revenue also excludes taxes collected from customers.

Revenue in excess of invoicing is classified as contract assets while invoicing in excess of revenues are classified as contract liabilities.

The Company provides warranties for general repairs and does not provide extended warranties or maintenance services in its contracts with customers and are assurance type warranties. Claims preferred during the year against such obligations are netted off from revenue, consistent with its current practice. Provision for warranties is made for probable future claims on sales effected and are estimated based on previous claim experience and are accounted for under IND AS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with its current practice.

Use of significant judgements in Revenue Recognition.

- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of consideration or variable consideration with elements such as turnover/product/prompt payment discounts. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer.

14) Other Income:

Dividend Income:

Dividend Income is accounted for when the right to receive the same is established, which is generally when shareholders approve the dividend.

Interest Income:

Interest Income on financial assets measured at amortised cost is recognised on a time-proportion basis using the effective interest method.

15) Borrowing costs:

Borrowing cost includes interest, commitment charges, brokerage, underwriting costs, discounts / premiums, financing charges, exchange difference to the extent they are regarded as interest costs and all ancillary / incidental costs incurred in connection with the arrangement of borrowing.

Borrowing costs which are directly attributable to acquisition / construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalised as a part of cost pertaining to those assets. All other borrowing costs are recognised as expense in the period in which they are incurred.

The capitalisation on borrowing costs commences when the Company incurs expenditure for the asset, incurs borrowing cost and undertakes activities that are necessary to prepare the asset for its intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development of a qualifying asset is suspended. The capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

16) Employee Benefits:

a) **Short term Employee Benefits:**

All employee benefits payable wholly within twelve months of rendering services are classified as short-term employee benefits. Benefits such as salaries, wages, short-term compensated absences and performance

incentives, are recognised during the period in which the employee renders related services and are measured at undiscounted amount expected to be paid when the liabilities are settled.

b) **Long Term Employee Benefits:**

The cost of providing long term employee benefit such as earned leave is measured as the present value of expected future payments to be made in respect of services provided by employees upto the end of the reporting period. The expected costs of the benefit is accrued over the period of employment using the same methodology as used for defined benefits post employment plans. Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Profit or Loss in which they arise except those included in cost of assets as permitted. The benefit is valued annually by independent actuary.

c) **Post Employment Benefits:**

The Company provides the following post employment benefits:

- i) Defined benefit plans such as gratuity, trust managed Provident Fund and post-retirement medical benefit (PRMB); and
- ii) Defined contributions plan such as provident fund, pension fund and superannuation fund.

d) **Defined benefits Plans:**

The cost of providing benefits on account of gratuity and post retirement medical benefits / obligations are determined using the projected unit credit method on the basis of actuarial valuation made at the end of each balance sheet date, which recognises each period of service as given rise to additional unit of employees benefit entitlement and measuring each unit separately to build up the final obligation. The yearly expenses on account of these benefits are provided in the books of accounts.



The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss except those included in cost of assets as permitted.

Re-measurements comprising of actuarial gains and losses arising from experience adjustments and change in actuarial assumptions, the effect of change in assets ceiling (if applicable) and the return on plan asset (excluding net interest as defined above) are recognised in other comprehensive income (OCI) except those included in cost of assets as permitted in the period in which they occur. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) is recognised in the Statement of Profit and Loss except those included in cost of assets as permitted in the period in which they occur.

Eligible employees of the Company receive benefits from a provident fund trust which is a defined benefit plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employees salary. The Company contributes a part of the contribution to the provident fund trusts. The trusts invests in specific designated instruments as permitted by Indian Law. The remaining portion is contributed to the Government Administered Pension Fund. The rate at which the annual interest is payable to the beneficiaries by the trusts is administered by the Government. The Company has obligation to make good the shortfall, if any, between the return from investments of the Trusts and the notified interest rate. However, as at the year-end no shortfall remains unprovided for.

e) Defined Contribution Plans:

Payments to defined contribution retirement benefit plans, viz., Provident Fund for certain eligible

employees, Pension Fund and Superannuation benefits are recognised as an expense when employees have rendered the service entitling them to the contribution.

17) Taxes on Income:

Income tax expense represents the sum of tax currently payable and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

a) Current Tax:

Current tax is the expected tax payable/ receivable on the taxable income/ loss for the year using applicable tax rates for the relevant period, and any adjustment to taxes in respect of previous years. Interest expenses and penalties, if any, related to income tax are included in finance cost and other expenses respectively. Interest Income, if any, related to Income tax is included in Other Income.

b) Deferred Tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unabsorbed losses and unabsorbed depreciation to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unabsorbed losses and unabsorbed depreciation can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in

which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

18) Earnings per Share:

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

19) Current versus Non-current classification:

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

a) An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

b) A liability is current when:

- It is expected to be settled in the normal operating cycle,

- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

c) Deferred tax assets and liabilities are classified as non-current.

20) Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of asset and liability if market participants would take those into consideration. Fair value for measurement and / or disclosure purposes in these Financial Statements is determined on such basis except for Inventories, Leases and value in use of non-financial assets. Normally at initial recognition, the transaction price is the best evidence of fair value.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.



All financial assets and financial liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Financial assets and financial liabilities that are recognised at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

21) **Financial Instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognises a financial asset or financial liability in its balance sheet only when the entity becomes party to the contractual provisions of the instrument.

a) **Financial Assets**

A financial asset inter-alia includes any asset that is cash, equity instrument of another entity or contractual rights to receive cash or another financial asset or to exchange financial asset or financial liability under condition that are potentially favourable to the Company.

Investments in subsidiaries

Investments in equity shares of subsidiaries are carried at cost less impairment. Impairment is provided for on the basis explained in Paragraph (4) of Note C above.

Financial assets other than investment in subsidiaries

Financial assets of the Company comprise trade receivable, cash and cash equivalents, Bank balances, Investments in equity shares of companies other than in subsidiaries, Investment in units of Mutual Funds, loans/ advances to employee / related parties / others, security deposit, claims recoverable etc.

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in Statement of Profit and Loss. Where transaction price is not the measure of fair value and fair value is determined using a valuation method that uses data from observable market, the difference between transaction price and fair value is recognised in Statement of Profit and Loss on the date of recognition if the fair value pertains to Level 1 or Level 2 of the fair value hierarchy and in other cases spread over life of the financial instrument using effective interest method.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in three categories:

- Financial assets measured at amortized cost
- Financial assets at fair value through OCI – Debt Instruments
- Financial assets at fair value through profit or loss

Financial assets measured at amortized cost

Financial assets are measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the

principal amount outstanding. These financial assets are amortized using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss in finance costs.

Financial assets at fair value through OCI (FVTOCI)

Financial assets are mandatorily measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition, an irrevocable election is made (on an instrument-by-instrument basis) to designate investments in equity instruments other than held for trading purpose at FVTOCI. Fair value changes relating to financial assets measured at FVTOCI are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses and reversals and foreign exchange gain or loss in the income statement. On derecognition of the financial asset other than equity instruments, cumulative gain or loss previously recognised in OCI is reclassified to Profit or Loss.

Financial assets at fair value through profit or loss (FVTPL)

Any financial asset that does not meet the criteria for classification as at amortized cost or as financial assets at fair value through other comprehensive income, is classified as financial assets at fair value through profit or loss. Further, financial assets at fair value through profit or loss also include financial assets held for trading

and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are fair valued at each reporting date with all the changes recognised in the Statement of profit and loss.

Derecognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

Impairment of financial assets

The Company assesses impairment based on expected credit loss (ECL) model on the following:

- Financial assets that are measured at amortised cost.
- Financial assets (excluding equity instruments) measured at fair value through other comprehensive income (FVTOCI).

ECL is measured through a loss allowance on a following basis after considering the value of recoverable security:-

- The 12 month expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within 12 months after the reporting date).
- Full life time expected credit losses (expected credit losses that result from all possible default events over the life of financial instruments).

The Company follows 'simplified approach' for recognition of impairment on trade receivables or contract assets resulting from normal business



transactions. The application of simplified approach does not require the Company to track changes in credit risk. However, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, from the date of initial recognition.

For recognition of impairment loss on other financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has increased significantly, lifetime ECL is provided. For assessing increase in credit risk and impairment loss, the Company assesses the credit risk characteristics on instrument-by-instrument basis.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

Impairment loss allowance (or reversal) recognised during the period is recognised as expense/income in the statement of profit and loss.

b) Financial Liabilities

The Company's financial liabilities includes borrowings, trade payable, accrued expenses and other payables.

Initial recognition and measurement

All financial liabilities at initial recognition are classified as financial liabilities at amortised cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Any difference between the proceeds (net of transaction costs) and the fair value at initial recognition is recognised in the Statement of Profit and Loss depending upon the level of fair value.

Subsequent measurement

The subsequent measurement of financial liabilities depends upon the classification as described below:-

Financial Liabilities classified as Amortised Cost:

Financial Liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate. Interest expense that is not capitalised as part of costs of assets is included as Finance costs in the Statement of Profit and Loss.

Financial Liabilities at Fair value through profit and loss (FVTPL):

FVTPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities have not been designated upon initial recognition at FVTPL.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged / cancelled / expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

c) **Derivatives**

Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument and is recognised in Other Comprehensive Income (OCI). Cash flow hedges shall be reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss. If hedge of a forecast transaction results in the recognition of a non-financial asset or a non-financial liability, then the gain or loss that are accumulated in the cash flow hedge reserve is recognised in the initial cost or other carrying amount of the asset or liability (this is also referred to as “Basis Adjustment”).

D) **Recent accounting pronouncements**

The Ministry of Corporate Affairs (MCA) on 23rd March, 2022 through companies (Indian Accounting Standards) Amendment Rules, 2022 has notified the following amendments to IND AS which are applicable on 1st April 2022.

i) **IND AS 16 – Property, Plant and Equipment –**

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant and equipment.

The amendment prohibits an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in the profit or loss.

The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

ii) **IND AS 37 – Provisions, Contingent Liabilities and Contingent Assets –**

The amendment specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (examples depreciation charge). The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.



NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

NOTE 2 (a) : PROPERTY, PLANT AND EQUIPMENT

| | As at 31.03.2022 | As at 31.03.2021 |
|--------------------------------------|------------------|------------------|
| Property, Plant and Equipment | | |
| Owned Assets | 8999.09 | 8957.45 |
| Leased Assets | 445.97 | 409.38 |
| Total | 9445.06 | 9366.83 |

NOTE 2 (b) : CAPITAL WORK-IN-PROGRESS (CWIP)

| | | |
|--|---------|---------|
| | 1225.81 | 1001.03 |
|--|---------|---------|

CWIP Ageing Schedule

| | Amount in CWIP for a period of | | | | Total |
|--------------------------------|--------------------------------|--------------------|-------------------|-------------------|---------------------|
| CWIP | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 833.09 (486.57) | 199.73 (421.84) | 164.84 (42.85) | 25.18 (45.47) | 1222.84 (996.73) |
| Projects temporarily suspended | - (-) | - (2.10) | 0.75 (-) | 2.22 (2.20) | 2.97 (4.30) |

Figures in brackets are in respect of Previous year

Note: There were no material projects which have exceeded their original planned cost and timelines.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

(₹ Crores)

| NOTE 2 (a 1) : Owned Assets | | | | | | | | | | | | NOTE 2 (c) INTANGIBLES |
|---|---------------|-----------|---------------------|------------------------|----------|-----------|------------------|-----------|---------|--------------|----------|---------------------------|
| Particulars | Land Freehold | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Air Craft | Office equipment | Computers | Moulds | Other Assets | Total | Computer Software |
| GROSS BLOCK | | | | | | | | | | | | |
| Carrying Value as at 31 March 2020 | 570.58 | 2686.30 | 7299.84 | 24.46 | 49.48 | 83.98 | 35.72 | 45.50 | 636.25 | 409.55 | 11841.66 | 55.29 |
| Additions | 6.77 | 348.33 | 1106.45 | 7.79 | 8.94 | - | 5.52 | 8.27 | 97.23 | 35.37 | 1624.67 | 5.96 |
| Disposals | (0.09) | (4.92) | (9.84) | (0.60) | (5.04) | - | (1.17) | (0.44) | (28.48) | (4.37) | (54.95) | - |
| Carrying Value as at 31 March 2021 | 577.26 | 3029.71 | 8396.45 | 31.65 | 53.38 | 83.98 | 40.07 | 53.33 | 705.00 | 440.55 | 13411.38 | 61.25 |
| Additions | 0.87 | 141.73 | 828.07 | 3.77 | 9.91 | - | 3.83 | 6.22 | 124.44 | 45.43 | 1164.27 | 6.73 |
| Disposals | - | (2.57) | (39.62) | (0.72) | (2.20) | - | (1.15) | (4.17) | (4.77) | (2.62) | (57.82) | (9.25) |
| Carrying Value as at 31 March 2022 | 578.13 | 3168.87 | 9184.90 | 34.70 | 61.09 | 83.98 | 42.75 | 55.38 | 824.67 | 483.36 | 14517.83 | 58.73 |
| Accumulated depreciation / Amortisation as at the 31 March 2020 | - | 266.20 | 2625.28 | 13.47 | 22.77 | 10.31 | 20.44 | 24.77 | 295.43 | 173.21 | 3451.88 | 26.83 |
| Depreciation / Amortisation for the year | - | 93.63 | 771.70 | 4.42 | 7.18 | 5.92 | 6.12 | 10.42 | 98.66 | 52.89 | 1050.94 | 10.11 |
| Disposals | - | (1.32) | (8.47) | (0.47) | (4.44) | - | (1.16) | (0.44) | (28.46) | (4.13) | (48.89) | - |
| Accumulated depreciation / Amortisation as at the 31 March 2021 | - | 358.51 | 3388.51 | 17.42 | 25.51 | 16.23 | 25.40 | 34.75 | 365.63 | 221.97 | 4453.93 | 36.94 |
| Depreciation / Amortisation for the year | - | 100.27 | 828.64 | 4.87 | 6.93 | 5.92 | 6.08 | 9.49 | 105.84 | 50.02 | 1118.06 | 9.83 |
| Disposals | - | (0.70) | (37.62) | (0.65) | (1.84) | - | (1.12) | (4.16) | (4.77) | (2.39) | (53.25) | (9.25) |
| Accumulated depreciation / Amortisation as at the 31 March 2022 | - | 458.08 | 4179.53 | 21.64 | 30.60 | 22.15 | 30.36 | 40.08 | 466.70 | 269.60 | 5518.74 | 37.52 |
| Net Block | | | | | | | | | | | | |
| As at 31 March 2021 | 577.26 | 2671.20 | 5007.94 | 14.23 | 27.87 | 67.75 | 14.67 | 18.58 | 339.37 | 218.58 | 8957.45 | 24.31 |
| As at 31 March 2022 | 578.13 | 2710.79 | 5005.37 | 13.06 | 30.49 | 61.83 | 12.39 | 15.30 | 357.97 | 213.76 | 8999.09 | 21.21 |

Note:

- Freehold land includes agricultural land - ₹ 0.12 Crores (31st March, 2021 - ₹ 0.12 Crores).
- Other assets represents Electrical Fittings, Fire Fighting/Other Equipments and Canteen Utensils.
- The amount of Borrowing Cost capitalised during the year ended 31st March, 2022 - ₹ 1.85 Crores (31st March, 2021 - ₹ 2.11 Crores).
- Capital expenditure on Research and Development during the year - ₹ 6.71 Crores (31st March, 2021, including Building - ₹ 31.88 Crores) Refer Note 27 h (ii).
- Title deeds of Freehold Land are held in the name of the Company. Title deeds in respect of Buildings on immovable properties which are constructed on company's Freehold Land is based on documents constituting evidence of legal ownership of the Buildings.



NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

NOTE 2 (a 2): Leased Assets

(₹ Crores)

| Particulars | Land | Buildings | Vehicles | Total |
|--|--------------|---------------|--------------|---------------|
| Gross Block | | | | |
| Carrying Value as at 31 March 2020 | 97.58 | 388.82 | 14.75 | 501.15 |
| Additions | 0.26 | 71.41 | 10.18 | 81.85 |
| Disposals | - | (38.57) | - | (38.57) |
| Carrying Value as at 31 March 2021 | 97.84 | 421.66 | 24.93 | 544.43 |
| Additions | - | 123.03 | 9.14 | 132.17 |
| Disposals | - | (36.84) | - | (36.84) |
| Carrying Value as at 31 March 2022 | 97.84 | 507.85 | 34.07 | 639.76 |
| Depreciation Block | | | | |
| Accumulated depreciation / Amortisation as at the 31 March 2020 | 3.40 | 56.98 | 9.83 | 70.21 |
| Depreciation / Amortisation for the year | 1.06 | 64.98 | 9.83 | 75.87 |
| Disposals | - | (11.03) | - | (11.03) |
| Accumulated depreciation / Amortisation as at the 31 March 2021 | 4.46 | 110.93 | 19.66 | 135.05 |
| Depreciation / Amortisation for the year | 1.06 | 63.03 | 9.43 | 73.52 |
| Disposals | - | (14.78) | - | (14.78) |
| Accumulated depreciation / Amortisation as at the 31 March 2022 | 5.52 | 159.18 | 29.09 | 193.79 |
| Net Block | | | | |
| As at 31 March 2021 | 93.38 | 310.73 | 5.27 | 409.38 |
| As at 31 March 2022 | 92.32 | 348.67 | 4.98 | 445.97 |

Note:

1. The Company has incurred ₹ 21.94 Crores (Previous year - ₹ 9.67 Crores) for the year ended 31st March, 2022 towards expenses relating to short-term leases and leases of low-value assets (Refer Note 23). The total cash outflow for leases is ₹118.72 Crores (Previous year - ₹ 107.44 Crores) for the year ended 31st March, 2022, including cash outflow of short-term leases and leases of low-value assets. Interest on lease liabilities is ₹ 36.29 Crores (Previous year - ₹ 37.27 Crores) for the year ended 31st March, 2022 (Refer Note 22).
2. The Company's leases mainly comprise of Land, Buildings and Vehicles. The Company mainly leases land and buildings for its manufacturing, warehouse facilities and sales offices. The Company has leased vehicles for its Goods Transportation.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

NOTE 3: INVESTMENTS

| Particulars | Face Value ₹ | No. of Shares / Units | | (₹ Crores) | |
|--|---------------------|-----------------------|---------------------|---------------------|---------------------|
| | | As at 31.03.2022 | As at 31.03.2021 | As at 31.03.2022 | As at 31.03.2021 |
| Non-Current Investments | | | | | |
| Fully Paid-up | | | | | |
| Quoted | | | | | |
| Equity Shares (at fair value through Profit or Loss) | | | | 11.00 | 8.43 |
| In Debt Instruments-Bonds (at fair value through OCI) | | | | 1122.81 | 1120.19 |
| Unquoted | | | | | |
| Non-Trade - Unquoted | | | | | |
| Others: (at fair value through Profit or Loss) * | | | | 0.07 | 0.07 |
| *Note: The Company had invested in Co-operative Societies, MRF Foundation and in certain other companies towards the corpus. These are non participative shares and normally no dividend is accrued. The Company has carried these investments at its transaction value considering it to be its fair value. | | | | | |
| Unquoted | | | | | |
| Subsidiary Companies: (At Cost) | | | | | |
| Ordinary Shares in MRF SG PTE LTD | - | 1273200 | 1273200 | 6.11 | 6.11 |
| Equity Shares in MRF Corp Ltd. - ₹ 1500 (31.03.2021- ₹ 1500) | 10 | 50100 | 50100 | - | - |
| Equity Shares in MRF International Ltd. | 10 | 532470 | 532470 | 0.53 | 0.53 |
| Equity Shares in MRF Lanka Pvt. Ltd. | Sri Lankan Rupee 10 | 34160324 | 34160324 | 15.01 | 15.01 |
| Total | | | | 1155.53 | 1150.34 |
| Aggregate Market Value of Quoted Investments | | | | 1133.81 | 1128.62 |
| Aggregate Amount of Unquoted Investments | | | | 21.72 | 21.72 |

Current Investments

Fully paid up - Unquoted

In Mutual Fund Units: (at fair value through Profit or Loss)

| | | |
|---|----------------|----------------|
| Income Plan: Growth Option | 2509.69 | 4725.83 |
| Aggregate Amount of Unquoted Investments | 2509.69 | 4725.83 |

NOTE 4 : LOANS (Unsecured, considered good)

| | Non-Current | | Current | |
|--------------------|---------------------|---------------------|---------------------|---------------------|
| | As at 31.03.2022 | As at 31.03.2021 | As at 31.03.2022 | As at 31.03.2021 |
| Loans to employees | 0.82 | 2.67 | 3.18 | 6.77 |
| Total | 0.82 | 2.67 | 3.18 | 6.77 |



NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

NOTE 5 : OTHER FINANCIAL ASSETS

(₹ Crores)

| | Non-Current | | Current | |
|---|---------------------|---------------------|---------------------|---------------------|
| | As at 31.03.2022 | As at 31.03.2021 | As at 31.03.2022 | As at 31.03.2021 |
| Carried at Amortised cost: | | | | |
| Bank deposits with more than 12 months maturity | 0.06 | 0.05 | - | - |
| Export Benefits Receivables | - | - | 0.85 | 14.12 |
| Interest Accrued on Loans and Deposits | - | - | 51.50 | 40.52 |
| Salary and Wage Advance | - | - | 9.25 | 5.64 |
| Fixed Deposits - others | - | - | 600.00 | - |
| Others | 52.69 | - | 105.37 | - |
| Carried at Fair value through Profit & Loss: | | | | |
| Security Deposits | 2.72 | 2.84 | - | - |
| Deposits | 17.47 | 16.05 | - | - |
| Total | 72.94 | 18.94 | 766.97 | 60.28 |

NOTE 6 : OTHER ASSETS

(₹ Crores)

| | Non-Current | | Current | |
|--|---------------------|---------------------|---------------------|---------------------|
| | As at 31.03.2022 | As at 31.03.2021 | As at 31.03.2022 | As at 31.03.2021 |
| Capital Advances | 527.94 | 234.41 | - | - |
| Advances other than capital advances; | | | | |
| Security Deposits (excludes Interest accrued and due – ₹ 1.71 Crore, Previous year - ₹ 2.66 Crore) | 54.97 | 53.81 | - | - |
| Advances to Employees | - | - | 19.82 | 24.23 |
| Sub Total | 582.91 | 288.22 | 19.82 | 24.23 |
| Others | | | | |
| Advances recoverable in cash or kind | 3.14 | 3.20 | 100.39 | 91.45 |
| Prepaid Expenses | - | - | 41.24 | 32.71 |
| Others | - | - | 43.09 | 108.30 |
| Sub Total | 3.14 | 3.20 | 184.72 | 232.46 |
| Total | 586.05 | 291.42 | 204.54 | 256.69 |

NOTE 7 : INVENTORIES

(₹ Crores)

| | As at 31.03.2022 | As at 31.03.2021 |
|--------------------------|---------------------|---------------------|
| Raw Materials | 1616.15 | 1308.75 |
| Raw Materials in transit | 98.38 | 93.57 |
| Work-in-progress | 394.46 | 325.05 |
| Finished goods | 1561.12 | 785.78 |
| Stock-in-trade | 36.32 | 36.15 |
| Stores and Spares | 355.29 | 331.03 |
| Total | 4061.72 | 2880.33 |

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

NOTE 8 : TRADE RECEIVABLES

| | As at 31.03.2022 | As at 31.03.2021 |
|---|---------------------|---------------------|
| Trade receivables | | |
| Secured, considered good | 1580.15 | 1499.94 |
| Unsecured, considered good | 703.11 | 612.26 |
| Trade Receivables - credit impaired | 2.08 | 2.45 |
| Less: Expected Credit Loss Provision (Refer Note 24 (B) ii) | (2.08) | (2.45) |
| Total | 2283.26 | 2112.20 |
| Of the above, trade receivables due from a subsidiary Company (Refer Note 27 d) | 0.66 | 0.03 |

Note: The Company has used a practical expedient for computing expected credit loss allowance for trade receivables, taking into account historical credit loss experience and accordingly, provisions are made for expected credit loss for amounts due from customers where necessary.

Trade Receivables Ageing Schedule

| Particulars | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---------------------|----------------|----------------|------------------------------------|
| | Less than 6 months | 6 months -1 year | 1-2 Years | 2-3 years | |
| (i) Undisputed Trade Receivables – considered good | 270.93 (336.20) | 6.51 (6.95) | - - | - - | 277.44 (343.15) |
| (ii) Undisputed Trade Receivables – credit impaired | - - | 0.07 (0.06) | 0.09 (0.31) | 1.92 (2.08) | 2.08 (2.45) |
| (iii) Amount Due | - - | - - | - - | - - | 2005.82 (1769.05) |
| Total Gross | | | | | 2285.34 (2114.65) |
| Allowance for Expected Credit Loss | | | | | 2.08 (2.45) |
| Total | | | | | 2283.26 (2112.20) |

Figures in brackets are in respect of Previous year



NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

NOTE 9 : CASH AND CASH EQUIVALENTS (as per Cash Flow Statement)

| | (₹ Crores) | |
|---|---------------------|---------------------|
| | As at 31.03.2022 | As at 31.03.2021 |
| Balances with Banks | | |
| - In Current accounts | 81.80 | 56.68 |
| - In Term deposits with original maturity of less than 3 months | - | 20.27 |
| Cheques, drafts on hand; and | 30.55 | 25.07 |
| Cash on hand | 0.76 | 0.78 |
| Total | 113.11 | 102.80 |

NOTE 10 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| | (₹ Crores) | |
|----------------------------|---------------------|---------------------|
| | As at 31.03.2022 | As at 31.03.2021 |
| Unclaimed Dividend Account | 1.74 | 2.54 |
| Total | 1.74 | 2.54 |

NOTE 11 : BORROWINGS

| | (₹ Crores) | |
|--|---------------------|---------------------|
| | As at 31.03.2022 | As at 31.03.2021 |
| NON CURRENT | | |
| <u>Secured</u> | | |
| Soft loan from SIPCOT (At amortised cost) | 64.12 | 63.13 |
| <u>Unsecured</u> | | |
| Term loans from Banks; | | |
| - External Commercial Borrowings (ECB) (at fair value through OCI) | - | 294.76 |
| - Rupee Term Loan (At amortised cost) | 749.99 | 450.00 |
| <u>Others</u> | | |
| Deferred Payment Liabilities (At amortised cost) | 3.10 | 3.87 |
| Sub Total | 817.21 | 811.76 |
| CURRENT | | |
| <u>Secured (At amortised cost)</u> | | |
| Loans repayable on demand | | |
| - From banks | 885.00 | 40.02 |
| - Interest accrued on above | 1.31 | 0.80 |
| Current maturities of long-term debt | - | 180.00 |
| - Interest accrued on above | - | 15.38 |
| <u>Unsecured</u> | | |
| Current maturities of long-term debt | 291.69 | 87.11 |
| - Interest accrued on above | 8.51 | 10.96 |
| Sub Total | 1186.51 | 334.27 |
| Total | 2003.72 | 1146.03 |

Note: Security and terms of repayment in respect of above borrowings are detailed in Note 27 i

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

Reconciliation of Financing Liabilities

| | (₹ Crores) | |
|--|---------------------|---------------------|
| | As at 31.03.2022 | As at 31.03.2021 |
| Opening balance | | |
| - Long Term Borrowings | 811.76 | 779.03 |
| - Current borrowings | 40.02 | 240.58 |
| - Current maturities of long term debt | 267.11 | 344.08 |
| - Interest accrued on debt | 27.14 | 44.33 |
| Total - A | 1146.03 | 1408.02 |
| a) Cash flow movements | | |
| - Proceeds from borrowings | 1144.97 | 300.00 |
| - Repayment of borrowings | (266.68) | (542.09) |
| b) Non-cash movements | | |
| - Effect of amortization of loan origination costs | 0.99 | 1.63 |
| - Foreign exchange translation | (4.27) | (4.34) |
| - Interest Accrued on debt | (17.32) | (17.19) |
| Total - B | 857.69 | (261.99) |
| Closing Balance (A+B) | 2003.72 | 1146.03 |
| Closing Balance Break Up | | |
| - Long Term Borrowings | 817.21 | 811.76 |
| - Current borrowings | 885.00 | 40.02 |
| - Current maturities of long term debt | 291.69 | 267.11 |
| - Interest accrued on debt | 9.82 | 27.14 |

NOTE 12 : PROVISIONS

| | (₹ Crores) | | | |
|---|---------------------|---------------------|---------------------|---------------------|
| | Non-Current | | Current | |
| | As at 31.03.2022 | As at 31.03.2021 | As at 31.03.2022 | As at 31.03.2021 |
| Provision for employee benefits (Refer Note 27 c) | 51.09 | 51.68 | 17.65 | 50.48 |
| Others: | | | | |
| - Warranty and others (Refer Note 27 c) | 167.58 | 159.57 | 162.39 | 149.25 |
| Total | 218.67 | 211.25 | 180.04 | 199.73 |



NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

NOTE 13 : DEFERRED TAX LIABILITIES - (NET)

| | (₹ Crores) | |
|---|---------------------|---------------------|
| | As at 31.03.2022 | As at 31.03.2021 |
| Deferred Tax Liabilities: | | |
| - Arising on account of difference in carrying amount and tax base of PPE and Intangibles | 428.45 | 445.69 |
| - Unrealised gain/(loss) on FVTPL debt Mutual Funds | 30.20 | 9.63 |
| - Unrealised gain/(loss) on FVTOCI Debt Instruments | (1.44) | (2.27) |
| - Other adjustments | 12.11 | 6.72 |
| Sub Total | 469.32 | 459.77 |
| Deferred Tax Asset: | | |
| - Accrued Expenses allowable on Actual Payments | 28.69 | 26.93 |
| - On remeasurements of defined benefit plans | 26.74 | 33.21 |
| - On revaluation of designated cash flow hedges | 6.29 | 6.85 |
| - On Right of Use Asset | 14.30 | 14.28 |
| Sub Total | 76.02 | 81.27 |
| Total | 393.30 | 378.50 |

NOTE 14 : OTHER LIABILITIES

| | (₹ Crores) | | | |
|---------------------------|---------------------|---------------------|---------------------|---------------------|
| | Non-Current | | Current | |
| | As at 31.03.2022 | As at 31.03.2021 | As at 31.03.2022 | As at 31.03.2021 |
| Contract Liabilities | - | - | 43.27 | 31.41 |
| Others; | | | | |
| Dealers' Security Deposit | - | - | 1679.81 | 1612.96 |
| Retention Money | 16.90 | 9.85 | 76.23 | 90.02 |
| Statutory Dues | - | - | 410.51 | 278.35 |
| Deferred Income | 164.27 | 171.19 | 23.54 | 11.98 |
| Others | 1.37 | 3.18 | 12.93 | 15.09 |
| Total | 182.54 | 184.22 | 2246.29 | 2039.81 |

During the year ended 31st March, 2022, the Company recognised revenue of ₹ 31.41 Crores as revenue from contracts with customers, the corresponding value for Previous year - ₹ 76.95 Crores.

Movement of contract liabilities is as under:

| | (₹ Crores) | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| As at beginning of the year | 31.41 | 83.68 |
| Recognised as revenue from contracts with customers | (31.41) | (76.95) |
| Advance from customers received during the year | 43.27 | 24.68 |
| Balance at the close of the year | 43.27 | 31.41 |

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

NOTE 15 : TRADE PAYABLES

| | (₹ Crores) | |
|--|---------------------|---------------------|
| | As at 31.03.2022 | As at 31.03.2021 |
| Outstanding dues of Micro and Small Enterprises (Refer Note 27 f) | 58.26 | 54.21 |
| Outstanding dues of Creditors other than Micro and Small Enterprises | 2716.06 | 4055.35 |
| Total | 2774.32 | 4109.56 |
| Of the above; | | |
| - Acceptances | 427.14 | 1598.81 |
| - Payable to Subsidiary Companies (net of receivables of ₹ 0.74 Crores, previous year - ₹ Nil) (Refer Note 27 d) | 808.28 | 885.32 |

Trade Payables ageing schedule

| Particulars | Outstanding for following periods from due date of payment | | | | Total |
|-----------------------|---|---------------------|------------------|------------------|----------------------|
| | Less than 6 months | 6 months -1 year | 1-2 Years | 2-3 years | |
| | | | | | |
| (i) MSME | 1.58 (7.56) | - (0.01) | - - | - (0.02) | 1.58 (7.59) |
| (ii) Others | 374.34 (831.68) | 2.46 (18.81) | 14.02 (19.70) | 20.67 (15.01) | 411.49 (885.20) |
| (iii) Amounts not due | | | | | 2361.25 (3216.77) |
| | - | - | - | - | |

Figures in brackets are in respect of Previous year

NOTE 16 : OTHER FINANCIAL LIABILITIES

| | (₹ Crores) | | | |
|--|---------------------|---------------------|---------------------|---------------------|
| | Non-Current | | Current | |
| | As at 31.03.2022 | As at 31.03.2021 | As at 31.03.2022 | As at 31.03.2021 |
| Carried at Amortised Cost : | | | | |
| Unclaimed dividends | - | - | 1.74 | 2.54 |
| Employee benefits | - | - | 101.15 | 107.79 |
| Liabilities for expenses | 106.83 | - | 111.62 | 165.10 |
| Others | - | - | 180.95 | 145.90 |
| Carried at Fair Value : | | | | |
| Derivative Financial Liabilities (FVTOCI) | - | - | 3.59 | 21.60 |
| Derivative Financial Liabilities (FVTPL) | - | - | 0.42 | 1.07 |
| Total | 106.83 | - | 399.47 | 444.00 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

NOTE 17 : REVENUE FROM OPERATIONS

| | (₹ Crores) | |
|--|--------------------------|--------------------------|
| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| Revenue from Contracts with Customers: | | |
| Sale of Goods (Refer note 27 e) | 18679.33 | 15818.39 |
| Sale of Services | 20.87 | 16.74 |
| Other Operating Revenues: | | |
| Scrap Sales | 121.91 | 86.22 |
| Subsidy from State Government | 167.40 | - |
| Total | 18989.51 | 15921.35 |

The Management determines that the segment information reported is sufficient to meet the disclosure objective with respect to disaggregation of revenue under IND AS 115 "Revenue from contracts with customers". Hence no separate disclosure of disaggregate revenues are reported. (Refer Note 27 e)

Reconciliation of revenue recognised with the contracted price is as follows:

| | (₹ Crores) | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| Gross Sales (Contracted Price) | 19635.01 | 16487.73 |
| Reductions towards variable consideration (Product, Turnover and Prompt payment discount) | (399.53) | (374.88) |
| Claims preferred against obligation (Note 1(C-13)) | (245.97) | (191.50) |
| Revenue recognised | 18989.51 | 15921.35 |

NOTE 18 : OTHER INCOME

| | (₹ Crores) | |
|--|--------------------------|--------------------------|
| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| Interest Income | 99.08 | 125.43 |
| Dividend Income from Non-Current Investment | | |
| - From a Subsidiary | 0.10 | 0.10 |
| - Others | 0.05 | - |
| Government Grant : | | |
| - Export Incentives | 15.09 | 21.43 |
| - Others | 17.40 | 14.38 |
| Net gain on sale of Investments classified as FVTPL | 6.83 | 0.71 |
| Net gain on fair value changes on financial assets classified as FVTPL | 155.43 | 28.73 |
| Miscellaneous Income | 20.94 | 16.45 |
| Total | 314.92 | 207.23 |

Net gains (losses) on fair value changes

| | (₹ Crores) | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| Equity Investments designated at FVTPL | 2.57 | 3.62 |
| Debt Mutual Fund Investments designated at FVTPL | 152.86 | 25.11 |
| Total Net gains (losses) on fair value changes | 155.43 | 28.73 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

NOTE 19 : COST OF MATERIALS CONSUMED

| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|--------------------------------|--------------------------|--------------------------|
| Opening Stock of Raw Materials | 1402.32 | 1008.60 |
| Purchases during the year | 13566.66 | 9247.35 |
| Closing Stock of Raw Materials | (1714.53) | (1402.32) |
| Total | 13254.45 | 8853.63 |

NOTE 20 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|----------------------|--------------------------|--------------------------|
| Closing Stock: | | |
| Finished Goods | 1561.12 | 785.78 |
| Stock-in-Trade | 36.32 | 36.15 |
| Work-in-Progress | 394.46 | 325.05 |
| | 1991.90 | 1146.98 |
| Less: Opening Stock: | | |
| Finished Goods | 785.78 | 1238.79 |
| Stock-in-Trade | 36.15 | 34.85 |
| Work-in-Progress | 325.05 | 232.70 |
| | 1146.98 | 1506.34 |
| Total | (844.92) | 359.36 |

NOTE 21 : EMPLOYEE BENEFITS EXPENSE

| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|---|--------------------------|--------------------------|
| Salaries and Wages | 1189.24 | 1151.54 |
| Contribution to provident and other funds | 112.15 | 105.69 |
| Staff welfare expenses | 170.55 | 130.64 |
| Total | 1471.94 | 1387.87 |

NOTE 22 : FINANCE COSTS

| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|---|--------------------------|--------------------------|
| Interest on Loans and Deposits | 203.00 | 201.31 |
| Interest on Debentures | 2.78 | 20.64 |
| Interest on Deferred Payment Credit | 0.50 | 0.57 |
| Interest on Lease liabilities (Refer Note 2 (a 2)) | 36.29 | 37.27 |
| Other Borrowing Costs; | | |
| Unwinding of discount relating to Long Term Liabilities | 3.98 | 4.14 |
| Other Charges | 0.46 | 0.79 |
| Total | 247.01 | 264.72 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

NOTE 23 : OTHER EXPENSES

| | (₹ Crores) | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| Stores and Spares | 386.20 | 264.66 |
| Power and Fuel | 930.93 | 654.24 |
| Processing Expenses | 266.42 | 236.83 |
| Rent (Refer Note 2 (a 2)) | 21.94 | 9.67 |
| Rates and Taxes | 14.18 | 11.08 |
| Insurance | 61.30 | 54.67 |
| Printing and Stationery | 9.36 | 9.73 |
| Repairs and Renewals: | | |
| Buildings | 20.39 | 21.21 |
| Plant and Machinery | 152.33 | 123.57 |
| Other Assets | 82.38 | 70.31 |
| Travelling and Conveyance | 25.00 | 16.13 |
| Communication Expenses | 6.72 | 5.21 |
| Vehicle Expenses | 10.93 | 9.67 |
| Auditors' Remuneration: | | |
| As Auditors: | | |
| Audit fee | 0.79 | 0.68 |
| Tax Audit fee | 0.14 | 0.12 |
| Other Services | 0.06 | 0.06 |
| Reimbursement of Expenses | 0.06 | 0.03 |
| | 1.05 | 0.89 |
| Cost Auditors Remuneration: | | |
| Audit fee | 0.08 | 0.08 |
| Directors' Fees | 0.13 | 0.12 |
| Directors' Travelling Expenses | 2.81 | 4.01 |
| Advertisement | 178.62 | 104.53 |
| Warranty | 14.06 | 63.04 |
| VAT absorbed by the company | 0.02 | 0.69 |
| Bad debts written off (Net off Impairment reversal of – ₹ 0.67 Crore) | 0.21 | 0.16 |
| Commission | 1.75 | 1.96 |
| Freight and Forwarding (Net) | 693.45 | 521.27 |
| Loss on Sale of Fixed Asset (Net) | 2.20 | 4.91 |
| Net Loss on Foreign Currency Transactions | 46.23 | 49.90 |
| Bank Charges | 7.56 | 5.99 |
| Provision for Impairment of Assets (other than Financial Assets) | 7.10 | - |
| Provision for Impairment of Financial Assets | 0.30 | 0.14 |
| Corporate Social Responsibility Expenditure (Refer Note 27k) | 33.92 | 90.21 |
| Miscellaneous Expenses | 100.80 | 75.15 |
| Total | 3078.37 | 2410.03 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

NOTE 24 :

A. Capital Management

For the purpose of Company's Capital Management, capital includes Issued Equity Capital, Securities Premium and all other Equity Reserves attributable to the Equity Holders of the Company. The primary objective of the Company's Capital Management is to maximise the Shareholder Value.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and requirements of the financial covenants and to continue as a going concern. The Company monitors using a gearing ratio which is net debts divided by total capital plus net debt. The company includes within net debt, interest bearing loans and borrowings, less cash and short term deposit.

| | (₹ Crores) | |
|---------------------------------------|-----------------|-----------------|
| Particulars | 31.03.2022 | 31.03.2021 |
| Interest bearing Loans and Borrowings | 2008.38 | 1130.08 |
| Less: Cash and Short Term Deposits | (113.11) | (102.80) |
| Net Debt | 1895.27 | 1027.28 |
| Equity | 4.24 | 4.24 |
| Other Equity | 13773.03 | 13174.62 |
| Total Capital | 13777.27 | 13178.86 |
| Capital and Net Debt | 15672.54 | 14206.14 |
| Gearing Ratio % | 12.09% | 7.23% |

B. Financial Risk Management

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the operations of the Company. The principal financial assets include trade and other receivables, investments in mutual funds, bonds, cash and short term deposits.

The Company has assessed market risk, credit risk and liquidity risk to its financial instruments.

i) Market Risk

Is the risk of loss of future earnings, fair values or cash flows that may result from a change in the price of a financial instrument, as a result of interest rates, foreign exchange rates and other price risks. Financial instruments affected by market risks, primarily include loans & borrowings, investments and foreign currency receivables, payables and borrowings.

a) Interest Rate Risk :

The Company borrows funds in Indian Rupees and Foreign currency, to meet both the long term and short term funding requirements. The Interest rate risk in terms of Foreign currency is managed through financial instruments available to convert floating rate liability into fixed rate liability. The Company due to its AAA rated status commands one of the cheapest source of funding. Interest rate is fixed for the tenor of the Long term loans availed by the Company. Interest on Short term borrowings is subject to floating interest rate and are repriced regularly. The sensitivity analysis detailed below have been determined based on the exposure to variable interest rates on the average outstanding amounts due to bankers over a year.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

If the interest rates had been 1% higher / lower and all other variables held constant, the company's profit for the year ended 31st March, 2022 would have been decreased/increased by ₹ 4.54 crores. (Previous year - ₹ 2.92 Crores).

b) Currency Risk :

Foreign currency risks from financial instruments at the end of the reporting period expressed in INR:

Unhedged Short Term Exposures:

| | 31.03.2022 | 31.03.2021 |
|-----------------------|------------|------------|
| Financial Assets | 253.61 | 174.23 |
| Financial Liabilities | 212.40 | 233.39 |

The company is mainly exposed to changes in US Dollar. The sensitivity to a 2% (Previous year 2%) increase or decrease in US Dollar against INR with all other variables held constant will be +/- ₹ 0.87 Crores (Previous year - ₹ 0.82 Crores).

The Sensitivity analysis is prepared on the net unhedged exposure of the company at the reporting date.

Hedged Foreign Currency Exposures:

Foreign Exchange forward Contracts on External Commercial borrowings and certain highly probable forecast transactions, are measured at fair value through OCI on being designated as Cash Flow Hedges.

The Company also enters into foreign exchange forward contracts with the intention to minimise the foreign exchange risk of expected purchases, these contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

The outstanding position and exposures are as under :

i) Foreign Currency forward contracts designated as Hedge Instruments:

| | Currency | Amount | | ₹ Crores | Nature | Cross Currency |
|-----------------------------|----------|------------------|--|-----------|-----------------|----------------|
| Currency/Interest Rate Swap | USD | 45.00 Million | | 288.59 | ECB Loan | |
| | | (58.33) Million | | (374.59) | | |
| Forward Contract | USD | 135.18 Million | | 1042.38 | Import purchase | INR |
| | | (140.22) Million | | (1065.30) | | |

The terms of the foreign currency forward contracts match the terms of the transactions. As a result, no hedge ineffectiveness arises requiring recognition through profit or loss.

ii) Other Forward Contract Outstanding :

| | Currency | Amount | | ₹ Crores | Nature | Cross Currency |
|------------------|----------|-----------------|--|----------|-----------------|----------------|
| Forward Contract | USD | 24.96 Million | | 190.91 | Import purchase | INR |
| | | (36.19) Million | | (267.06) | | |

Figures in brackets are in respect of Previous year

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

iii) The following table provides the reconciliation of cash flow hedge for the year ended 31st March, 2022:

| Particulars | (₹ Crores) | |
|--|--------------------------|--------------------------|
| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| Balance at the beginning of the year | 1.59 | 11.35 |
| Gain / (Loss) recognized in other comprehensive income during the year | 2.25 | (13.05) |
| Tax impact on above | (0.56) | 3.29 |
| Balance at the end of the year | 3.28 | 1.59 |

c) Price Risk :

The Company is affected by the price stability of certain commodities. Due to the significantly increased volatility of certain commodities like Natural Rubber, Synthetic Rubber and other Chemicals, the Company enters into purchase contracts on a short to medium Term and forward foreign exchange contracts are entered into to bring in stability of price fluctuations.

The Company's investments in Quoted and Unquoted Securities are susceptible to market price risk arising from uncertainties about future values of investment securities. The company manages the securities price risk through investments in debt funds and diversification by placing limits on individual and total investments. Reports on Investment Portfolio are reviewed on regular basis and all approvals of investment decisions are done in concurrence with the senior management.

As at 31st March, 2022 the investments in debt mutual funds and bonds amounts to ₹ 3632.50 Crores (Previous year - ₹ 5846.02 Crores). A 1% point increase or decrease in the NAV with all other variables held constant would have lead to approximately an additional ₹ 36 Crores (Previous year ₹ 58 Crores) on either side in the statement of profit and loss.

ii) Credit Risk

Is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. It arises from credit exposure to customers, financial instruments viz., Investments in Equity Shares, Bonds, Debt Funds, Fixed Deposits Others and Balances with Banks.

The Company's marketing policies are well structured and all replacement sales are predominantly through dealers and the outstanding are secured by dealer deposits. As regards sales to O.E., and other institutional sales, the Company carries out periodic credit checks and also limits the exposure by establishing maximum payment period for customers and by offering prompt payment discounts. The outstanding trade receivables due for a period exceeding 180 days as at the year ended 31st March, 2022 is 0.25% (31st March, 2021 0.64%) of the total trade receivables.

There are no transactions with single customer which amounts to 10% or more of the Company's revenue.

The company uses Expected Credit Loss (ECL) Model to assess the impairment loss or gain. The allowance for lifetime ECL on customer balances for the year ended 31 March, 2022 was ₹ 2.08 Crores and for the year ended 31 March, 2021 was ₹ 2.45 Crores.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

| Particulars | (₹ Crores) | |
|----------------------------|--------------------------|--------------------------|
| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| Balance at the beginning | 2.45 | 2.31 |
| Impairment loss recognised | 0.30 | 0.14 |
| Impairment loss reversed | 0.67 | - |
| Balance at the end | 2.08 | 2.45 |

The Company holds cash and deposits with banks which are having highest safety rankings and hence has a low credit risk.

Investments in mutual funds are primarily debt funds, which have high safety ratings and are monitored on a monthly basis and the Company is of the opinion that its mutual fund investments have low credit risk.

iii) Liquidity Risk

The Company manages liquidity risk by maintaining adequate surplus, banking facilities and reserve borrowings facilities by continuously monitoring forecasts and actual cash flows.

The Company has a system of forecasting rolling three months cash inflow and outflow and all liquidity requirements are planned.

All Long term borrowings are for a fixed tenor and generally these cannot be foreclosed.

The Company has access to various source of Short term funding and debt maturing within 12 months can be rolled over with existing lenders/new lenders, or repaid based on short term requirements.

Trade and other payables are plugged into the three months rolling cash flow forecast to ensure timely funding, if required.

All payments are made along due dates and requests for early payments are entertained after due approval and availing early payment discounts.

The details of the contractual maturities of significant financial liabilities as at 31st March, 2022 are as under:

| Particulars | Refer Note | (₹ Crores) | | | |
|------------------------------|----------------|----------------------|--------------------|--------------------|--------------------|
| | | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
| Borrowings | Note 11 and 14 | 1186.51 (334.27) | 251.87 (446.42) | 401.21 (202.21) | 180.92 (180.92) |
| Trade Payable | Note 15 | 2774.32 (4109.56) | - (-) | - (-) | - (-) |
| Other Financial Liabilities | Note 16 | 296.58 (333.67) | 106.83 (-) | - (-) | - (-) |
| Employee Benefit liabilities | Note 16 | 101.15 (107.79) | - (-) | - (-) | - (-) |
| Unclaimed dividends | Note 16 | 1.74 (2.54) | - (-) | - (-) | - (-) |
| Lease Liabilities | | 60.08 (54.99) | 108.02 (94.02) | 106.63 (94.81) | 136.22 (123.80) |

Figures in brackets are in respect of Previous year

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

NOTE 25 :

A) Fair Values and Hierarchy

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

| Particulars | Hierarchy | (₹ Crores) | |
|--|-----------|----------------------------|---------------------|
| | | Carrying Value/ Fair Value | |
| | | As at 31.03.2022 | As at 31.03.2021 |
| Financial Assets | | | |
| - Investments | Level One | 3643.50 | 5854.45 |
| - Others financial assets | Level One | 17.47 | 16.05 |
| Financial Liabilities | | | |
| - Borrowings | Level Two | 291.69 | 294.76 |
| - Derivative Financial Liabilities (Net) | Level Two | 4.01 | 22.67 |

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The Fair Value of financial assets and liabilities included is the amount at which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair value.

1. The Fair values of Debt Mutual Funds and Quoted Equities are based on NAV / Quoted Price at the reporting date. Further, the Company had invested in Co-operative Societies and in certain other companies towards the corpus. These are non participative shares and normally no dividend is accrued. The Company has carried these investments at it transaction value considering it to be its fair value.
2. The Company enters into Derivative financial instruments with counterparties principally with Banks with investment grade credit ratings. The Interest Rate swaps, foreign exchange forward contracts are valued using valuation techniques which employs the use of market observable inputs namely, Marked-to-Market.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

NOTE 26 : Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

| | | (₹ Crores) |
|--|--------------------------|--------------------------|
| Particulars | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| Accounting Profit before Income Tax | 879.16 | 1700.27 |
| At statutory income tax rate of 25.168% | 221.27 | 427.92 |
| Additional deduction on Research and Development expense | - | (8.02) |
| Difference in Capital Gains tax payable | - | 6.91 |
| Effect of non-deductible expenses/other adjustments | 11.59 | 26.42 |
| Effect of deductions available under Income Tax Act | (1.04) | (2.02) |
| Total | 231.82 | 451.21 |

NOTE 27: ADDITIONAL/EXPLANATORY INFORMATION

- Disclosure required by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and section 186(4) of the Companies Act, 2013:
 - Details of Investments made are given in Note 3
 - Amount of Loans and advances in the nature of loans outstanding from /to subsidiaries ₹ Nil (Previous year - ₹ Nil)
 - Loans to employees have been considered to be outside the purview of disclosure requirements.
 - Investment by Loanee in the shares of the Parent company - Nil (Previous year - Nil).

- Lease Disclosure:

Maturity analysis of lease liabilities

| | (₹ Crores) | |
|--|------------|------------|
| Maturity Analysis - Contractual undiscounted cash flows | 31.03.2022 | 31.03.2021 |
| Less than 1 year | 100.80 | 86.00 |
| 1-5 years | 369.82 | 327.80 |
| More than 5 years | 158.24 | 145.19 |
| Total undiscounted lease liabilities as at 31st March, 2022 | 628.86 | 558.99 |

- Movement in provisions as required by IND AS - 37 - "Provisions, Contingent Liabilities and Contingent Asset". (₹ Crores)

| | As at 31.03.2021 | Provided during the year | Used during the year | Reversed during the year | Unwinding discounts | As at 31.03.2022 |
|--|---------------------|-----------------------------|-------------------------|-----------------------------|------------------------|---------------------|
| (i) Warranty | 238.82 | 263.86 | 245.97 | - | 1.13 | 255.58 |
| | (173.75) | (257.60) | (191.50) | - | (1.03) | (238.82) |
| (ii) Employee Benefits | 102.16 | 12.58 | 46.00 | - | - | 68.74 |
| | (98.46) | (50.70) | (47.00) | - | - | (102.16) |
| (iii) Litigation and related disputes | 70.00 | 4.20 | - | 16.11 | - | 58.09 |
| | (70.03) | (0.16) | - | (0.19) | - | (70.00) |
| (iv) Corporate Social Responsibility (CSR) | - | 16.30 | - | - | - | 16.30 |
| | - | - | - | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

Notes :

- (i) Cash outflow towards warranty provision would generally occur during the next two years.
- (ii) Provision for employee benefits includes gratuity, post retirement benefits and compensated absence.
- (iii) Litigation and related disputes represents estimates mainly for probable claims arising out of litigation/disputes pending with authorities under various statutes (i.e. Service Tax, Excise and Customs Duty, Electricity/Fuel Surcharge, Cess). The probability and the timing of the outflow with regard to these matters will depend on the final outcome of the litigations/disputes.
- (iv) Cash outflow towards CSR provision would generally occur during the next three years.
- (v) Figures in brackets are in respect of Previous year.

d. Related party disclosures:

- (a) Names of related parties and nature of relationship where control exists are as under:

Subsidiary Companies :

- i) MRF Corp Ltd.
- ii) MRF International Ltd.
- iii) MRF Lanka (Private) Ltd.
- iv) MRF SG PTE. LTD

- (b) Names of related parties and nature of relationship with whom transactions have taken place:

Key Management Personnel (KMP) :

- i) Mr. K.M. Mammen, Chairman and Managing Director
- ii) Mr. Arun Mammen, Vice Chairman and Managing Director
- iii) Mr. Rahul Mammen Mappillai, Managing Director
- iv) Mr. Samir Thariyan Mappillai, Whole-time Director
- v) Mr. Varun Mammen, Whole-time Director
- vi) Mr. S. Dhanvanth Kumar, Company Secretary
- vii) Mr. Madhu P Nainan, Vice President Finance

Close Members of the family of KMP :

- i) Mrs. Ambika Mammen, Director (Wife of Chairman and Managing Director)
- ii) Dr. (Mrs) Cibi Mammen, Director (Wife of Vice Chairman and Managing Director)
- iii) Mrs. Meera Mammen (Mother of Mr. Varun Mammen)

Companies in which Directors are interested :

Badra Estate & Industries Limited, Devon Machines Pvt. Ltd., Coastal Rubber Equipments Pvt. Ltd. Braga Industries LLP, Jcee Manufacturing & Services Pvt. Ltd. Funskool (India) Ltd., VPC Freight Forwarders Pvt Ltd, The Malayala Manorama Co. Private Limited

Other Related Parties

Mr. Jacob Kurian - Director, MRF Ltd. Executives Provident Fund Trust, MRF Management Staff Gratuity Scheme, MRF Employees Gratuity Scheme, MRF Managers' Superannuation Scheme, MRF Foundation.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

(c) Transactions with related parties (excluding reimbursements) (₹ Crores)

| Nature of Transaction | Subsidiary Companies | KMP | Close member of the KMP | Companies in which Directors are interested | Other Related Parties |
|--|-----------------------------|-----------------------------|-----------------------------|---|-----------------------------|
| | Year Ended 31 March 2022 | Year Ended 31 March 2022 | Year Ended 31 March 2022 | Year Ended 31 March 2022 | Year Ended 31 March 2022 |
| i) Sale of Materials | 0.01 | - | - | 5.00 | 0.55 |
| | (0.02) | - | - | (4.25) | - |
| ii) Purchase of Materials/Machinery | 2049.50 | - | - | 180.84 | - |
| | (1180.97) | - | - | (136.48) | - |
| iii) Sale of Finished Goods | 1.43 | - | - | - | - |
| | (1.35) | - | - | - | - |
| iv) Payment towards Service | - | - | - | 17.82 | - |
| | - | - | - | (12.27) | - |
| v) Selling and Distribution Expenses | - | - | - | 1.72 | - |
| | - | - | - | (1.28) | - |
| vi) Dividend Received | 0.10 | - | - | - | - |
| | (0.10) | - | - | - | - |
| vii) Other Receipts | 0.15 | - | - | 1.84 | - |
| | (0.15) | - | - | (1.77) | - |
| viii) Professional charges | - | - | - | - | 0.17 |
| | - | - | - | - | (0.22) |
| ix) Contribution to Retirement Benefit fund /Others | - | - | - | - | 94.87 |
| | - | - | - | - | (180.71) |
| <u>Compensation*</u> | | | | | |
| x) Short term Employee benefit (including | - | 82.96 | 2.40 | - | - |
| Commission payable to KMP) | - | (85.78) | (2.27) | - | - |
| xi) Sitting fees | - | - | 0.02 | - | - |
| | - | - | (0.02) | - | - |
| Outstanding as at Year End | | | | | |
| xii) Investments | 21.65 | - | - | - | - |
| | (21.65) | - | - | - | - |
| xiii) Trade Receivables | 0.66 | - | - | - | - |
| | (0.03) | - | - | - | - |
| xiv) Other Receivables | 0.74 | - | - | 26.59 | - |
| | - | - | - | (2.28) | - |
| xv) Trade Payables | 809.02 | - | - | 16.44 | - |
| | (885.32) | - | - | (20.14) | - |
| xvi) Commission Payable | - | 30.57 | - | - | - |
| | - | (35.47) | - | - | - |
| xvii) Contribution payable to Retirement Benefit fund/ Others | - | - | - | - | 13.43 |
| | - | - | - | - | (46.85) |

Figures in brackets are in respect of Previous year

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

(d) Terms and conditions of transactions with related parties:

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31st March, 2022, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (Previous Year - ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

e. Disclosures under IND AS 108 - "Operating Segment":

The Company is engaged inter alia in the manufacture of Rubber Products such as Tyres, Tubes, Flaps, Tread Rubber. These in the context of IND AS - 108 - 'Operating Segment' are considered to constitute one single primary segment. The Company's operations outside India do not exceed the quantitative threshold for disclosure envisaged in the IND AS. Non-reportable segments has not been disclosed as unallocated reconciling item in view of its materiality. In view of the above, operating segment disclosures for business/geographical segment are not applicable to the Company.

Entity wide disclosure required by IND AS 108 are as detailed below:

| Particulars | (₹ Crores) | |
|--|--------------------------|--------------------------|
| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| (i) Products: | | |
| Automobile Tyres | 17048.83 | 14364.03 |
| Automobile Tubes | 1233.43 | 1122.00 |
| Others | 397.07 | 332.36 |
| | <u>18679.33</u> | <u>15818.39</u> |
| (ii) Revenue from Customers: | | |
| India | 16900.00 | 14485.11 |
| Outside India | 1779.33 | 1333.28 |
| | <u>18679.33</u> | <u>15818.39</u> |
| (iii) Non Current Assets: | | |
| India | 12749.13 | 12107.70 |
| Outside India | 0.06 | 0.06 |
| (iv) There are no transactions with single customer which amounts to 10% or more of the Company's revenue. | | |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

f. Disclosures under The Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED'):

The details of liabilities to Micro and Small Enterprises, to the extent information available with the Company are given under:

| | 31.03.2022 | (₹ Crores) 31.03.2021 |
|--|------------|--------------------------|
| <u>Particulars</u> | | |
| (i) Principal amounts remaining unpaid to suppliers as at the end of the accounting year | 58.26 | 54.21 |
| (ii) Interest accrued and due to suppliers on above amount, unpaid | 0.15 | 0.20 |
| (iii) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006, along with the amounts of the payment made to the Supplier beyond the appointed day during the accounting year | - | - |
| (iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 | 0.04 | 0.05 |
| (v) The amount of interest accrued and remaining unpaid at the end of the accounting year | 0.19 | 0.25 |
| (vi) The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act, 2006 | 1.06 | 0.87 |

g. Disclosures as per IND AS - 19 - Employee Benefits

- The contributions to MRF Limited Executives Provident Fund Trust is a defined benefit plan in terms of the definition mentioned in para 7 of IND AS -19 the accounting for which is to be done on an actuarial basis. The actuary has provided a valuation of provident fund liability based on the assumptions listed below and determined that there is no shortfall as at 31st March, 2022 and for the year ended 31st March 2021.

The details of fund and plan assets are given below :

| | Year Ended 31.03.2022 | (₹ Crores) Year Ended 31.03.2021 |
|--|--------------------------|--|
| <u>Particulars</u> | | |
| Fair value of plan assets | 326.07 | 290.23 |
| Present value of defined benefit obligations | 317.59 | 287.98 |
| Net excess/(Shortfall) | 8.48 | 2.25 |

The plan assets have been primarily invested in Government securities, Corporate bonds and Exchange Traded Funds.

The principal assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

Projection is restricted to five years or earlier, if retirement occurs.

Expected guaranteed interest rate - 8.10% (Previous year - 8.50%)

Discount rate - 7.30% (Previous year - 6.80%)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

- 2) During the year, the company has recognised the following amounts in the Statement of Profit and Loss:

| Particulars | (₹ Crores) | |
|--|--------------------------|--------------------------|
| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| i) Employer's contribution to Provident Fund and Family Pension Fund | 63.34 | 58.85 |
| ii) Employer's contribution to Superannuation Fund | 18.74 | 17.15 |
| iii) Leave Encashment - Unfunded | 10.62 | 17.14 |
| iv) Defined benefit obligation: | | |
| a) Post Retirement Medical Benefit - Unfunded | 0.23 | 0.07 |
| b) The valuation results for the defined benefit gratuity plan as at 31-3-2022 are produced in the tables below: | | |

i) Changes in the Present Value of Obligation

| Particulars | (₹ Crores) | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| Present Value of Obligation as at the beginning | 434.13 | 385.93 |
| Current Service Cost | 23.21 | 21.54 |
| Interest Expense or Cost | 29.50 | 26.22 |
| Re-measurement (or Actuarial) (gain) / loss arising from: | | |
| - change in demographic assumptions | - | - |
| - change in financial assumptions | (21.36) | - |
| - experience variance (i.e. Actual experience vs assumptions) | 8.18 | 20.99 |
| Past Service Cost | - | - |
| Benefits Paid | (22.79) | (20.55) |
| Present Value of Obligation as at the end | 450.87 | 434.13 |

ii) Changes in the Fair Value of Plan Assets

| Particulars | (₹ Crores) | |
|--|--------------------------|--------------------------|
| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| Fair Value of Plan Assets as at the beginning | 388.28 | 338.16 |
| Investment Income | 26.38 | 22.98 |
| Employer's Contribution | 46.00 | 47.00 |
| Benefits Paid | (22.79) | (20.55) |
| Return on plan assets, excluding amount recognised in net interest expense | 0.80 | 0.69 |
| Fair Value of Plan Assets as at the end | 438.67 | 388.28 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

iii) Expenses Recognised in the Income Statement

| Particulars | (₹ Crores) | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| Current Service Cost | 23.21 | 21.54 |
| Past Service Cost | - | - |
| Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset) | 3.12 | 3.24 |
| Payable/(Recoverable) to/ from a subsidiary company | (0.64) | (0.58) |
| Expenses Recognised in the Income Statement | 25.69 | 24.20 |

iv) Other Comprehensive Income

| Particulars | (₹ Crores) | |
|--|--------------------------|--------------------------|
| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| Actuarial (gains) / losses | | |
| - change in demographic assumptions | - | - |
| - change in financial assumptions | (21.36) | - |
| - experience variance (i.e. Actual experience vs assumptions) | 8.18 | 20.99 |
| Return on plan assets, excluding amount recognised in net interest expense | (0.80) | (0.69) |
| Payable/(Recoverable) from a subsidiary company | (0.09) | 0.60 |
| Components of defined benefit costs recognised in other comprehensive income | (14.07) | 20.90 |

v) Major categories of Plan Assets (as percentage of Total Plan Assets)

| Particulars | As at | |
|--------------------------|------------|------------|
| | 31.03.2022 | 31.03.2021 |
| Funds managed by Insurer | 100% | 100% |

- In the absence of detailed information regarding Plan assets which is funded with Insurance Company, the composition of each major category of Plan assets, the percentage or amount for each category to the fair value of Plan assets has not been disclosed.

- The group gratuity Policy with LIC includes employees of MRF Corp Ltd., a Subsidiary Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

vi) Actuarial Assumptions

a. Financial Assumptions

The principal financial assumptions used in the valuation are shown in the table below:

| Particulars | As at 31.03.2022 | As at 31.03.2021 |
|--------------------------------|---------------------|---------------------|
| Discount rate (per annum) | 7.30% | 6.80% |
| Salary growth rate (per annum) | 5.50% | 5.50% |

b. Demographic Assumptions

| Particulars | As at 31.03.2022 | As at 31.03.2021 |
|--|---------------------|---------------------|
| Mortality Rate % of IALM 2012-14 (% of IALM 2006-08) | 100% | 100% |
| Withdrawal rates, based on age: (per annum) | | |
| Up to 30 years | 3.00% | 3.00% |
| 31 - 44 years | 2.00% | 2.00% |
| Above 44 years | 1.00% | 1.00% |

vii) Amount, Timing and Uncertainty of Future Cash Flows

a. Sensitivity Analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

| Particulars | As at 31.03.2022 | (₹ Crores) As at 31.03.2021 |
|-----------------------------------|---------------------|-----------------------------------|
| Defined Benefit Obligation (Base) | 450.87 | 434.13 |

| Particulars | 31.03.2022 | | 31.03.2021 | |
|--|------------|----------|------------|----------|
| | Decrease | Increase | Decrease | Increase |
| Discount Rate (- / + 1%) | 495.50 | 412.48 | 479.45 | 395.33 |
| (% change compared to base due to sensitivity) | 9.90% | (8.50%) | 10.40% | (8.90%) |
| Salary Growth Rate (- / + 1%) | 411.48 | 495.92 | 394.49 | 479.65 |
| (% change compared to base due to sensitivity) | (8.70%) | 10.00% | (9.10%) | 10.50% |
| Attrition Rate (- / + 50%) | 448.63 | 452.90 | 432.99 | 435.14 |
| (% change compared to base due to sensitivity) | (0.50%) | 0.50% | (0.30%) | 0.20% |
| Mortality Rate (- / + 10%) | 450.12 | 451.61 | 433.46 | 434.79 |
| (% change compared to base due to sensitivity) | (0.20%) | 0.20% | (0.20%) | 0.20% |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There is no change in the method of valuation for the prior period. For change in assumptions please refer to point (vi) above, where assumptions for prior period, if applicable, are given.

- b. Asset Liability Matching Strategies
The scheme is managed on funded basis.
- c. Effect of Plan on Entity's Future Cash Flows
 - Funding arrangements and Funding Policy
The scheme is managed on funded basis.

| | | |
|--|------------|------------|
| | | (₹ Crores) |
| - Expected Contribution during the next annual reporting period | 31.03.2022 | 31.03.2021 |
| The Company's best estimate of Contribution during the next year | 32.28 | 31.15 |
| - Maturity Profile of Defined Benefit Obligation | | |
| Weighted average duration (based on discounted cash flows) | 10 years | 10 years |

| | | |
|---|------------|------------|
| | | (₹ Crores) |
| - Expected cash flows over the next (valued on undiscounted basis): | 31.03.2022 | 31.03.2021 |
| 1 year | 46.12 | 41.87 |
| 2 to 5 years | 148.35 | 124.47 |
| 6 to 10 years | 203.02 | 200.23 |
| More than 10 years | 645.96 | 608.13 |

- v) Other Long Term Employee Benefits:

| | | |
|------------------------------------|---------------------|---------------------|
| | | (₹ Crores) |
| <u>Particulars</u> | As at 31.03.2022 | As at 31.03.2021 |
| Present value of obligation as at: | | |
| Leave Encashment | 49.98 | 49.97 |
| Post Retirement Medical Benefits | 6.56 | 6.35 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

- h. (i) Revenue expenditure on Research and Development activities during the year ended 31st March, 2022:

| (₹ Crores) | | |
|--|-----------------------|-----------------------|
| Particulars | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| 1) Salaries Wages and Other Benefits | 43.19 | 44.59 |
| 2) Repairs and Maintenance | 15.63 | 11.23 |
| 3) Power | 7.81 | 5.35 |
| 4) Travelling and Vehicle Running | 2.48 | 1.32 |
| 5) Cost of Materials/Tyres used for Rallies / Test Purpose | 11.36 | 7.94 |
| 6) Other Research and Development Expenses | 15.15 | 7.17 |
| | <u>95.62</u> | <u>77.60</u> |

- (ii) Capital Expenditure on Research and Development during the year, as certified by the management is ₹ 6.71 Crores (Previous year excluding Building - ₹ 31.75 Crores).

This information complies with the terms of the Research and Development recognition granted upto 31st March, 2024 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/118/2021 dated 20th October, 2021.

- i. Terms of Repayment and Security Description of Borrowings: (Refer Note 11)

a) Current Borrowings

- i) ECB (Unsecured) from the HSBC Bank

USD 45 Million availed in December, 2017 is for capital expenditure. Interest is payable at a rate equal to the six months BBA LIBOR plus margin of 0.80% payable half yearly (Previous year- six months BBA LIBOR plus margin of 0.80%). The said Loan is fully hedged and is repayable in one full installment in December, 2022.

- ii) Loans repayable on demand from banks are secured by hypothecation of Inventories and book debts, equivalent to the outstanding amount and carries interest rates at the rate of 3.80% to 6.85% (Previous year - 6.60% to 8.85%).

The quarterly returns filed by the Company with banks, against borrowings on the basis of security of current asset, are in agreement with the books of accounts and there are no material discrepancies.

b) Non Current Borrowings

- i) Indian Rupee Term Loan (Unsecured) from the HSBC Bank

a) Indian Rupee Term Loan of ₹ 150 Crores availed in February, 2019 is for capital expenditure. Interest is payable at a rate equal to the three months T-Bill rate plus a margin of 1.49% (Previous year - 1.49%) payable monthly. The said Loan is repayable in one full installment in February, 2024.

b) Indian Rupee Term Loan of ₹ 150 Crores availed in July, 2021 is for capital expenditure. Interest is payable at a rate equal to the three months T-Bill rate plus a margin of 1.33% payable monthly. The said Loan is repayable in three equal annual installment in July, 2025/ July, 2026/ July, 2027.

- ii) Indian Rupee Term Loan (Unsecured) from the HDFC Bank

a) Indian Rupee Term Loan of ₹ 300 Crores availed in June, 2020 is for capital expenditure. Interest is payable at a rate equal to repo rate plus a margin of 1.7% payable monthly. The said Loan is repayable in three equal annual installment in June, 2024/June, 2025/June, 2026.

b) Indian Rupee Term Loan of ₹ 150 Crores availed in June, 2021 is for capital expenditure. Interest is payable at a rate equal to repo rate plus a margin of 0.75% payable monthly. The said Loan is repayable in three equal annual installment in June, 2025/June, 2026/June, 2027.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

- iii) Secured Loan availed under SIPCOT soft loan in March 2020, Interest is payable at a rate of 0.10% (Previous year - 0.10%) payable quarterly are secured by way of second charge on the Fixed Assets created at the company's plants at Perambalur, near Trichy, Tamil Nadu. This loan will be repaid in full in April 2033.
- iv) Deferred payment credit is repayable along with interest (at varying rates) in 240 consecutive monthly instalments ending in March 2026.
- j. The amount due and paid during the year to "Investor Education and Protection Fund" is ₹ 0.38 Crores (Previous year - ₹ 0.38 Crores)
- k. Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a Company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) Activities, which for the financial year ended 31st March 2022 amounts to ₹ 33.92 Crores (Previous year - ₹ 30.44 Crores). A CSR Committee has been formed by the Company as per the Act. During the financial year ended 31st March, 2022, the Company has incurred an amount of ₹ 17.62 Crores.

Amount spent during the year on:

| Particulars | (₹ Crores) | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| 1) Amount required to be spent by the company during the year | 33.92 | 30.44 |
| 2) Amount of expenditure incurred on: | | |
| (i) Construction/acquisition of any asset | 8.57 | *** 67.45 |
| (ii) On Purposes other than (i) above | 9.05 | 22.76 |
| 3) Shortfall at the end of the year | 16.30 | - |
| 4) Total of previous years shortfall | - | - |
| 5) Reason for shortfall | * - | - |
| 6) Nature of CSR activities | ** - | ** - |
| 7) Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard | | |
| - Contribution to MRF Foundation in relation to CSR expenditure | 16.42 | 59.77 |

*The shortfall in CSR expenditure was on account of delay in implementation of projects and project duration extending beyond one financial year as per their original schedule of implementation. The shortfall will be transferred to unspent CSR Bank account and spent as per CSR Rules.

**Disaster Management including Relief, Promotion of Education, Environmental Sustainability, Livelihood enhancement, Vocational Skill development, Promoting Health care, Safe drinking water, Training for Sports, Sanitation and Hygiene, Rural Development projects.

***Above includes a contribution of ₹ 59.77 Crores paid to MRF Foundation for setting up a new Driver Development Institute for MRF Institute of Driver Development (MIDD).

- l. Events Occurring after the Balance Sheet date

The proposed final dividend for financial year 2021-22 amounting to ₹ 61.07 Crores will be recognised as distribution to owners during the financial year 2022-23 on its approval by Shareholders. The proposed final dividend amounts to ₹ 144/- per share.

- m. Earnings Per Share

| Particulars | | (₹ Crores) | |
|---|----------|--------------------------|--------------------------|
| | | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| Profit after taxation | ₹ Crores | 647.34 | 1249.06 |
| Number of equity shares (Face Value ₹ 10/-) | Nos. | 4241143 | 4241143 |
| Earnings per share | ₹ | 1526.34 | 2945.09 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

n. Capital and Other Commitments

- (i) Estimated amount of contracts remaining to be executed on Capital Account, net of advances and not provided for - ₹ 3031.32 Crores (Previous year - ₹ 1454.21 Crores)
- (ii) Guarantees given by the Banks - ₹ 43.84 Crores (Previous year - ₹ 40.90 Crores)
- (iii) Letters of Credit issued by the Banks - ₹ 182.45 Crores (Previous year - ₹ 19.40 Crores)
- (iv) Commitments relating to Lease arrangements - Refer Note 27 (b)
- (v) Derivative contract related commitments - Refer Note 24B(i)(b)

o. (i) Key Financial Ratios

| Sl. No. | Description | Numerator | Denominator | 2021-22 | 2020-21 | Change in Percentage (%) | Reasons for Change if variation is more than 25% |
|---------|----------------------------------|--------------------------------------|--|---------|---------|--------------------------|--|
| 1. | Current Ratio | Current assets | Current Liabilities | 1.45 | 1.41 | 3 | |
| 2. | Debt Equity Ratio | Long Term Debt | Shareholder's Equity | 0.08 | 0.08 | - | |
| 3. | Debt Service Coverage Ratio | EBITDA | Interest Expense + Principal Repayments | 4.83 | 5.46 | (12) | |
| 4. | Return on Equity (%) | PAT | Average Shareholder's Equity | 4.80% | 9.92% | (52) | Reduction is due to drop in Current year PAT |
| 5. | Inventory Turnover Ratio | Cost of Sales | Average Inventory | 5.45 | 5.18 | 5 | |
| 6. | Trade Receivables Turnover Ratio | Net Credit Sales | Average Trade Receivables | 8.56 | 7.47 | 15 | |
| 7. | Trade Payables Turnover Ratio | Net Credit Purchases | Average Trade Payables | 3.94 | 2.61 | 51 | Increase is due to increase in Purchase value for current year |
| 8. | Net Capital Turnover Ratio | Net Sales | Working Capital | 6.13 | 5.37 | 14 | |
| 9. | Net Profit Margin (%) | PAT | Total Income | 3.35% | 7.74% | (57) | Reduction is due to Sharp Increase in Raw material cost |
| 10. | Return on Capital Employed (%) | EBIT (Excluding Other income) | Capital Employed | 5.13% | 11.68% | (56) | Reduction is due to drop in Current year profit |
| 11. | Return on Investment | Income generated from Invested funds | Time weighted average of investments (includes Quoted Equity shares, Debt instruments-Bonds and Unquoted mutual funds) | 7.62% | 9.03% | (16) | |

- (ii) The company did not have any material transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956 during the financial year.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

- p. (i) Contingent Liabilities not provided for:

Claims not acknowledged as debts:

- Competition Commission of India (CCI) matter - Refer Note 1 below
- Disputed Sales Tax demands pending before the Appellate Authorities /High Court - ₹ 196.03 Crores (Previous year - ₹ 195.97 Crores)
- Disputed Excise/Customs Duty demands pending before the Appellate Authorities/High Court - ₹ 339.96 Crores (Previous year - ₹ 323.94 Crores)
- Disputed Income Tax Demands - ₹ 159.87 Crores (Previous year - ₹ 96.58 Crores). Against the said demand the company has deposited an amount of ₹ 97.52 Crores (Previous Year - ₹ 49.55 Crores)
- Disputed Goods and Service Tax demands pending before the Appellate Authorities - ₹ 1.57 Crores (Previous year- ₹ 0.29 Crores)
- Contested EPF Demands pending before Appellate Tribunal- ₹ 1.10 Crores (Previous year - ₹ 1.10 Crores)

Note 1: In terms of the Order dated 31st August, 2018 the Competition Commission of India (CCI) has on 2nd February, 2022 released its Order imposing penalty on the Company concerning the breach of provisions of the Competition Act, 2002 during the year 2011-2012 and imposed a penalty of ₹ 622.09 Crores on the Company. The Company has filed an appeal against the CCI Order before the National Company Law Appellate Tribunal (NCLAT). Based on the Company's assessment on the outcome of the appeal, the Company is of the view that no provision is necessary in respect of this matter in the Standalone Financial Statements.

- Previous year's figures have been re-grouped/re-classified to confirm to the requirements of the amended schedule III to the Companies Act, 2013 effective 1st April, 2021.

- q. Other Notes:

| Particulars | Year Ended 31.03.2022 | | Year Ended 31.03.2021 | |
|--|---------------------------|-------------------|---------------------------|-------------------|
| | % of total Consumption | Value ₹ Crores | % of total Consumption | Value ₹ Crores |
| 1) Value of imported/indigenous raw material/ stores and spares consumed : | | | | |
| Raw Materials | | | | |
| Imported at landed cost | 29.92 | 3965.34 | 30.16 | 2670.09 |
| Indigenous | 70.08 | 9289.11 | 69.84 | 6183.54 |
| | 100.00 | 13254.45 | 100.00 | 8853.63 |
| Stores and Spares | | | | |
| Imported at landed cost | 8.86 | 34.21 | 10.04 | 26.57 |
| Indigenous | 91.14 | 351.99 | 89.96 | 238.09 |
| | 100.00 | 386.20 | 100.00 | 264.66 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

| | | (₹ Crores) | |
|--|---|--------------------------|--------------------------|
| | | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| 2) | Particulars | | |
| | Details of Purchase of Traded Goods under broad heads: | | |
| | T and S Equipments | 3.47 | 6.79 |
| | Sports Goods | 10.61 | 5.99 |
| | Tyres and Tubes | - | 0.17 |
| | Others | 2.93 | 2.83 |
| | | 17.01 | 15.78 |
| 3) | CIF Value of Imports: | | |
| a. | Raw Materials | 4048.35 | 2430.74 |
| b. | Components and Spare Parts | 54.10 | 33.61 |
| c. | Capital Goods | 413.38 | 263.16 |
| 4) | Earnings in Foreign Exchange: | | |
| | FOB Value of Exports | 1521.29 | 1112.96 |
| | Freight and Insurance | 43.75 | 16.33 |
| Note: FOB Value of Exports excludes export sales in Indian Rupee | | | |
| 5) | Expenditure in Foreign Currency paid or payable by the Company: | | |
| a. | Interest and Finance Charges | 2.70 | 2.35 |
| b. | Professional and Consultation Fees | 12.30 | 9.96 |
| c. | Travelling | 1.20 | 1.66 |
| d. | Advertisements | 100.65 | 18.78 |
| e. | Traded goods | 0.86 | 1.59 |
| f. | Insurance | 4.39 | 3.82 |
| g. | Product warranty claims | 1.20 | 0.93 |
| h. | Others | 18.51 | 22.48 |

For M M NISSIM & CO LLP
Chartered Accountants
Firm Reg. No. 107122W / W100672

For MAHESH, VIRENDER & SRIRAM
Chartered Accountants
Firm Reg. No. 001939S

N. KASHINATH
Partner
Mem. No. 036490
Chennai
Dated 10th May, 2022

B R MAHESH
Partner
Mem. No. 18628
Hyderabad

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary
Chennai

JACOB KURIAN
Director
DIN: 00860095

V SRIDHAR
Director
DIN: 00020276

K M MAMMEN
Chairman &
Managing Director
DIN: 00020202

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MRF LIMITED

1. Opinion

We have audited the accompanying Consolidated Financial Statements of MRF Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2022, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flows Statement for the year then ended and notes to financial statements, a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the Consolidated state of affairs (financial position) of the Group as at 31st March, 2022, and its Consolidated profit (financial performance including Other Comprehensive Income), the Consolidated Changes in Equity and its Consolidated Cash Flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated financial Statements* section of our

report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

3. Emphasis of Matter

We draw attention to Note 25 (j) (a) to the Consolidated Financial Statement which describe the following matter:

In terms of the Order dated 31st August, 2018 the Competition Commission of India (CCI) has on 2nd February, 2022, released its Order imposing penalty on the Holding Company concerning the breach of provisions of the Competition Act, 2002 during the year 2011-2012 and imposed a penalty of ₹ 622.09 Crores on the Company. The Company has filed an appeal against the CCI Order before the National Company Law Appellate Tribunal (NCLAT). Based on the Company's assessment on the outcome of the appeal, the Company is of the view that no provision is necessary in respect of this matter in the Consolidated Financial Statements in the reporting period.

Our opinion is not modified in respect of this matter.

4. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



| Sr. No. | Key Audit Matter | Our Response |
|---------|--|---|
| 1. | Defined Benefit Obligation The valuation of the retirement benefit schemes in the Group is determined with reference to various actuarial assumptions including discount rate, future salary increases, rate of inflation, mortality rates and attrition rates. Due to the size of these schemes, small changes in these assumptions can have a material impact on the estimated defined benefit obligation. | <p>We have examined the key controls over the process involving member data, formulation of assumptions and the financial reporting process in arriving at the provision for retirement benefits. We tested the controls for determining the actuarial assumptions and the approval of those assumptions by senior management. We found these key controls were designed, implemented and operated effectively, and therefore determined that we could place reliance on these key controls for the purposes of our audit.</p> <p>We tested the employee data used in calculating the obligation and where material, we also considered the treatment of curtailments, settlements, past service costs, remeasurements, benefits paid, and any other amendments made to obligations during the year. From the evidence obtained, we found the data and assumptions used by management in the actuarial valuations for retirement benefit obligations to be appropriate.</p> |
| 2. | Warranty Provision The Holding Company makes an estimated provision for assurance type warranties at the point of sale. This estimate is based on historical claims data. | <p>We understood and tested the controls over the assumptions applied in arriving at the warranty provision, particularly vouching of relevant data elements with provision calculations; validation of formula used in the warranty spread sheet; management review control of the relevant internal and external factors impacting the provision.</p> |
| 3. | Litigation, Claims and Contingent Liabilities (Refer Note 25 (j), to be read along with Emphasis of matter in Independent Auditor's Report.) <ul style="list-style-type: none"> The Group is exposed to variety of different laws, regulations and interpretations thereof. Consequently, in the normal course of business, Provisions and Contingent Liabilities may arise from legal proceedings, constructive obligations and commercial claims. Management applies significant judgement when considering whether and how much to provide for the potential exposure of each matter. These estimates could change substantially over time as new facts emerge as each legal case or matters progresses. Given the different views possible, basis the interpretations, complexity and the magnitude of potential exposures and the judgement necessary to estimate the amount of provision required or determine required disclosures. | <ul style="list-style-type: none"> We understood the processes, evaluated the design and implementation of controls and tested the operating effectiveness of the Group's controls over the recording and re-assessment of uncertain legal positions, claims and contingent liabilities. We held discussions with senior management including the person responsible for legal and compliance to obtain an understanding of the factors considered by management in classification of the matter as 'probable', 'possible' and 'remote'. Examined the Holding Company's legal expenses on sample basis and read the minutes of the board meetings in order to ensure completeness. With respect to tax matters, involving our tax specialists, and discussing with the Holding Company's tax officers, their views and strategies on significant cases, as well as the related technical grounds relating to their conclusions based on applicable tax laws. Assessing the decisions and rationale for provisions held or for decisions not to record provisions or make disclosures. For those matters where management concluded that no provisions should be recorded, considering the adequacy and completeness of the disclosures. |

5. Information Other than the Consolidated Financial Statements and Auditor's Report thereon

The Holding Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Holding Company's Board's Report including Annexures to Board's Report, Management Discussion and Analysis, Report on Corporate Governance, Business Responsibility Report, but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

6. Management's Responsibility and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Act that give a true and fair view of the Consolidated financial position, Consolidated financial performance, Consolidated Changes in Equity and Consolidated Cash Flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates

that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

7. Auditor's Responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or



error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the consolidated financial statements made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within

the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

8. Other Matters

We did not audit the financial statements / financial information of certain subsidiaries whose financial statements / financial information reflect total assets of ₹ 1203.43 Crores as at 31st March, 2022, total revenues of ₹ 2378.15 Crores, total net profit after tax of

₹ 21.89 Crores and net cash outflows/inflows of ₹ 1.83 Crores for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

9. Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Group and the operating effectiveness of such controls, refer to our separate Report in “**Annexure A**”.
- g) As required by section 197(16) of the Act, based on our audit, we report that the Holding Company and its subsidiary companies incorporated in India, has paid and provided for remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Consolidated Financial Statements disclose the impact of pending litigations on the Consolidated financial position of the Group – Refer Note 25 (j) to the Consolidated Financial Statements;
 - ii. The Group has long-term contracts including derivative contracts for which there were no material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Holding company and its subsidiary companies incorporated in India.
 - iv. (a) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been



- audited under the Act, have represented to us that to the best of their knowledge and belief, no funds have been advanced or lend or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company and its subsidiary companies incorporated in India to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding whether recorded in writing or otherwise that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of its subsidiaries, ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that to the best of their knowledge and belief, no funds have been received by the Company and its subsidiary companies incorporated in India, from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of its subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures, we have considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiaries, which are companies

incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that causes us to believe that the above representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material misstatement.

- v. The Company and its subsidiary companies incorporated in India have complied with the provisions with respect to Section 123 of the Companies Act, 2013 in respect of final dividend proposed in the previous year, interim dividends declared and paid by the company during the year and the proposed final dividend for the year which is subject to the approval of members at the ensuing Annual General Meeting, as applicable.
- vi. With respect to the matters specified in paragraphs 3(xxii) and 4 of the companies (Auditor's Report) order, 2020 (the order/CARO) issued by the central government in terms of section 143 (11) of the act, to be included in the Auditor's Report, according to the information and explanation given to us, and based on CARO reports issued by us and the component auditor for the Holding company and its subsidiaries incorporated in India included in the consolidated financial statements of the company, to which the reporting under CARO is applicable., we report that there are no qualifications or adverse remarks in these CARO reports.

For M M NISSIM & CO. LLP
Chartered Accountants
Firm Reg. No. 107122W / W100672

N KASHINATH
Partner
Mem. No. 36490
UDIN: 22036490AIRTZZ2556
Place: Chennai
Date : 10th May, 2022

For MAHESH, VIRENDER & SRIRAM
Chartered Accountants
Firm Reg. No. 0019395

B R MAHESH
Partner
Mem. No. 18628
UDIN: 22018628AIRTLZ8244
Place : Hyderabad
Date : 10th May, 2022

**“ANNEXURE A” TO THE INDEPENDENT AUDITOR’S REPORT OF
EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF
MRF LIMITED.**

**Report on the Internal Financial Controls under Clause (i) of Sub-section
3 of Section 143 of the Companies Act, 2013 (“the Act”)**

1. Opinion

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended 31 March 2022, we have audited the internal financial controls with reference to Financial Statements of MRF LIMITED (“the Holding Company”) and its subsidiary companies which are companies incorporated in India, as of that date. In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to Financial Statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

2. Management’s Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to financial statements criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds

and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

3. Auditors’ Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to Financial Statements of the Holding Company and its subsidiary companies which are incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Financial Statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Financial Statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of a subsidiary company incorporated in India, in terms of their report referred to in other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company and its subsidiary companies which are incorporated in India.



4. **Meaning of Internal Financial Controls with reference to Financial Statements**

A company's internal financial control with reference to Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

5. **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to Financial Statements, including the possibility of

collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Financial Statements to future periods are subject to the risk that the internal financial control with reference to Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

6. **Other MATTERS**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to Financial Statements in so far as it relates to subsidiary companies, incorporated in India, is based on the report of the auditors.

For M M NISSIM & CO. LLP
Chartered Accountants
Firm Reg. No. 107122W / W100672

For MAHESH, VIRENDER & SRIRAM
Chartered Accountants
Firm Reg. No. 001939S

N KASHINATH
Partner
Mem. No. 36490
UDIN: 22036490AIRTZZ2556
Place: Chennai
Date : 10th May, 2022

B R MAHESH
Partner
Mem. No. 18628
UDIN: 22018628AIRTLZ8244
Place : Hyderabad
Date : 10th May, 2022

MRF LIMITED, CHENNAI
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2022

| | | | (₹ Crores) |
|--|-------|------------------|------------------|
| | Note | As at 31.03.2022 | As at 31.03.2021 |
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 2 (a) | 9500.59 | 9416.42 |
| Capital Work-in-Progress | 2 (b) | 1233.07 | 1002.23 |
| Other Intangible Assets | 2 (c) | 21.23 | 24.33 |
| Financial Assets: | | | |
| - Investments | 3 | 1135.02 | 1129.77 |
| - Loans | 4 | 0.95 | 2.70 |
| - Other financial assets | 5 | 151.44 | 94.48 |
| Non Current Tax Asset (Net) | | 241.77 | 256.60 |
| Other non-current assets | 6 | 587.72 | 292.53 |
| Current Assets | | | |
| Inventories | 7 | 4129.67 | 2938.81 |
| Financial Assets: | | | |
| - Investments | 3 | 2521.44 | 4744.25 |
| - Trade Receivables | 8 | 2332.68 | 2145.96 |
| - Cash and Cash Equivalents | 9 | 178.69 | 166.85 |
| - Bank Balances other than Cash and Cash Equivalents | 10 | 1.74 | 2.54 |
| - Loans | 4 | 3.18 | 6.77 |
| - Other financial assets | 5 | 767.16 | 61.15 |
| Other Current Assets | 6 | 253.39 | 296.47 |
| TOTAL ASSETS | | 23059.74 | 22581.86 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share Capital | SOCE | 4.24 | 4.24 |
| Other Equity | SOCE | 14027.51 | 13409.43 |
| Non Controlling Interest | | 0.15 | 0.14 |
| Total Equity | | 14031.90 | 13413.81 |
| LIABILITIES | | | |
| Non-Current Liabilities | | | |
| Financial Liabilities: | | | |
| - Borrowings | 11 | 817.21 | 811.76 |
| - Lease Liability | | 350.87 | 312.63 |
| - Other Financial Liabilities | 16 | 106.83 | - |
| Provisions | 12 | 218.91 | 211.55 |
| Deferred Tax Liabilities (Net) | 13 | 395.49 | 380.24 |
| Other non-current liabilities | 14 | 181.80 | 184.22 |
| Current Liabilities | | | |
| Financial Liabilities: | | | |
| - Borrowings | 11 | 2000.79 | 1208.85 |
| - Lease Liability | | 60.08 | 54.99 |
| - Trade Payables | | | |
| (A) total outstanding dues of micro enterprises and small enterprises; | 15 | 58.26 | 54.21 |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises | 15 | 1998.52 | 3251.93 |
| - Other Financial Liabilities | 16 | 403.05 | 449.14 |
| Other Current Liabilities | 14 | 2251.43 | 2045.04 |
| Provisions | 12 | 180.78 | 199.73 |
| Current Tax Liabilities (Net) | | 3.82 | 3.76 |
| Total Liabilities | | 9027.84 | 9168.05 |
| TOTAL EQUITY AND LIABILITIES | | 23059.74 | 22581.86 |

Significant Accounting Policies and key accounting estimates and Judgement

Accompanying Notes are an integral part of these Financial Statements.

This is the Consolidated Balance Sheet referred to in our report of even date.

For M M NISSIM & CO LLP For MAHESH, VIRENDER & SRIRAM
Chartered Accountants Chartered Accountants
Firm Reg. No. 107122W / W100672 Firm Reg. No. 0019395

N. KASHINATH
Partner
Mem. No. 036490
Chennai
Dated 10th May, 2022

B R MAHESH
Partner
Mem. No. 18628
Hyderabad

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary
Chennai

JACOB KURIAN
Director
DIN: 00860095

V SRIDHAR
Director
DIN: 00020276

K M MAMMEN
Chairman &
Managing Director
DIN: 00020202



MRF LIMITED, CHENNAI

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ Crores)

| | Note | Year ended 31.03.2022 | Year ended 31.03.2021 |
|--|----------------------|--------------------------|--------------------------|
| INCOME | | | |
| Revenue from Operations | 17 | 19316.72 | 16163.19 |
| Other Income | 18 | 316.99 | 209.94 |
| TOTAL INCOME | | 19633.71 | 16373.13 |
| EXPENSES | | | |
| Cost of materials consumed | 19 | 13419.57 | 8952.10 |
| Purchases of Stock-in-Trade | | 17.32 | 16.15 |
| Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress | 20 | (856.15) | 354.25 |
| Employee Benefits expense | 21 | 1501.95 | 1415.03 |
| Finance Costs | 22 | 253.80 | 274.67 |
| Depreciation and Amortisation expense | 2 (a (1, 2)) and (c) | 1205.05 | 1140.77 |
| Other Expenses | 23 | 3184.24 | 2483.32 |
| TOTAL EXPENSES | | 18725.78 | 14636.29 |
| PROFIT BEFORE TAX | | 907.93 | 1736.84 |
| TAX EXPENSE | | | |
| Current Tax | | 228.38 | 497.57 |
| Deferred Tax | | 10.31 | (37.80) |
| TOTAL TAX EXPENSE | | 238.69 | 459.77 |
| PROFIT FOR THE YEAR | | 669.24 | 1277.07 |
| NON-CONTROLLING INTEREST - ₹ 53,631 (Previous year - ₹ 55,805) | | (0.01) | (0.01) |
| OTHER COMPREHENSIVE INCOME (OCI) | | | |
| Items that will not be reclassified to Profit or Loss | | | |
| Remeasurements of Defined benefit plans | | 13.97 | (20.30) |
| Income Tax relating to items that will not be reclassified to Profit or Loss | | (3.51) | 5.11 |
| Items that may be reclassified to Profit or Loss | | | |
| Exchange differences in translating the financial statements of foreign operations | | (2.16) | (4.00) |
| Fair value of cash flow hedges through other comprehensive income | | 2.25 | (13.05) |
| Fair value of debt instruments through other comprehensive income | | 3.28 | (9.01) |
| Income tax relating to items that may be reclassified to Profit or Loss | | (1.39) | 5.56 |
| TOTAL OTHER COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR, NET OF TAX | | 12.44 | (35.69) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 681.67 | 1241.37 |
| EARNINGS PER EQUITY SHARE | | | |
| | 25 (b) | | |
| Basic | | 1577.97 | 3011.14 |
| Diluted | | 1577.97 | 3011.14 |

Significant Accounting Policies and key accounting estimates and Judgement

1

Accompanying Notes are an integral part of these Financial Statements.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For M M NISSIM & CO LLP
Chartered Accountants
Firm Reg. No. 107122W / W100672

For MAHESH, VIRENDER & SRIRAM
Chartered Accountants
Firm Reg. No. 0019395

N. KASHINATH
Partner
Mem. No. 036490
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Dated 10th May, 2022

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Vice President Finance

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Company Secretary
Chennai

JACOB KURIAN
Director
DIN: 00860095

V SRIDHAR
Director
DIN: 00020276

K M MAMMEN
Chairman &
Managing Director
DIN: 00020202

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SOCE) FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ Crores)

| EQUITY SHARE CAPITAL | As at 31.03.2022 | As at 31.03.2021 | As at 31.03.2022 | As at 31.03.2021 |
|--|---------------------|---------------------|---------------------|---------------------|
| | <u>Number</u> | <u>Number</u> | <u>Amount</u> | <u>Amount</u> |
| Authorised Share Capital | 9000000 | 9000000 | 9.00 | 9.00 |
| Issued Share Capital (Excludes 71 bonus shares not issued and not allotted on non-payment of call monies) | 4241143 | 4241143 | 4.24 | 4.24 |
| Subscribed Share Capital | 4241143 | 4241143 | 4.24 | 4.24 |
| Fully Paid-up Share Capital | 4241143 | 4241143 | 4.24 | 4.24 |
| Balance at the beginning of the reporting year | 4241143 | 4241143 | 4.24 | 4.24 |
| Changes in equity share capital due to prior period errors | - | - | - | - |
| Restated balance at the beginning of the reporting year | 4241143 | 4241143 | 4.24 | 4.24 |
| Changes in Equity Share Capital during the reporting year: | - | - | - | - |
| Balance at the end of the reporting year | 4241143 | 4241143 | 4.24 | 4.24 |

Rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital

The Holding Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividends proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Holding Company after distribution of all preferential amounts, in proportion to their shareholding.

The Holding Company has declared two interim dividends aggregating to ₹ 2.54 Crores (Previous year ₹ 2.54 Crores) which has already been distributed during the Financial Year 2021-22.

| Shares in the Company held by each shareholder holding more than five percent shares | As at 31.03.2022 | | As at 31.03.2021 | |
|---|------------------|--------|------------------|--------|
| | No. | % | No. | % |
| Comprehensive Investment and Finance Company Private Limited | 441834 | 10.42% | 440719 | 10.39% |
| MOWI Foundation | 507984 | 11.98% | 507984 | 11.98% |



MRF LIMITED, CHENNAI

(₹ Crores)

| OTHER EQUITY | Reserves and Surplus | | | | | | Other Comprehensive Income | | | TOTAL |
|--|----------------------|-----------------|-----------------|----------------------------|---|-------------------|------------------------------|------------------------------|--------------------------------------|----------|
| | Securities Premium | Capital Reserve | General Reserve | Capital Redemption Reserve | Remeasurements of Defined Benefit Plans | Retained Earnings | Cash Flow Hedges through OCI | Debt Instruments through OCI | Foreign Currency Translation Reserve | |
| Balance at the beginning of the comparative reporting year - 1st April 2020 | 9.42 | 0.05 | 12232.24 | 0.44 | (56.95) | - | 11.35 | - | 13.92 | 12210.47 |
| Changes in Accounting Policy or Correction of Prior Period Errors | - | - | - | - | - | - | - | - | - | - |
| Restated balance as at 1st April 2020 | 9.42 | 0.05 | 12232.24 | 0.44 | (56.95) | - | 11.35 | - | 13.92 | 12210.47 |
| Profit for the Comparative Year ending 31st March 2021 | - | - | - | - | - | 1277.06 | - | - | - | 1277.06 |
| Other Comprehensive Income for the Comparative Year ending 31st March 2021* | - | - | - | - | (15.19) | - | (9.76) | (6.74) | (4.00) | (35.69) |
| Total Comprehensive Income for the Comparative Year | - | - | - | - | (15.19) | 1277.06 | (9.76) | (6.74) | (4.00) | 1241.37 |
| Transactions with owners in their capacity as owners: | | | | | | | | | | |
| Dividends & Dividend Distribution Tax; | | | | | | | | | | |
| - Interim Dividends (Rs 6 per share) | - | - | - | - | - | (2.54) | - | - | - | (2.54) |
| - Final Dividend (Rs.94 per share) | - | - | - | - | - | (39.87) | - | - | - | (39.87) |
| - Dividend Distribution Tax | - | - | - | - | - | - | - | - | - | - |
| Add/(Less) Adjustments during the year | | | | | | | | | | |
| Transfer to General Reserve | - | - | 1234.65 | - | - | (1234.65) | - | - | - | - |
| Balance at the beginning of the reporting year | 9.42 | 0.05 | 13466.89 | 0.44 | (72.14) | - | 1.59 | (6.74) | 9.92 | 13409.43 |
| Changes in Accounting Policy or Correction of Prior Period Errors | - | - | - | - | - | - | - | - | - | - |
| Restated balance as at 1st April 2021 | 9.42 | 0.05 | 13466.89 | 0.44 | (72.14) | - | 1.59 | (6.74) | 9.92 | 13409.43 |
| Profit for the Current Reporting Year ending 31st March 2022 | - | - | - | - | - | 669.23 | - | - | - | 669.23 |
| Other Comprehensive (Loss) / Income* | - | - | - | - | 10.46 | - | 1.69 | 2.45 | (2.16) | 12.44 |
| Total Comprehensive Income attributable to the Owners of the Company for the Reporting Year | - | - | - | - | 10.46 | 669.23 | 1.69 | 2.45 | (2.16) | 681.67 |

(₹ Crores)

| OTHER EQUITY (Contd.) | Reserves and Surplus | | | | | | Other Comprehensive Income | | | TOTAL |
|--|----------------------|-----------------|-----------------|----------------------------|---|-------------------|------------------------------|------------------------------|--------------------------------------|-----------------|
| | Securities Premium | Capital Reserve | General Reserve | Capital Redemption Reserve | Remeasurements of Defined Benefit Plans | Retained Earnings | Cash Flow Hedges through OCI | Debt Instruments through OCI | Foreign Currency Translation Reserve | |
| Transactions with owners in their capacity as owners: | | | | | | | | | | |
| Dividends & Dividend Distribution Tax; | | | | | | | | | | |
| - Interim Dividends (₹ 6 per share) | - | - | - | - | - | (2.54) | - | - | - | (2.54) |
| - Final Dividend and Special Dividend (₹144 per share) | - | - | - | - | - | (61.05) | - | - | - | (61.05) |
| Add/(Less) Adjustments during the year | - | - | - | - | - | - | - | - | - | - |
| Transfer to General Reserve | - | - | 605.64 | - | - | (605.64) | - | - | - | - |
| Balance at the end of the reporting year ending 31st March 2022 | 9.42 | 0.05 | 14072.53 | 0.44 | (61.68) | - | 3.28 | (4.29) | 7.76 | 14027.51 |

* Gain of ₹ 10.46 Crores and Loss of ₹ 15.19 Crores on re-measurement of defined benefit plans (net of tax) is recognised as part of Reserves and Surplus for the year ended 31st March 2022 and 31st March 2021, respectively.

| Nature and Purpose of each component of equity | Nature and Purpose |
|--|--|
| Securities Premium | Amounts received in excess of par value on issue of shares is classified as Securities Premium |
| Capital Reserve | Capital reserve was created on purchase of shares by the parent company. |
| General Reserve | General Reserve represents accumulated profits and is created by transfer of profits from Retained Earnings and it is not an item of Other Comprehensive Income and the same shall not be subsequently reclassified to Statement of Profit and Loss |
| Capital Redemption Reserve | Capital Redemption Reserve represents statutory reserve created upon buyback of equity shares in the earlier years. |
| Retained Earnings | Retained earnings are the Profits that the group has earned till date, less any transfer to General reserve and Dividend. |
| Cash Flow Hedges | Gains / Losses on Effective portion of cashflow hedges are initially recognized in Other Comprehensive Income as per IND AS 109. These gains or losses are reclassified to the Statement of Profit or Loss when the forecasted transaction affects earnings, except for hedge transactions resulting in recognition of non financial assets which are included in the carrying amount of the asset ("Basis Adjustments") |
| Debt Instruments | The fair value change of the debt instruments measured at fair value through Other Comprehensive Income is recognised in Debt instruments through Other Comprehensive Income. Upon derecognition, the cumulative fair value changes on the said instruments are reclassified to the Statement of Profit and Loss. |
| Remeasurements of Defined Benefit Plans | Gains / Losses arising on Remeasurements of Defined Benefit Plans are recognised in the Other Comprehensive Income as per IND AS-19 and shall not be reclassified to the Statement of Profit or Loss in the subsequent years. |
| Foreign Currency Translation Reserve | Exchange differences relating to the translation of the results and net assets of the groups' foreign operations from their functional currencies to the Group's presentation currency, i.e., Indian Rupees. |

This is the Consolidated Statement of Equity(SOCE) referred to in our report of even date.

For M M NISSIM & CO LLP
Chartered Accountants
Firm Reg. No. 107122W / W100672

For MAHESH, VIRENDER & SRIRAM
Chartered Accountants
Firm Reg. No. 001939S

N. KASHINATH
Partner
Mem. No. 036490
Chennai
Dated 10th May, 2022

B R MAHESH
Partner
Mem. No. 18628
Hyderabad

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary
Chennai

JACOB KURIAN
Director
DIN: 00860095

V SRIDHAR
Director
DIN: 00020276

K M MAMMEN
Chairman &
Managing Director
DIN: 00020202



Disclosure of shareholding of Promoters:

| Sl. No. | Promoter Name | As at 31st March, 2022 | | % Change during the year as compared to 31st March, 2021 | As at 31st March, 2021 | | % Change during the year as compared to 31st March, 2020 |
|---------|--|------------------------|-------------------|--|------------------------|-------------------|--|
| | | No. of Shares | % of total shares | | No. of Shares | % of total shares | |
| 1 | ACCAMMA KURUVILLA | 2338 | 0.06 | (0.00) | 2348 | 0.06 | - |
| 2 | ADARSH MAMMEN VERGHESE | 2000 | 0.05 | - | 2000 | 0.05 | 0.05 |
| 3 | ADITH POULOSE MAMMEN | 1635 | 0.04 | - | 1635 | 0.04 | - |
| 4 | ADITI MAMMEN GUPTA | 4744 | 0.11 | - | 4744 | 0.11 | - |
| 5 | AMBIKA MAMMEN | 2489 | 0.06 | - | 2489 | 0.06 | - |
| 6 | AMIT MATHEW | 4520 | 0.11 | - | 4520 | 0.11 | - |
| 7 | AMMU MATHEW | 2650 | 0.06 | - | 2650 | 0.06 | - |
| 8 | ANITA MANI | 1334 | 0.03 | (0.00) | 1344 | 0.03 | - |
| 9 | ANNA PHILIP | 350 | 0.01 | - | 350 | 0.01 | - |
| 10 | ANNA RAPHAEL | 258 | 0.01 | - | 258 | 0.01 | - |
| 11 | ANNA THOMAS CHACKO | 1291 | 0.03 | - | 1291 | 0.03 | - |
| 12 | ANNAMMA MAMMEN | 11265 | 0.27 | - | 11265 | 0.27 | - |
| 13 | ANNAMMA PHILIP | 9500 | 0.22 | 0.11 | 4500 | 0.11 | (0.03) |
| 14 | ANNU KURIEN | 12490 | 0.29 | (0.01) | 12640 | 0.30 | - |
| 15 | ARJUN JOSEPH | 1850 | 0.04 | - | 1850 | 0.04 | (0.01) |
| 16 | ARUN MAMMEN | 27560 | 0.65 | - | 27560 | 0.65 | - |
| 17 | ASHOK KURIYAN | 1878 | 0.04 | - | 1878 | 0.04 | - |
| 18 | ASHWATHI JACOB | 151 | 0.00 | - | 151 | 0.00 | - |
| 19 | ASWATHY VARGHESE | 9450 | 0.22 | - | 9450 | 0.22 | - |
| 20 | BADRA ESTATES AND INDUSTRIES LIMITED | 6530 | 0.15 | - | 6530 | 0.15 | (0.02) |
| 21 | BEEBI MAMMEN | 20237 | 0.48 | - | 20237 | 0.48 | - |
| 22 | BINA MATHEW | 1568 | 0.04 | - | 1568 | 0.04 | - |
| 23 | BRAGA INDUSTRIES LLP | 29457 | 0.69 | 0.11 | 24541 | 0.58 | 0.03 |
| 24 | CHALAKUZHYPULOSE MAMMEN | 530 | 0.01 | - | 530 | 0.01 | - |
| 25 | CIBI MAMMEN | 500 | 0.01 | - | 500 | 0.01 | - |
| 26 | COMPREHENSIVE INVESTMENT AND FINANCE COMPANY PVT. LTD. | 441834 | 10.42 | 0.03 | 440719 | 10.39 | - |
| 27 | DEVON MACHINES PVT LTD | 1000 | 0.02 | - | 1000 | 0.02 | - |
| 28 | ELA KATTUKARAN | - | - | - | - | - | (0.14) |
| 29 | ELIZABETH JACOB MATTHAI | 4000 | 0.09 | - | 4000 | 0.09 | - |
| 30 | GEETHA ZACHARIAH | 6113 | 0.14 | - | 6113 | 0.14 | - |
| 31 | GEETHA MAMMEN MAPPILLAI | 250 | 0.01 | - | 250 | 0.01 | - |
| 32 | GEORGE MAMMEN | 808 | 0.02 | - | 808 | 0.02 | (0.01) |
| 33 | HANNAH KURIAN | 600 | 0.01 | - | 600 | 0.01 | - |
| 34 | HARSHA MATHEW | 1250 | 0.03 | - | 1250 | 0.03 | - |
| 35 | JACOB MAMMEN | 35120 | 0.83 | - | 35120 | 0.83 | 0.00 |
| 36 | JACOB MATHEW | 20977 | 0.49 | - | 20977 | 0.49 | - |

| Sl. No. | Promoter Name | As at 31st March, 2022 | | % Change during the year as compared to 31st March, 2021 | As at 31st March, 2021 | | % Change during the year as compared to 31st March, 2020 |
|---------|---|------------------------|-------------------|--|------------------------|-------------------|--|
| | | No. of Shares | % of total shares | | No. of Shares | % of total shares | |
| 37 | JAYANT MAMMEN MATHEW | 2190 | 0.05 | - | 2190 | 0.05 | - |
| 38 | JCEE MANUFACTURING AND SERVICES PVT LTD | 12415 | 0.29 | 0.03 | 10965 | 0.26 | 0.01 |
| 39 | JOSEPH KANIANTHRA PHILIPS | 1000 | 0.02 | - | 1000 | 0.02 | - |
| 40 | K C MAMMEN | 9043 | 0.21 | - | 9043 | 0.21 | - |
| 41 | K K MAMMEN MAPPILLAI | 7399 | 0.17 | - | 7399 | 0.17 | (0.00) |
| 42 | K M MAMMEN | 16048 | 0.38 | - | 16048 | 0.38 | - |
| 43 | K S JOSEPH | 483 | 0.01 | - | 483 | 0.01 | (0.01) |
| 44 | K Z KURIYAN | 650 | 0.02 | - | 650 | 0.02 | - |
| 45 | KANDATHIL MATHEW JACOB | - | - | (0.00) | 28 | 0.00 | - |
| 46 | KARUN PHILIP | 4000 | 0.09 | - | 4000 | 0.09 | (0.02) |
| 47 | KAVITA PHILIP | - | - | (0.12) | 5000 | 0.12 | - |
| 48 | KAVYA VERGHESE | 2000 | 0.05 | - | 2000 | 0.05 | 0.05 |
| 49 | KIRAN JOSEPH | 1850 | 0.04 | - | 1850 | 0.04 | (0.01) |
| 50 | KIRAN KATTUKARAN | - | - | - | - | - | (0.14) |
| 51 | KIRAN KURIYAN | 403 | 0.01 | - | 403 | 0.01 | - |
| 52 | KMMMF PVT. TRUST | 36987 | 0.87 | - | 36987 | 0.87 | - |
| 53 | LATHA MATTHEW | 5723 | 0.13 | - | 5723 | 0.13 | - |
| 54 | M A MATHEW | 6595 | 0.16 | - | 6595 | 0.16 | - |
| 55 | M M HOUSING PRIVATE LIMITED | 179 | 0.00 | - | 179 | 0.00 | - |
| 56 | M.M.PUBLICATIONS LIMITED | 300 | 0.01 | - | 300 | 0.01 | - |
| 57 | MALINI MATHEW | 1800 | 0.04 | - | 1800 | 0.04 | - |
| 58 | MAMMEN EAPEN | 4128 | 0.10 | - | 4128 | 0.10 | - |
| 59 | MAMMEN MAPPILLAI INVESTMENTS LTD | 1209 | 0.03 | - | 1209 | 0.03 | - |
| 60 | MAMMEN MATHEW | 11015 | 0.26 | - | 11015 | 0.26 | - |
| 61 | MAMMEN PHILIP | 7880 | 0.19 | (0.02) | 8700 | 0.21 | 0.02 |
| 62 | MAMY PHILIP | 7350 | 0.17 | - | 7350 | 0.17 | - |
| 63 | MARIA MAMMEN | 84 | 0.00 | - | 84 | 0.00 | - |
| 64 | MARIAM MAMMEN MATHEW | 100 | 0.00 | - | 100 | 0.00 | - |
| 65 | MARIEN MATHEW | 160 | 0.00 | - | 160 | 0.00 | - |
| 66 | MARIKA MAMMEN APPIAH | 100 | 0.00 | - | 100 | 0.00 | - |
| 67 | MARY KURIEN | 10839 | 0.26 | - | 10839 | 0.26 | - |
| 68 | MEERA NINAN | 6167 | 0.15 | - | 6167 | 0.15 | - |
| 69 | MEERA PHILIP | 33627 | 0.79 | - | 33627 | 0.79 | - |
| 70 | MEERA MAMMEN | 15840 | 0.37 | - | 15840 | 0.37 | - |
| 71 | MICAH MAMMEN PARAMBI | 100 | 0.00 | - | 100 | 0.00 | - |
| 72 | NISHA SARAH MATTHEW | 164 | 0.00 | - | 164 | 0.00 | - |
| 73 | NITHYA SUSAN MATTHEW | 169 | 0.00 | - | 169 | 0.00 | - |
| 74 | OMANA MAMMEN | 4703 | 0.11 | - | 4703 | 0.11 | - |
| 75 | PENINSULAR INVESTMENTS PRIVATE LIMITED | 124367 | 2.93 | 0.00 | 124087 | 2.93 | - |



| Sl. No. | Promoter Name | As at 31st March, 2022 | | % Change during the year as compared to 31st March, 2021 | As at 31st March, 2021 | | % Change during the year as compared to 31st March, 2020 |
|--------------|--|------------------------|-------------------|--|------------------------|-------------------|--|
| | | No. of Shares | % of total shares | | No. of Shares | % of total shares | |
| 76 | PETER K PHILIPS | 2341 | 0.06 | - | 2341 | 0.06 | - |
| 77 | PETER PHILIP | 2352 | 0.06 | - | 2352 | 0.06 | - |
| 78 | PHILIP MATHEW | 11762 | 0.28 | - | 11762 | 0.28 | - |
| 79 | PREMA MAMMEN MATHEW | 10881 | 0.26 | - | 10881 | 0.26 | - |
| 80 | PREMINDA JACOB | 98 | 0.00 | - | 98 | 0.00 | - |
| 81 | RACHEL KATTUKARAN | 17247 | 0.41 | - | 17247 | 0.41 | 0.28 |
| 82 | RADHIKA MARIA MAMMEN | 600 | 0.01 | - | 600 | 0.01 | - |
| 83 | RAHUL MAMMEN MAPPILLAI | 4538 | 0.11 | - | 4538 | 0.11 | - |
| 84 | RAMANI JOSEPH | 2509 | 0.06 | - | 2509 | 0.06 | - |
| 85 | RANJEET JACOB | 28 | 0.00 | 0.00 | - | - | - |
| 86 | REENU ZACHARIAH | 517 | 0.01 | - | 517 | 0.01 | - |
| 87 | RIYAD MATHEW | 4520 | 0.11 | - | 4520 | 0.11 | - |
| 88 | ROHAN MATHEW MAMMEN | 1635 | 0.04 | - | 1635 | 0.04 | - |
| 89 | ROSHIN VARGHESE | 6679 | 0.16 | - | 6679 | 0.16 | - |
| 90 | ROY MAMMEN | 12894 | 0.30 | - | 12894 | 0.30 | - |
| 91 | SAMIR THARIYAN MAPPILLAI | 4470 | 0.11 | - | 4470 | 0.11 | - |
| 92 | SARA KURIYAN | 1880 | 0.04 | - | 1880 | 0.04 | - |
| 93 | SARAH CHERIAN TRUST | 4950 | 0.12 | - | 4950 | 0.12 | - |
| 94 | SARAH THOMAS | 12608 | 0.30 | (0.00) | 12664 | 0.30 | - |
| 95 | SARASU JACOB | 14114 | 0.33 | (0.00) | 14204 | 0.33 | (0.00) |
| 96 | SHANTA MAMMEN | 4938 | 0.12 | - | 4938 | 0.12 | 0.01 |
| 97 | SHILPA MAMMEN | 4412 | 0.10 | - | 4412 | 0.10 | - |
| 98 | SHIRIN MAMMEN | 1450 | 0.03 | - | 1450 | 0.03 | (0.10) |
| 99 | SHONA BHOJNAGARWALA | 50 | 0.00 | - | 50 | 0.00 | - |
| 100 | SHREYA JOSEPH | 5120 | 0.12 | - | 5120 | 0.12 | - |
| 101 | SOMA PHILIPS | - | - | (0.05) | 2000 | 0.05 | - |
| 102 | STABLE INVESTMENTS AND FINANCE COMPANY LTD | 3964 | 0.09 | - | 3964 | 0.09 | (0.01) |
| 103 | SUSAN ABRAHAM | 68 | 0.00 | - | 68 | 0.00 | (0.00) |
| 104 | SUSAN KURIAN | 9137 | 0.22 | - | 9137 | 0.22 | - |
| 105 | SUSY THOMAS | 5278 | 0.12 | - | 5278 | 0.12 | - |
| 106 | TARA JOSEPH | 3150 | 0.07 | - | 3150 | 0.07 | - |
| 107 | THANGAM MAMMEN | 5981 | 0.14 | - | 5981 | 0.14 | - |
| 108 | THE MALAYALA MANORAMA COMPANY LIMITED | 6109 | 0.14 | - | 6109 | 0.14 | - |
| 109 | USHA EAPEN GEORGE | 1220 | 0.03 | - | 1220 | 0.03 | (0.00) |
| 110 | VARUN MAMMEN | 8706 | 0.21 | - | 8706 | 0.21 | - |
| 111 | VIKRAM KURUVILLA | 109 | 0.00 | - | 109 | 0.00 | - |
| 112 | ZACHARIAH KURIYAN | 3411 | 0.08 | - | 3411 | 0.08 | - |
| Total | | 1185320 | | | 1180695 | | |

Note: Figures in brackets represents reduction in percentage change as compared to previous period.

MRF LIMITED, CHENNAI**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022**

(₹ Crores)

| | Year ended 31.03.2022 | Year ended 31.03.2021 |
|---|-----------------------|-----------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| NET PROFIT BEFORE TAX | 907.93 | 1736.84 |
| Adjustment for : | | |
| Depreciation | 1205.05 | 1140.77 |
| Unrealised Exchange (Gain) / Loss | (0.34) | 6.13 |
| Provision for Impairment of Assets (other than Financial Assets) | 7.10 | - |
| Impairment of Financial Assets | 0.42 | 0.48 |
| Finance Cost | 253.80 | 274.67 |
| Government Grant Accrued | (0.99) | (1.63) |
| Interest Income | (100.49) | (127.33) |
| Dividend Income | (0.06) | - |
| Loss / (Gain) on Sale / Disposal of Property, Plant and Equipment | 2.20 | 4.91 |
| Fair Value changes in Investments | (155.49) | (29.11) |
| Fair Value changes in Financial Instruments | 32.23 | 14.26 |
| Loss / (Gain) on Sale of Investments | (7.38) | (1.01) |
| Bad debts written off (Net off Impairment reversal of ₹ 0.67 Crore) | 0.21 | 0.16 |
| OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES | 2144.19 | 3019.14 |
| Trade receivables | (187.60) | 35.11 |
| Other receivables | (102.97) | 21.96 |
| Inventories - Finished Goods | (785.57) | 447.83 |
| Inventories - Raw materials and Others | (405.29) | (481.46) |
| Trade Payable | | |
| - Supplier Finance | (983.40) | 883.76 |
| - Import acceptance and Others (Change in Regulation) | (266.45) | 724.51 |
| Provisions | 2.38 | 47.73 |
| Other liabilities | 220.14 | 142.77 |
| CASH GENERATED FROM OPERATIONS | (364.57) | 4841.35 |
| Direct Taxes paid | (213.46) | (516.77) |
| NET CASH FROM OPERATING ACTIVITIES | (578.03) | 4324.58 |



MRF LIMITED, CHENNAI

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022 (Contd.)

(₹ Crores)

| | Year ended 31.03.2022 | Year ended 31.03.2021 |
|--|-----------------------|-----------------------|
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Property, Plant and Equipment | (1707.01) | (852.74) |
| Proceeds from sale of Property, Plant and Equipment | 2.37 | 1.15 |
| Purchase of Investments | (649.97) | (6218.07) |
| Proceeds from sale of Investments | 3033.02 | 1884.49 |
| Fixed Deposits others | (600.00) | - |
| Fixed Deposits with Banks matured | (3.03) | 2.76 |
| Loans (Financial assets) given | 1.19 | 8.75 |
| Interest Income | 88.38 | 87.44 |
| Dividend income | 0.06 | - |
| NET CASH USED IN INVESTING ACTIVITIES | 165.01 | (5086.22) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| (Repayments) / Proceeds from Working Capital Facilities (Net) | 785.94 | 184.44 |
| Proceeds from Term Loans | 299.99 | 300.00 |
| Repayments of Term Loans | (86.00) | (180.92) |
| Repayments of Debentures | (180.00) | (160.00) |
| Government Grant Accrued | 0.99 | 1.63 |
| Deferred payment Credit | (0.68) | (0.61) |
| Payment of Lease Liability | (96.78) | (97.77) |
| Interest paid | (236.10) | (254.04) |
| Dividend | (63.60) | (42.41) |
| NET CASH FROM FINANCING ACTIVITIES | 423.76 | (249.68) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 10.74 | (1011.32) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 166.85 | 1178.52 |
| Unrealised Gain / (Loss) on Foreign currency Cash & Cash equivalents | 1.10 | (0.35) |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 178.69 | 166.85 |

Notes to Consolidated Cash Flow Statement:

1. The above Consolidated Cash Flow Statement has been prepared under the Indirect Method.
2. Reconciliation of Financing Liabilities (Refer Note 11)

This is the Consolidated Cash Flow statement referred to in our report of even date.

For M M NISSIM & CO LLP
Chartered Accountants
Firm Reg. No. 107122W / W100672

For MAHESH, VIRENDER & SRIRAM
Chartered Accountants
Firm Reg. No. 001939S

N. KASHINATH
Partner
Mem. No. 036490
Chennai
Dated 10th May, 2022

B R MAHESH
Partner
Mem. No. 18628
Hyderabad

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary
Chennai

JACOB KURIAN
Director
DIN: 00860095

V SRIDHAR
Director
DIN: 00020276

K M MAMMEN
Chairman &
Managing Director
DIN: 00020202

NOTE 1 – BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES UNDER IND AS

A) General Information

The Consolidated Financial Statements comprise Financial Statements of MRF Limited (the Holding Company) and its Subsidiaries (collectively, the Group) for the year ended 31st March 2022.

The Group, except for MRF Corp Ltd., a subsidiary company, is engaged interalia in the manufacture of Rubber Products such as Tyres, Tubes, Flaps, Tread Rubber and trading in rubber. MRF Corp Ltd., is engaged in the manufacture of specialty coatings.

B) Principles of Consolidation:

The Consolidated Financial Statements comprise of the Financial Statements of the Holding Company and the following Subsidiaries as on March 31st March, 2022:

| Name | Country of incorporation | Proportion of ownership interest | Financial Statement as on | Accounting Period covered for consolidation |
|------------------------|--------------------------|----------------------------------|---------------------------|---|
| MRF Corp Ltd. | India | 100% | March 31, 2022 | 1st April, 2021 – 31st March, 2022 |
| MRF International Ltd. | India | 94.66% | March 31, 2022 | 1st April, 2021 – 31st March, 2022 |
| MRF Lanka Pvt. Ltd. | Sri Lanka | 100% | March 31, 2022 | 1st April, 2021 – 31st March, 2022 |
| MRF SG PTE LTD. | Singapore | 100% | March 31, 2022 | 1st April, 2021 – 31st March, 2022 |

The Consolidated Financial Statements comprise the Financial Statements of the Holding Company and its Subsidiaries as at 31st March 2022. Control is achieved when the Holding Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Holding Company controls an investee if and only if the Holding Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Holding Company has less than a majority of the voting or similar rights of an investee, the Holding Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Holding Company's voting rights and potential voting rights
- The size of the Holding Company's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Holding Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a Subsidiary begins when the Holding Company obtains control over the Subsidiary and ceases when the Holding Company loses control of the Subsidiary. Assets, liabilities, income and expenses of a Subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Holding Company gains control until the date the Holding Company ceases to control the Subsidiary.

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments, if material, are made to that group's Financial Statements in preparing the Consolidated Financial Statements to ensure conformity with the group's accounting policies.



The Financial Statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Holding Company, i.e., year ended on 31 March.

Consolidation procedure:

- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company with those of its Subsidiaries.
- b) Offset (eliminate) the carrying amount of the Holding Company's investment in each Subsidiary and the Holding Company's portion of equity of each Subsidiary.
- c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and Property, Plant and Equipment, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Consolidated Financial Statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Holding Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the Financial Statements of Subsidiaries to bring their accounting policies in line with the Holding Company's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Holding Company loses control over a Subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the Subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity

- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the Holding Company's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Holding Company had directly disposed of the related assets or liabilities.

C) Basis of preparation of Financial Statements

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to all the years presented.

i. Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with IND AS as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto.

ii. Basis of preparation and presentation

The Consolidated Financial Statements have been prepared on historical cost basis considering the applicable provisions of Companies Act, 2013, except for the following items that have been measured at fair value as required by relevant IND AS. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

- a) Certain financial assets/liabilities measured at fair value (Refer Note 1 (D 20)) and
- b) Any other item as specifically stated in the accounting policy.

The Consolidated Financial Statement are presented in INR and **all values are rounded off to Rupees Crores** unless otherwise stated.

The group reclassifies comparative amounts, unless impracticable and whenever the group changes the

presentation or classification of items in its Financial Statements materially. No such material reclassification has been made during the year.

The Consolidated Financial Statements of the Group for the year ended 31st March, 2022 were authorised for issue in accordance with a resolution of the directors on 10th May, 2022.

iii. Major Sources of Estimation Uncertainty

In the application of accounting policy which are described in para (D) below, the management is required to make judgment, estimates and assumptions about the carrying amount of assets and liabilities, income and expenses, contingent liabilities and the accompanying disclosures that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are prudent and reasonable. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future period.

The few critical estimations and judgments made in applying accounting policies are:

Property, Plant and Equipment:

Useful life of Property, Plant and Equipment and Intangible Assets are as specified in Schedule II to the Companies Act, 2013 and on certain assets based on technical advice which considered the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support. The Group reviews the useful life of Property, Plant and Equipment at the end of each reporting period. This reassessment may result in change in depreciation charge in future periods. (Refer Note 1 (D 1))

Impairment of Non-financial Assets:

For calculating the recoverable amount of non-financial assets, the Group is required to estimate the value-in-use of the asset or the Cash Generating Unit and the fair value less costs to disposal. For calculating value in use the Group is required to estimate the cash flows to be generated from using the asset. The fair value of an asset is estimated using a valuation technique where observable prices are not available. Further, the discount rate used in value in use calculations includes an estimate of risk assessment specific to the asset. (Refer Note 1 (D 4))

Impairment of Financial Assets:

The Group impairs financial assets other than those measured at fair value through profit or loss or designated at fair value through other comprehensive income on expected credit losses. The estimation of expected credit loss includes the estimation of probability of default (PD), loss given default (LGD) and the exposure at default (EAD). Estimation of probability of default apart from involving trend analysis of past delinquency rates include an estimation on forward-looking information relating to not only the counterparty but also relating to the industry and the economy as a whole. The probability of default is estimated for the entire life of the contract by estimating the cash flows that are likely to be received in default scenario. The lifetime PD is reduced to 12 months PD based on an assessment of past history of default cases in 12 months. Further, the loss given default is calculated based on an estimate of the value of the security recoverable as on the reporting date. The exposure at default is the amount outstanding at the balance sheet date. (Refer Note 1 (D 21(a)))

Defined Benefit Plans:

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include



the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair Value Measurement of Financial Instruments:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. (Refer Note 1 (D 20))

Income Taxes

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. (Refer Note 1 (D 17))

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the group will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered

realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. (Refer Note 1 (D 6))

Allowance for credit losses on receivables:

The Group determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Group considered current and anticipated future economic conditions relating to industries the Group deals with and the countries where it operates. In calculating expected credit loss, the Group has also considered credit reports and other related credit information for its customers to estimate the probability of default in future.

D) Summary of Significant Accounting Policies:

1) Property, Plant and Equipment (PPE)

The Group has elected to continue with the carrying value of Property, Plant and Equipment ('PPE') recognised as of the transition date, measured as per the Previous GAAP and use that carrying value as its deemed cost of the PPE.

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses except for freehold land which is not depreciated. Cost includes purchase price after deducting trade discount / rebate, import duties, non-refundable taxes, cost of replacing the component parts, borrowing costs (Refer Note D15) and other costs that are directly attributable and necessary to bring the asset to its working condition in the manner intended by the management, and the initial estimates of the cost of dismantling /removing the item and restoring the site on which it is located.

Spare parts procured along with the Plant and Equipment or subsequently which has a useful life of more than 1 year and considering the concept of materiality evaluated by management are capitalised and added to the carrying amount of such items. The carrying amounts of items of PPE and spare parts that are replaced is derecognised when no future economic benefits are expected from their use or upon disposal. Other machinery spares are treated as ‘stores and spares’ forming part of the inventory. If the cost of the replaced part is not available, the estimated cost of similar new parts is used as an indication of what the cost of the existing part was when the item was acquired.

An item of PPE is derecognised on disposal or when no future economic benefits are expected from use or disposal. Any gain or loss arising on derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss when asset is derecognised.

The depreciable amount of an asset is determined after deducting its residual value. Where the residual value of an asset increases to an amount equal to or greater than the asset’s carrying amount, no depreciation charge is recognised till the asset’s residual value decreases below the asset’s carrying amount. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the intended

manner. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date when the asset is derecognised.

| Description of the Asset | Estimated Useful life (On Single shift working) |
|--|--|
| Tangible (Owned Assets) : | |
| Building – Factory | 30 Years |
| – Other than factory buildings | 60 Years |
| Plant and Equipment | 5-21 Years |
| Moulds | 6 Years |
| Furniture and Fixtures | 5 Years |
| Computer Servers | 5 Years |
| Computers | 3 Years |
| Office Equipment | 5 Years |
| Other Assets, viz., Electrical Fittings, Fire Fighting/Other Equipments and Canteen Utensils | 10 Years |
| Renewable Energy Saving Device – Windmills | 22 Years |
| Vehicles | 5 Years |
| Aircraft | 10 and 20 Years |
| Right of Use Assets (Leased Assets) : | |
| - Buildings-Other than factory buildings | 1-21 Years |
| - Vehicles | 2 Years |
| - Land – Leasehold | Primary period of lease |
| Intangible (Owned Assets): | |
| Software | 5 Years |

Depreciation on the Property, Plant and Equipment, is provided over the useful life of assets based on management estimates which is generally in line with the useful life indicated in Schedule II to the Companies Act, 2013. Depreciation on all assets except Renewable Energy Saving Devices is provided on straight line basis whereas depreciation on renewable energy saving devices is provided on reducing balance basis. Plant and Machinery, Moulds, Vehicles, Furniture and Fixtures and Computer Servers are depreciated based on management



estimate of the useful life of the assets, and is after considering the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support.

Depreciation on property, plant and equipment added/discharged off during the year is provided on pro rata basis with reference to the date of addition/disposal.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Further, the Group has identified and determined separate useful life for each major component of Property, Plant and Equipment, if they are materially different from that of the remaining assets, for providing depreciation in compliance with Schedule II of the Companies Act, 2013.

In respect of Property, Plant & Equipment of MRF Lanka Pvt. Ltd. and MRF SG PTE Ltd. depreciation is provided on straight line method based on management estimate of useful life of assets based on internal technical evaluation, except for certain Property, Plant and Equipment namely Building, Plant and Machinery, Moulds and Equipments of MRF Lanka Pvt. Ltd., which are depreciated on Written Down Value method. The proportion of depreciation of the Subsidiaries to the total depreciation of the group is not material.

2) **Intangible Assets:**

Intangible assets acquired separately are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Software (not being an integral part of the related hardware) acquired for internal use are treated as intangible assets.

An item of Intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any profit or loss arising from derecognition of an intangible asset are measured as the difference between the

net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated statement of profit and loss when the asset is derecognised.

Intangible Assets are amortised over 5 years on straight-line method over the estimated useful economic life of the assets.

The group undertakes Research and Development activities for development of new and improved products. All expenditure incurred during Research and Development are analysed into research phase and development phase. The group recognises all expenditure incurred during the research phase in the profit or loss whereas the expenditure incurred in development phase are presented as Intangible Assets under Development till the time they are available for use in the manner intended at which moment they are treated as Intangible Assets and amortised over their estimated useful life.

3) **Assets held for Sale:**

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through sale rather than through continuing use. The condition for classification of held for sale is met when the non-current asset is available for immediate sale and the same is highly probable of being completed within one year from the date of classification as held for sale. Non-current assets held for sale are measured at the lower of carrying amount and fair value less cost to sell. Non-current assets that ceases to be classified as held for sale shall be measured at the lower of carrying amount before the non-current asset was classified as held for sale adjusted for any depreciation/amortization and its recoverable amount at the date when it no longer meets the "Held for Sale" criteria.

4) **Impairment of tangible (PPE) and intangible assets:**

At the end of each reporting period, the Group reviews the carrying amounts of its PPE and other intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual

asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The resulting impairment loss is recognised in the Consolidated statement of profit and loss.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised in the Consolidated statement of profit and loss.

5) Inventories:

Inventories consisting of stores and spares, raw materials, work in progress, stock in trade and finished goods are valued at lower of cost and net realisable value. However, materials held for use in production of inventories are not written down below cost, if the finished products are expected to be sold at or above cost. The cost is computed on FIFO basis except for stores and spares which are on daily moving Weighted Average Cost basis and is net of input tax credits under various tax laws.

Goods and materials in transit include materials, duties and taxes (other than those subsequently recoverable from tax authorities) labour cost and other related overheads incurred in bringing the inventories to their present location and condition.

Traded goods includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale.

Inventory obsolescence is based on assessment of the future uses. Obsolete and slow-moving items are subjected to continuous technical monitoring and are valued at lower of cost and estimated net realisable value. When Inventories are sold, the carrying amount of those items are recognized as expenses in the period in which the related revenue is recognized.

6) Leases:

The Group has applied Ind AS 116 using the modified retrospective approach.

The Group as a lessee

The Group's lease asset classes primarily consist of leases for land, buildings and vehicles. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.



Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Group as a lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

7) Government Grants:

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the group will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the Consolidated Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset or by deducting the grant in arriving at the carrying amount of the assets. Where the assets have been fully depreciated with no future related cost, the grant is recognised in profit or loss.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities in respect of loans/assistance received subsequent to the date of transition.

8) Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are determined

based on management estimate of the amount required to settle the obligation at the balance sheet date. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a standalone asset only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist when a contract under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received from it. Unavoidable cost are determined based on cost that are directly attributable to having and executing the contracts.

Contingent liabilities are disclosed on the basis of judgment of management / independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Provisions for warranty-related costs are recognized when the product is sold to the customer. Initial recognition is based on scientific basis as per past trends of such claims. The initial estimate of warranty-related costs is revised annually.

Contingent Assets are not recognized, however, disclosed in financial statement when inflow of economic benefits is probable.

9) Foreign Currency Transactions:

The Financial Statements of Group are presented in INR, which is also the functional currency. In preparing the Financial Statements, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.

On consolidation, the assets and liabilities of foreign operations are translated into INR at the exchange rate prevailing at the reporting date and their statement of profit and loss are translated at the exchange rate prevailing on the date of transactions. For practical reasons, the group uses an average rate to translate income and expense items, if they average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on the translation for consolidation are recognised in consolidated statement of OCI. On disposal of foreign operation, the relevant component of OCI is reclassified to consolidated statement of profit and loss.

10) Share Capital and Securities Premium:

Ordinary shares are classified as equity, incremental costs directly attributable to the issue of new shares are shown in equity as a deduction net of tax from the proceeds. Par value of the equity share is recorded as share capital and the amount received in excess of the par value is classified as securities premium.

11) Dividend Distribution to Equity Shareholders:

The Group recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the group. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in other equity along with any tax thereon.

12) Cash Flows and Cash and Cash Equivalents:

Statement of cash flows is prepared in accordance with the indirect method prescribed in the relevant IND AS. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, cheques and drafts on hand, deposits held with Banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and book overdrafts. However, Book overdrafts are



to be shown within borrowings in current liabilities in the balance sheet for the purpose of presentation.

13) Revenue Recognition:

The Group derives revenues primarily from sale of goods comprising of Automobile Tyres, Tubes, Flaps, Tread Rubber, Speciality Coatings and trading in rubber.

The following is a summary of significant accounting policies related to revenue recognition:

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer.

Revenue is measured based on the transaction price, which is the consideration, adjusted for turnover/product/prompt payment discounts to customer as specified in the contract with the customers. When the level of discount varies with increase in levels of revenue transactions, the Group recognises the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognised until the payment is probable and the amount can be estimated reliably. The Group recognises changes in the estimated amounts of obligations for discounts in the period in which the change occurs. Revenue also excludes taxes collected from customers.

Revenue in excess of invoicing are classified as contract assets while invoicing in excess of revenues are classified as contract liabilities.

The Holding Company provides warranties for general repairs and does not provide extended warranties or maintenance services in its contracts with customers and are assurance type warranties. Claims preferred during the year against such obligations are netted off from revenue, consistent with its current practice. Provision for warranties is made for probable

future claims on sales effected and are estimated based on previous claim experience and are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with its current practice.

Use of significant judgments in revenue recognition.

- Judgment is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of consideration or variable consideration with elements such as turnover/product/prompt payment discounts. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.
- The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer.

14) Other Income:

Dividend Income

Dividend Income is accounted for when the right to receive the same is established, which is generally when shareholders approve the dividend.

Interest Income

Interest Income on financial assets measured at amortised cost is recognised on a time-proportion basis using the effective interest method.

15) **Borrowing Costs**

Borrowing cost includes interest, commitment charges, brokerage, underwriting costs, discounts / premiums, financing charges, exchange difference to the extent they are regarded as interest costs and all ancillary / incidental costs incurred in connection with the arrangement of borrowing.

Borrowing costs which are directly attributable to acquisition/ construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized as a part of cost pertaining to those assets. All other borrowing costs are recognised as expense in the period in which they are incurred.

The capitalisation on borrowing costs commences when the group incurs expenditure for the asset, incurs borrowing cost and undertakes activities that are necessary to prepare the asset for its intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development of a qualifying asset is suspended. The capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

16) **Employee Benefits:**

a) **Short term Employee Benefits:**

All employee benefits payable wholly within twelve months of rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., are recognized during the period in which the employee renders related services and are measured at undiscounted amount expected to be paid when the liabilities are settled.

b) **Long Term Employee Benefits:**

The cost of providing long term employee benefit such as earned leave is measured as the present value of expected future payments to be made in respect of services provided by employees upto the end of the reporting period. The expected costs of the benefit

is accrued over the period of employment using the same methodology as used for defined benefits post employment plans. Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to the Consolidated statement of profit and loss in which they arise except those included in cost of assets as permitted. The benefit is valued annually by independent actuary.

c) **Post Employment Benefits:**

The Group provides the following post employment benefits:

- i) Defined benefit plans such as gratuity, trust managed Provident Fund and post-retirement medical benefit (PRMB); and
- ii) Defined contributions plans such as provident fund, pension fund and superannuation fund.

d) **Defined Benefits Plans:**

The cost of providing benefits on account of gratuity and post retirement medical benefits / obligations are determined using the projected unit credit method on the basis of actuarial valuation made at the end of each balance sheet date, which recognises each period of service as given rise to additional unit of employees benefit entitlement and measuring each unit separately to build up the final obligation. The yearly expenses on account of these benefits are provided in the books of accounts.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Consolidated statement of profit and loss except those included in cost of assets as permitted.

Re-measurements comprising of actuarial gains and losses arising from experience adjustments and change in actuarial assumptions, the effect of change in assets ceiling (if applicable) and the return on plan asset



(excluding net interest as defined above) are recognized in other comprehensive income (OCI) except those included in cost of assets as permitted in the period in which they occur. Re-measurements are not reclassified to the Consolidated statement of profit and loss in subsequent periods.

Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) is recognized in the Consolidated statement of profit and loss except those included in cost of assets as permitted in the period in which they occur.

Eligible employees of the Group receive benefits from a provident fund trust which is a defined benefit plan. Both the eligible employee and the Group make monthly contributions to the provident fund plan equal to a specified percentage of the covered employees salary. The Group contributes a part of the contribution to the provident fund trusts. The trusts invests in specific designated instruments as permitted by Indian Law. The remaining portion is contributed to the Government Administered Pension Fund. The rate at which the annual interest is payable to the beneficiaries by the trusts is administered by the Government. The Group has obligation to make good the shortfall, if any, between the return from investments of the Trusts and the notified interest rate. However, as at the year end no shortfall remains unprovided for.

e) **Defined Contribution Plans**

Payments to defined contribution retirement benefit plans, viz., Provident Fund for certain eligible employees, Pension Fund and Superannuation benefits are recognized as an expense when employees have rendered the service entitling them to the contribution.

17) **Taxes on Income:**

Income tax expense represents the sum of tax currently payable and deferred tax. Tax is recognized in the Consolidated statement of profit and loss, except to the extent that it relates to

items recognized directly in equity or in other comprehensive income.

a) **Current Tax:**

Current tax includes provision for Income Tax computed under normal provision of Income Tax Act. Tax on Income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments/appeals.

b) **Deferred Tax:**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unabsorbed losses and unabsorbed depreciation to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unabsorbed losses and unabsorbed depreciation can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The deferred tax assets (Net) and deferred tax liabilities (Net) are determined separately for the parent and each subsidiary Group, as per their applicable laws and then aggregated.

18) Earnings per Share:

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the Holding Company by the weighted average number of equity shares outstanding during the period.

19) Current versus non-current classification:

The Group presents assets and liabilities in the Balance Sheet based on current/non-current classification.

a) An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

b) A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

c) Deferred tax assets and liabilities are classified as non-current assets and liabilities.

20) Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of asset and liability if market participants would take those into consideration. Fair value for measurement and / or disclosure purposes in these Financial Statements is determined on such basis except for Inventories, Leases and value in use of non-financial assets. Normally at initial recognition, the transaction price is the best evidence of fair value.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All financial assets and financial liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:



Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Financial assets and financial liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

21) **Financial Instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group recognizes a financial asset or financial liability in its balance sheet only when the entity becomes party to the contractual provisions of the instrument.

a) **Financial Assets**

A financial asset inter-alia includes any asset that is cash, equity instrument of another entity or contractual rights to receive cash or another financial asset or to exchange financial asset or financial liability under condition that are potentially favourable to the Group.

Financial assets other than investment in Subsidiaries

Financial assets of the Group comprise trade receivable, cash and cash equivalents, Bank balances, Investments in equity shares of companies other than in Subsidiaries, investment in units of Mutual Funds, loans/advances to employee / related parties / others, security deposit, claims recoverable etc.

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair

value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in Consolidated statement of profit and loss. Where transaction price is not the measure of fair value and fair value is determined using a valuation method that uses data from observable market, the difference between transaction price and fair value is recognized in Consolidated statement of profit and loss on the date of recognition if the fair value pertains to Level 1 or Level 2 of the fair value hierarchy and in other cases spread over life of the financial instrument using effective interest method.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in three categories:

- Financial assets measured at amortized cost
- Financial assets at fair value through OCI – Debt Instruments
- Financial assets at fair value through profit or loss

Financial assets measured at amortized cost

Financial assets are measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are amortized using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statement of profit and loss. The losses arising from impairment are recognized in the consolidated statement of profit and loss in finance costs.

Financial assets at fair value through OCI (FVTOCI)

Financial assets are mandatorily measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition, an irrevocable election is made (on an instrument-by-instrument basis) to designate investments in equity instruments other than held for trading purpose at FVTOCI. Fair value changes relating to financial assets measured at FVTOCI are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the income statement. On derecognition of the financial asset other than equity instruments, cumulative gain or loss previously recognised in OCI is reclassified to Profit or Loss.

Financial assets at fair value through profit or loss (FVTPL)

Any financial asset that does not meet the criteria for classification as at amortized cost or as financial assets at fair value through other comprehensive income, is classified as financial assets at fair value through profit or loss. Further, financial assets at fair value through profit or loss also include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are fair valued at each reporting date with all the changes recognized in the Consolidated statement of profit and loss.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

Impairment of financial assets

The Group assesses impairment based on expected credit loss (ECL) model on the following:

- Financial assets that are measured at amortised cost.
- Financial assets (excluding equity instruments) measured at fair value through other comprehensive income (FVTOCI).

ECL is measured through a loss allowance on a following basis after considering the value of recoverable security:-

- The 12 month expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within 12 months after the reporting date)
- Full life time expected credit losses (expected credit losses that result from all possible default events over the life of financial instruments)

The Group follows 'simplified approach' for recognition of impairment on trade receivables or contract assets resulting from normal business transactions. The application of simplified approach does not require the Group to track changes in credit risk. However, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, from the date of initial recognition.



For recognition of impairment loss on other financial assets, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has increased significantly, lifetime ECL is provided. For assessing increase in credit risk and impairment loss, the Group assesses the credit risk characteristics on instrument-by-instrument basis.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

Impairment loss allowance (or reversal) recognized during the period is recognized as expense/income in the consolidated statement of profit and loss.

b) Financial Liabilities

The Group's financial liabilities includes borrowings, trade payable, accrued expenses and other payables.

Initial recognition and measurement

All financial liabilities at initial recognition are classified as financial liabilities at amortised cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Any difference between the proceeds (net of transaction costs) and the fair value at initial recognition is recognised in the consolidated statement of profit and loss depending upon the level of fair value.

Subsequent measurement

The subsequent measurement of financial liabilities depends upon the classification as described below:-

Financial Liabilities classified as Amortised Cost:

Financial Liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate. Interest expense that is not capitalised as part of costs of assets is included as Finance costs in the consolidated statement of profit and loss.

Financial Liabilities at Fair value through profit and loss (FVTPL)

FVTPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities have not been designated upon initial recognition at FVTPL.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged / cancelled / expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

c) Derivatives

Derivative instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at

the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated. The resulting gain or loss is recognized in the consolidated statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument and is recognized in Other Comprehensive Income (OCI). Cash flow hedges shall be reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss. If hedge of a forecast transaction results in the recognition of a non-financial asset or a non-financial liability, then the gain or loss that are accumulated in the cash flow hedge reserve is recognised in the initial cost or other carrying amount of the asset or liability (this is also referred to as “Basis Adjustment”).

E) Recent accounting pronouncements:

The Ministry of Corporate Affairs (MCA) on 23rd March, 2022 through companies (Indian Accounting Standards) Amendment Rules, 2022 has notified the following amendments to IND AS which are applicable on 1st April, 2022.

i) Ind AS 16 – Property, Plant and Equipment –

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall

not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant and equipment.

The amendment prohibits an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in the profit or loss.

The Group does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

ii) Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets –

The amendment specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (examples depreciation charge). The amendment is essentially a clarification and the Group does not expect the amendment to have any significant impact in its financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

NOTE 2 (a) : PROPERTY, PLANT AND EQUIPMENT

| | (₹ Crores) | |
|-------------------------------|------------------|------------------|
| Property, plant and equipment | As at 31.03.2022 | As at 31.03.2021 |
| Owned Assets | 9054.62 | 9007.04 |
| Leased Assets | 445.97 | 409.38 |
| Total | 9500.59 | 9416.42 |

NOTE 2 (b) : CAPITAL WORK-IN-PROGRESS (CWIP)

| | | |
|--|---------|---------|
| | 1233.07 | 1002.23 |
|--|---------|---------|

CWIP Ageing Scheduled

| CWIP | Amount in CWIP for a period of | | | | Total |
|--------------------------------|--------------------------------|--------------------|-------------------|-------------------|---------------------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 839.63 (487.46) | 200.45 (421.89) | 164.84 (43.11) | 25.18 (45.47) | 1230.10 (997.93) |
| Projects temporarily suspended | - (-) | - (2.10) | 0.75 (-) | 2.22 (2.20) | 2.97 (4.30) |

Figures in brackets are in respect of previous year

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

(₹ Crores)

NOTE 2 (a 1) : Owned Assets

NOTE 2 (c)
INTANGIBLES

| Particulars | Land Freehold | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Air Craft | Office equipment | Computers | Moulds | Other Assets | Total | Computer Software |
|--|---------------|----------------|---------------------|------------------------|--------------|--------------|------------------|--------------|---------------|---------------|-----------------|-------------------|
| GROSS BLOCK | | | | | | | | | | | | |
| Carrying Value as at 31 March 2020 | 572.81 | 2690.84 | 7314.17 | 25.83 | 50.03 | 83.98 | 36.07 | 46.00 | 637.49 | 412.99 | 11870.21 | 55.36 |
| Additions | 6.77 | 368.07 | 1116.75 | 8.32 | 8.94 | - | 5.62 | 8.41 | 97.23 | 37.44 | 1657.55 | 5.96 |
| Disposals | (0.09) | (4.92) | (9.84) | (0.60) | (5.04) | - | (1.17) | (0.44) | (28.48) | (4.37) | (54.95) | - |
| Carrying Value as at 31 March 2021 | 579.49 | 3053.99 | 8421.08 | 33.55 | 53.93 | 83.98 | 40.52 | 53.97 | 706.24 | 446.06 | 13472.81 | 61.32 |
| Additions | 0.87 | 145.66 | 832.17 | 3.97 | 10.04 | - | 3.85 | 6.93 | 124.44 | 45.93 | 1173.86 | 6.73 |
| Disposals | - | (2.57) | (39.62) | (0.72) | (2.20) | - | (1.15) | (4.17) | (4.77) | (2.62) | (57.82) | (9.25) |
| Carrying Value as at 31 March 2022 | 580.36 | 3197.08 | 9213.63 | 36.80 | 61.77 | 83.98 | 43.22 | 56.73 | 825.91 | 489.37 | 14588.85 | 58.80 |
| DEPRECIATION BLOCK | | | | | | | | | | | | |
| Accumulated depreciation / Amortisation as at 31 March 2020 | - | 267.33 | 2628.24 | 14.32 | 23.10 | 10.31 | 20.74 | 25.14 | 295.69 | 175.01 | 3459.88 | 26.87 |
| Depreciation / Amortisation for the year | - | 93.93 | 774.41 | 4.62 | 7.24 | 5.92 | 6.17 | 10.49 | 98.69 | 53.31 | 1054.78 | 10.12 |
| Disposals | - | (1.32) | (8.47) | (0.47) | (4.44) | - | (1.16) | (0.44) | (28.46) | (4.13) | (48.89) | - |
| Accumulated depreciation / Amortisation as at 31 March 2021 | - | 359.94 | 3394.18 | 18.47 | 25.90 | 16.23 | 25.75 | 35.19 | 365.92 | 224.19 | 4465.77 | 36.99 |
| Depreciation / Amortisation for the year | - | 101.10 | 830.41 | 5.11 | 6.99 | 5.92 | 6.11 | 9.68 | 105.86 | 50.52 | 1121.70 | 9.83 |
| Disposals | - | (0.70) | (37.62) | (0.65) | (1.84) | - | (1.12) | (4.16) | (4.77) | (2.38) | (53.24) | (9.25) |
| Accumulated depreciation / Amortisation as at 31 March 2022 | - | 460.34 | 4186.97 | 22.93 | 31.05 | 22.15 | 30.74 | 40.71 | 467.01 | 272.33 | 5534.23 | 37.57 |
| NET BLOCK | | | | | | | | | | | | |
| As at 31 March 2021 | 579.49 | 2694.05 | 5026.90 | 15.08 | 28.03 | 67.75 | 14.77 | 18.78 | 340.32 | 221.87 | 9007.04 | 24.33 |
| As at 31 March 2022 | 580.36 | 2736.74 | 5026.66 | 13.87 | 30.72 | 61.83 | 12.48 | 16.02 | 358.90 | 217.04 | 9054.62 | 21.23 |

Note:

1. Freehold land includes agricultural land - ₹ 0.12 Crores (31st March, 2021 - ₹ 0.12 Crores).
2. Other assets represents Electrical Fittings, Fire Fighting/Other Equipments and Canteen Utensils.
3. The amount of Borrowing Cost capitalised during the year ended 31st March, 2022 - ₹ 1.85 Crores (31st March, 2021 - ₹ 2.11 Crores).
4. Capital expenditure on Research and Development during the year - ₹ 6.71 Crores (31st March, 2021 including Buildings - ₹ 31.88 Crores)
5. Title deeds of Freehold Land are held in the name of the Holding Company and its Subsidiary. Title deeds in respect of Buildings on immovable properties which are constructed on the Freehold Land is based on documents constituting evidence of legal ownership of the Buildings.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

NOTE 2 (a 2): Leased Assets

(₹ Crores)

| Particulars | Land | Buildings | Vehicles | Total |
|--|--------------|---------------|--------------|---------------|
| GROSS BLOCK | | | | |
| Carrying Value as at 31 March 2020 | 97.58 | 388.82 | 14.75 | 501.15 |
| Additions | 0.26 | 71.41 | 10.18 | 81.85 |
| Disposals | | (38.57) | | (38.57) |
| Carrying Value as at 31 March 2021 | 97.84 | 421.66 | 24.93 | 544.43 |
| Additions | - | 123.03 | 9.14 | 132.17 |
| Disposals | | (36.84) | | (36.84) |
| Carrying Value as at 31 March 2022 | 97.84 | 507.85 | 34.07 | 639.76 |
| DEPRECIATION BLOCK | | | | |
| Accumulated depreciation/Amortisation as at 31 March 2020 | 3.40 | 56.98 | 9.83 | 70.21 |
| Depreciation / Amortisation for the year | 1.06 | 64.98 | 9.83 | 75.87 |
| Disposals | - | (11.03) | - | (11.03) |
| Accumulated depreciation / Amortisation as at 31 March 2021 | 4.46 | 110.93 | 19.66 | 135.05 |
| Depreciation / Amortisation for the year | 1.06 | 63.03 | 9.43 | 73.52 |
| Disposals | - | (14.78) | - | (14.78) |
| Accumulated depreciation / Amortisation as at 31 March 2022 | 5.52 | 159.18 | 29.09 | 193.79 |
| NET BLOCK | | | | |
| As at 31 March 2021 | 93.38 | 310.73 | 5.27 | 409.38 |
| As at 31 March 2022 | 92.32 | 348.67 | 4.98 | 445.97 |

Note:

1. The Group has incurred ₹ 25.53 Crores (Previous year - ₹ 12.65 Crores) for the year ended 31st March, 2022 towards expenses relating to short-term leases and leases of low-value assets (Refer Note 23). The total cash outflow for leases is ₹ 122.31 Crores (Previous year - ₹ 110.42 Crores) for the year ended 31st March, 2022, including cash outflow of short-term leases and leases of low-value assets. Interest on lease liabilities is ₹ 36.29 Crores (Previous year - ₹ 37.27 Crores) for the year ended 31st March, 2022 (Refer Note 22).
2. The Group's leases mainly comprise of land, buildings and vehicles. The Group mainly leases land and buildings for its manufacturing, warehouse facilities and sales offices. The Company also has leased vehicles for its Goods Transportation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

NOTE 3: INVESTMENTS

| Particulars | (₹ Crores) | |
|--|------------------|------------------|
| | As at 31.03.2022 | As at 31.03.2021 |
| Non-Current Investments | | |
| Fully Paid-up | | |
| Quoted | | |
| Equity Shares (at fair value through Profit or Loss) | 12.14 | 9.51 |
| In Debt Instruments - Bonds (at fair value through OCI) | 1122.81 | 1120.19 |
| Others: (at fair value through Profit or Loss)* | 0.07 | 0.07 |
| *Note: The Holding Company had invested in Co-operative Societies and in certain other companies towards the corpus. These are non participative shares and normally no dividend is accrued. The Holding Company has carried these investments at its transaction value considering it to be its fair value. | | |
| Total | 1135.02 | 1129.77 |
| Aggregate Market Value of Quoted Investments | 1134.95 | 1129.70 |
| Aggregate Amount of Unquoted Investments | 0.07 | 0.07 |
| Grand Total | 1135.02 | 1129.77 |

Current Investments

Fully paid up - Unquoted

| | | |
|---|----------------|----------------|
| In Mutual Fund Units: (at fair value through Profit or Loss) | | |
| Income Plan: Growth Option | 2521.44 | 4744.25 |
| Aggregate Amount of Unquoted Investments | 2521.44 | 4744.25 |
| Grand Total | 2521.44 | 4744.25 |

NOTE 4 : LOANS (Unsecured, considered good)

| | Non-Current | | Current | |
|--------------------|---------------------|---------------------|---------------------|---------------------|
| | As at 31.03.2022 | As at 31.03.2021 | As at 31.03.2022 | As at 31.03.2021 |
| Loans to employees | 0.95 | 2.70 | 3.18 | 6.77 |
| Total | 0.95 | 2.70 | 3.18 | 6.77 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

NOTE 5 : OTHER FINANCIAL ASSETS

(₹ Crores)

| | Non-Current | | Current | |
|--|---------------------|---------------------|---------------------|---------------------|
| | As at 31.03.2022 | As at 31.03.2021 | As at 31.03.2022 | As at 31.03.2021 |
| Carried at Amortised cost : | | | | |
| Bank deposits with more than 12 months maturity | 78.42 | 75.39 | - | - |
| Export Benefits receivables | - | - | 0.85 | 14.74 |
| Interest Accrued on Loans, Deposits etc. | - | 0.06 | 51.69 | 40.77 |
| Salary and wage advance | - | - | 9.25 | 5.64 |
| Fixed Deposits - Others | - | - | 600.00 | - |
| Others | 52.69 | - | 105.37 | - |
| Carried at Fair value through Profit & Loss : | | | | |
| Security Deposits | 2.72 | 2.84 | - | - |
| Deposits | 17.61 | 16.19 | - | - |
| Total | 151.44 | 94.48 | 767.16 | 61.15 |

NOTE 6 : OTHER ASSETS

(₹ Crores)

| | Non-Current | | Current | |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | As at 31.03.2022 | As at 31.03.2021 | As at 31.03.2022 | As at 31.03.2021 |
| Capital Advances | 529.50 | 235.38 | - | - |
| Advances other than capital advances; | | | | |
| Security Deposits | 55.08 | 53.95 | - | - |
| Advances to Employees | - | - | 19.82 | 24.23 |
| Sub Total | 584.58 | 289.33 | 19.82 | 24.23 |
| Others | | | | |
| Balance with statutory authorities | - | - | 1.77 | 6.20 |
| Advances recoverable in cash or kind | 3.14 | 3.20 | 146.21 | 124.08 |
| Prepaid Expenses | - | - | 42.50 | 33.66 |
| Others | - | - | 43.09 | 108.30 |
| Sub Total | 3.14 | 3.20 | 233.57 | 272.24 |
| Total | 587.72 | 292.53 | 253.39 | 296.47 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

NOTE 7 : INVENTORIES

| | (₹ Crores) | |
|--------------------------|---------------------|---------------------|
| | As at 31.03.2022 | As at 31.03.2021 |
| Raw Materials | 1633.30 | 1327.92 |
| Raw Materials in transit | 98.30 | 93.34 |
| Work-in-progress | 395.29 | 326.36 |
| Finished goods | 1604.16 | 818.59 |
| Stock-in-trade | 42.41 | 40.76 |
| Stores and spares | 356.21 | 331.84 |
| Total | 4129.67 | 2938.81 |

NOTE 8 : TRADE RECEIVABLES

| | (₹ Crores) | |
|---|---------------------|---------------------|
| | As at 31.03.2022 | As at 31.03.2021 |
| Trade receivables | | |
| Secured, considered good | 1580.95 | 1500.82 |
| Unsecured, considered good | 751.73 | 645.14 |
| Trade Receivables - credit impaired | 2.99 | 3.24 |
| Less: Expected Credit Loss provision (Refer Note 24 (B) ii) | (2.99) | (3.24) |
| Total | 2332.68 | 2145.96 |

Note: The Group has used a practical expedient for computing expected credit loss allowance for trade receivables, taking into account historical credit loss experience and accordingly, provisions are made for expected credit loss for amounts due from customers where necessary.

Trade Receivables Ageing Schedules

| Particulars | Outstanding for following periods from due date of payment [#] | | | | | Total |
|---|---|----------------------|----------------|----------------|----------------------|------------------------------------|
| | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed Trade Receivables — considered good | 316.64 (369.71) | 10.22 (7.20) | - | - | - | 326.86 (376.91) |
| (ii) Undisputed Trade Receivables — credit impaired | - | 0.33 (0.42) | 0.34 (0.53) | 2.11 (2.08) | 0.21 (0.21) | 2.99 (3.24) |
| (iii) Amount Due | | | | | | 2005.82 (1769.05) |
| Total Gross | | | | | | 2335.67 (2149.20) |
| Allowance for Expected Credit Loss | | | | | | 2.99 (3.24) |
| Total | | | | | | 2332.68 (2145.96) |

[#]Figures in brackets are in respect of Previous year



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

NOTE 9 : CASH AND CASH EQUIVALENTS (as per Cash Flow Statement)

| | As at 31.03.2022 | (₹ Crores) As at 31.03.2021 |
|---|---------------------|-----------------------------------|
| Balances with Banks | | |
| - In Current accounts | 133.27 | 104.05 |
| - In Term deposits with original maturity of less than 3 months | 14.09 | 36.93 |
| Cheques, drafts on hand; and | 30.55 | 25.07 |
| Cash on hand | 0.78 | 0.80 |
| Total | 178.69 | 166.85 |

NOTE 10 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| | As at 31.03.2022 | (₹ Crores) As at 31.03.2021 |
|----------------------------|---------------------|-----------------------------------|
| Others: | | |
| Unclaimed Dividend Account | 1.74 | 2.54 |
| Total | 1.74 | 2.54 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

NOTE 11 : BORROWINGS

| | (₹ Crores) | |
|--|---------------------|---------------------|
| | As at 31.03.2022 | As at 31.03.2021 |
| NON-CURRENT | | |
| <u>Secured</u> | | |
| Soft loan from SIPCOT (At amortised cost) | 64.12 | 63.13 |
| <u>Unsecured</u> | | |
| Term loans from Banks; | | |
| - External Commercial Borrowings (ECB) (at fair value through OCI) | - | 294.76 |
| - Rupee Term Loan | 749.99 | 450.00 |
| <u>Others</u> | | |
| Deferred payment liabilities | 3.10 | 3.87 |
| Sub Total | 817.21 | 811.76 |
| CURRENT | | |
| <u>Secured</u> | | |
| Loans repayable on demand | | |
| - from banks | 885.00 | 40.02 |
| Interest accrued on above | 1.31 | 0.80 |
| Current maturities of long-term debt | - | 180.00 |
| Interest accrued on above | - | 15.38 |
| <u>Unsecured</u> | | |
| - from banks | 812.79 | 871.83 |
| Interest accrued on above | 1.49 | 2.76 |
| (The interest rate on the above said loans range from 0.665% to 2.98% p.a (Previous year - 2.14% to 3.17% p.a)). | | |
| Current maturities of long-term debt | 291.69 | 87.11 |
| Interest accrued on above | 8.51 | 10.96 |
| Sub Total | 2000.79 | 1208.86 |
| Total | 2818.00 | 2020.62 |

Note: Security and terms of repayment in respect of above borrowings are detailed in Note 25 g.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

Reconciliation of Financing Liabilities:

| | (₹ Crores) | |
|--|---------------------|---------------------|
| | As at 31.03.2022 | As at 31.03.2021 |
| Opening balance | | |
| - Long Term Borrowings | 811.76 | 779.03 |
| - Current borrowings | 911.85 | 727.41 |
| - Current maturities of long term debt | 267.11 | 344.08 |
| - Interest accrued on debt | 29.90 | 3.62 |
| Total - A | 2020.62 | 1854.14 |
| a) Cash flow movements | | |
| - Proceeds from borrowings | 1085.93 | 484.44 |
| - Repayment of borrowings | (266.68) | (341.53) |
| b) Non-cash movements | | |
| - Effect of amortization of loan origination costs | 0.99 | 1.63 |
| - Foreign exchange translation | (4.27) | (4.34) |
| - Interest accrued on debt | (18.59) | 26.28 |
| Total - B | 797.38 | 166.48 |
| Closing Balance (A+B) | 2818.00 | 2020.62 |
| Closing Balance Break Up | | |
| - Long Term Borrowings | 817.21 | 811.76 |
| - Current borrowings | 1697.79 | 911.85 |
| - Current maturities of Long term borrowings | 291.69 | 267.11 |
| - Interest accrued on debt | 11.31 | 29.90 |

NOTE 12 : PROVISIONS

| | (₹ Crores) | | | |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|
| | Non-Current | | Current | |
| | As at 31.03.2022 | As at 31.03.2021 | As at 31.03.2022 | As at 31.03.2021 |
| Provision for employee benefits | 51.33 | 51.98 | 18.39 | 50.48 |
| Others: | | | | |
| - Warranty and others | 167.58 | 159.57 | 162.39 | 149.25 |
| Total | 218.91 | 211.55 | 180.78 | 199.73 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

NOTE 13 : DEFERRED TAX LIABILITIES (NET)

| | (₹ Crores) | |
|---|---------------------|---------------------|
| | As at 31.03.2022 | As at 31.03.2021 |
| Deferred Tax Liabilities: | | |
| - Arising on account of difference in carrying amount and tax base of PPE and Intangibles | 430.10 | 446.89 |
| - Unrealised (gain)/loss on FVTPL debt Mutual Funds | 30.20 | 9.63 |
| - Unrealised gain/(loss) on FVTOCI Debt Instruments | (1.44) | (2.27) |
| - Other adjustments | 12.65 | 7.26 |
| Total | 471.51 | 461.51 |
| Deferred Tax Asset: | | |
| - Accrued Expenses allowable on Actual Payments | 28.69 | 26.93 |
| - On remeasurements of defined benefit plans | 26.74 | 33.21 |
| - On revaluation of designated cash flow hedges | 6.29 | 6.85 |
| - On Right of Use Asset | 14.30 | 14.28 |
| Total | 76.02 | 81.27 |
| Total | 395.49 | 380.24 |

NOTE 14 : OTHER LIABILITIES

| | (₹ Crores) | | | |
|---------------------------|---------------------|---------------------|---------------------|---------------------|
| | Non-Current | | Current | |
| | As at 31.03.2022 | As at 31.03.2021 | As at 31.03.2022 | As at 31.03.2021 |
| Contract Liabilities | - | - | 44.86 | 33.04 |
| Others: | | | | |
| Dealers' Security Deposit | - | - | 1682.57 | 1615.54 |
| Retention Money | 16.90 | 9.85 | 76.23 | 90.02 |
| Statutory Dues | - | - | 410.95 | 278.86 |
| Liabilities for expenses | - | - | 0.34 | 0.49 |
| Deferred Income | 164.27 | 171.19 | 23.54 | 11.98 |
| Others | 0.63 | 3.18 | 12.94 | 15.11 |
| Total | 181.80 | 184.22 | 2251.43 | 2045.04 |

During the year ended 31st March, 2022, the Group recognised revenue of ₹ 31.41 Crores as revenue from contracts with customers, the corresponding value for Previous year - ₹ 76.95 Crores.

Movement of contract liabilities is as under:

| | (₹ Crores) | |
|---|---------------------|---------------------|
| | As at 31.03.2022 | As at 31.03.2021 |
| As at beginning of the year | 33.04 | 85.88 |
| Recognised as revenue from contracts with customers | (31.41) | (76.95) |
| Advance from customers received during the year | 43.23 | 24.11 |
| Balance at the close of the year | 44.86 | 33.04 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2022

NOTE 15 : TRADE PAYABLES

(₹ Crores)

| | As at 31.03.2022 | As at 31.03.2021 |
|--|---------------------|---------------------|
| Outstanding dues of Micro and Small Enterprises | 58.26 | 54.21 |
| Outstanding dues of Creditors other than Micro and Small Enterprises | 1998.52 | 3251.93 |
| Total | 2056.78 | 3306.14 |
| Of the above; | | |
| - Acceptances | 1598.81 | 438.81 |

Trade Payables ageing schedule

(₹ Crores)

| Particulars | Outstanding for following periods from due date of payment* | | | | Total |
|-----------------------|--|-----------------|------------------|----------------------|----------------------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | 1.58 (7.56) | - (0.01) | - - | - (0.01) | 1.58 (7.58) |
| (ii) Others | 441.55 (886.00) | 3.85 (18.86) | 14.06 (19.72) | 20.70 (15.04) | 480.16 (939.62) |
| (iii) Amounts not due | | | | | 1575.04 (2358.94) |

*Figures in brackets are in respect of Previous year

NOTE 16 : OTHER FINANCIAL LIABILITIES

(₹ Crores)

| | Non-Current | | Current | |
|---|---------------------|---------------------|---------------------|---------------------|
| | As at 31.03.2022 | As at 31.03.2021 | As at 31.03.2022 | As at 31.03.2021 |
| Carried at Amortised Cost : | | | | |
| Unclaimed dividends | - | - | 1.74 | 2.54 |
| Employee benefits | - | - | 101.33 | 108.05 |
| Liabilities for expenses | 106.83 | - | 112.76 | 165.35 |
| Others | - | - | 182.99 | 147.73 |
| Carried at Fair Value : | | | | |
| Derivative Financial Liabilities (FVTOCI) | - | - | 3.59 | 21.60 |
| Derivative Financial Liabilities (FVTPL) | - | - | 0.64 | 3.87 |
| Total | 106.83 | - | 403.05 | 449.14 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

NOTE 17 : REVENUE FROM OPERATIONS

| | (₹ Crores) | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| Revenue from Contracts with Customers : | | |
| Sale of Goods (Refer Note 25 e) | 19006.28 | 16059.93 |
| Sale of Services | 20.87 | 16.74 |
| Other Operating Revenues: | | |
| Scrap Sales | 122.17 | 86.52 |
| Subsidy from State Government | 167.40 | - |
| Total | 19316.72 | 16163.19 |

The management determines that the segment information reported is sufficient to meet the disclosure objective with respect to disaggregation of revenue under IND AS 115 "Revenue from contracts with customers". Hence no separate disclosure of disaggregate revenues are reported.(refer note 25 e)

Reconciliation of revenue recognised with the contracted price is as follows:

| | (₹ Crores) | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| Gross Sales (Contracted Price) | 19976.42 | 16738.96 |
| Reductions towards variable consideration (Product, Turnover and Prompt payment discount) | (413.73) | (384.27) |
| Claims preferred against obligation (Note 1(D-13)) | (245.97) | (191.50) |
| Revenue recognised | 19316.72 | 16163.19 |

NOTE 18 : OTHER INCOME

| | (₹ Crores) | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| Interest Income | 100.49 | 127.33 |
| Dividend Income from Non Current Investment | 0.06 | - |
| Government Grant : | | |
| - Export Incentives | 15.09 | 21.43 |
| - Others | 17.40 | 14.38 |
| Net gain on sale of Investments classified as FVTPL | 7.38 | 1.01 |
| Net gains on fair value changes on financial assets classified as FVTPL | 155.49 | 29.11 |
| Doubtful Debt provision written back | 0.13 | - |
| Miscellaneous Income | 20.95 | 16.68 |
| Total | 316.99 | 209.94 |

Net gains (losses) on fair value changes

| | (₹ Crores) | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| Equity Investments designated at FVTPL | 2.63 | 4.00 |
| Debt Mutual Fund Investments designated at FVTPL | 152.86 | 25.11 |
| Total Net gains (Losses) on fair value changes | 155.49 | 29.11 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

NOTE 19 : COST OF MATERIALS CONSUMED

| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|--------------------------------|--------------------------|--------------------------|
| Opening Stock of Raw Materials | 1421.26 | 1026.53 |
| Purchases during the year | 13729.92 | 9346.83 |
| Closing Stock of Raw Materials | (1731.61) | (1421.26) |
| Total | 13419.57 | 8952.10 |

NOTE 20 : CHANGES IN INVENTORIES OF FINISHED GOODS STOCK-IN-TRADE AND WORK-IN-PROGRESS

| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|----------------------|--------------------------|--------------------------|
| Closing Stock: | | |
| Finished Goods | 1604.16 | 818.59 |
| Stock-in-Trade | 42.41 | 40.76 |
| Work-in-Progress | 395.29 | 326.36 |
| | <u>2041.86</u> | <u>1185.71</u> |
| Less: Opening Stock: | | |
| Finished Goods | 818.59 | 1266.42 |
| Stock-in-Trade | 40.76 | 40.04 |
| Work-in-Progress | 326.36 | 233.50 |
| | <u>1185.71</u> | <u>1539.96</u> |
| Total | (856.15) | 354.25 |

NOTE 21 : EMPLOYEE BENEFITS EXPENSE

| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|---|--------------------------|--------------------------|
| Salaries and Wages | 1215.89 | 1175.96 |
| Contribution to provident and other funds | 113.86 | 107.27 |
| Staff welfare expenses | 172.20 | 131.80 |
| Total | 1501.95 | 1415.03 |

NOTE 22 : FINANCE COSTS

| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
|---|--------------------------|--------------------------|
| Interest on Loans and Deposits | 209.79 | 211.26 |
| Interest on Debentures | 2.78 | 20.64 |
| Interest on Deferred Payment Credit | 0.50 | 0.57 |
| Interest on Lease liabilities (Refer Note 2 (a 2)) | 36.29 | 37.27 |
| Other Borrowing Costs | | |
| Unwinding of discount relating to Long Term Liabilities | 3.98 | 4.14 |
| Other Charges | 0.46 | 0.79 |
| Total | 253.80 | 274.67 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

NOTE 23 : OTHER EXPENSES

| | (₹ Crores) | |
|---|--------------------------|--------------------------|
| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| Stores and Spares Consumed | 387.63 | 265.97 |
| Power and Fuel | 931.94 | 655.20 |
| Processing Expenses | 271.40 | 241.62 |
| Rent (Refer Note 2 (a 2)) | 25.53 | 12.65 |
| Rates and Taxes | 15.02 | 11.28 |
| Insurance | 62.56 | 55.47 |
| Printing and Stationery | 9.66 | 10.01 |
| Repairs and Renewals: | | |
| Buildings | 20.45 | 21.30 |
| Plant and Machinery | 152.78 | 123.98 |
| Other Assets | 83.03 | 70.80 |
| Travelling and Conveyance | 27.11 | 17.49 |
| Communication Expenses | 7.17 | 5.50 |
| Vehicle Expenses | 11.34 | 10.05 |
| Auditors' Remuneration: | | |
| As Auditors: | | |
| Audit fee | 0.93 | 0.84 |
| Tax Audit fee | 0.18 | 0.16 |
| Other Services | 0.06 | 0.06 |
| Reimbursement of Expenses | 0.07 | 0.04 |
| | 1.24 | 1.10 |
| Cost Auditors Remuneration: | | |
| Audit fee | 0.08 | 0.08 |
| Directors' Fees | 0.24 | 0.23 |
| Directors' Travelling Expenses | 2.81 | 4.01 |
| Advertisement | 205.58 | 118.81 |
| Warranty | 14.06 | 63.04 |
| Sales tax absorbed by the company | 0.07 | 0.70 |
| Bad debts written off (Net off Impairment reversal of - ₹ 0.67 Crore) | 0.21 | 0.16 |
| Commission | 18.64 | 19.50 |
| Freight and Forwarding (Net) | 712.43 | 536.66 |
| Loss on Sale of Fixed Asset | 2.20 | 4.91 |
| Net Loss on Foreign Currency Transactions | 61.89 | 55.29 |
| Bank Charges | 9.00 | 6.97 |
| Provision for Impairment of Assets (other than Financial Assets) | 7.10 | - |
| Provision for Impairment of Financial Assets | 0.42 | 0.48 |
| Corporate Social Responsibility Expenditure | 34.33 | 90.23 |
| Miscellaneous Expenses | 108.32 | 79.83 |
| Total | 3184.24 | 2483.32 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

NOTE 24 :

A. Capital Management

For the purpose of Group's Capital Management, capital includes Issued Equity Capital, Securities Premium, and all other Equity Reserves attributable to the Equity Holders of the Group. The primary objective of the Group's Capital Management is to maximise the Shareholder Value.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions and requirements of the financial covenants and to continue as a going concern. The Group monitors using a gearing ratio which is net debts divided by total capital plus net debt. The group includes within net debt, interest bearing loans and borrowings, less cash and short term deposit. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain an optimal capital structure, the group allocates its capital for distribution as dividend or reinvestment into business based on its long term financial plans.

B. Financial Risk Management

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the operations of the Group. The principal financial assets include trade and other receivables, investments in mutual funds, cash and short term deposits.

The Group has assessed market risk, credit risk and liquidity risk to its financial instruments.

i) Market Risk

Is the risk of loss of future earnings, fair values or cash flows that may result from a change in the price of a financial instrument, as a result of interest rates, foreign exchange rates and other price risks. Financial instruments affected by market risks, primarily include loans & borrowings, investments and foreign currency receivables, payables and borrowings.

a) Interest Rate Risk:

The Group borrows funds in Indian Rupees and Foreign currency, to meet both the long term and short term funding requirements. The Interest rate risk in terms of Foreign currency is managed through financial instruments available to convert floating rate liability into fixed rate liability. The Group due to its AAA rated status commands one of the cheapest source of funding. Interest rate is fixed for the tenor of the Long term loans availed by the Group. Interest on Short term borrowings is subject to floating interest rate and are repriced regularly. The sensitivity analysis detailed below have been determined based on the exposure to variable interest rates on the average outstanding amounts due to bankers over a year.

If the interest rates had been 1% higher / lower and all other variables held constant, the Group's profit for the year ended 31st March, 2022 would have been decreased/increased by ₹ 13.17 Crores (Previous year - ₹ 11.66 Crores).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

b) Currency Risk:

Foreign currency risks from financial instruments at the end of the reporting period expressed in INR :

Unhedged Short Term Exposures:

(₹ Crores)

| | 31.03.2022 | 31.03.2021 |
|-----------------------|------------|------------|
| Financial Assets | 253.61 | 174.23 |
| Financial Liabilities | 212.40 | 233.39 |

The company is mainly exposed to changes in US Dollar. The sensitivity to a 2% (Previous year - 2%) increase or decrease in US Dollar against INR with all other variables held constant will be +/- ₹ 0.87 Crores (Previous year - ₹ 0.82 Crores).

The Sensitivity analysis is prepared on the net unhedged exposure of the company at the reporting date.

Hedged Foreign Currency exposures:

Foreign Exchange forward Contracts on External Commercial borrowings and certain highly probable forecast transactions, are measured at fair value through OCI on being designated as Cash Flow Hedges.

The Group also enters into foreign exchange forward contracts with the intention to minimise the foreign exchange risk of expected purchases, these contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

The outstanding position and exposures are as under:

i) Foreign Currency forward contracts designated as Hedge Instruments :

| | Currency | Amount | | ₹ Crores | Nature | Cross Currency |
|-----------------------------|----------|----------|---------|-----------|-----------------|----------------|
| Currency/Interest Rate Swap | USD | 45.00 | Million | 288.59 | ECB Loan | |
| | | (58.33) | Million | (374.59) | | |
| Forward Contract | USD | 135.18 | Million | 1042.38 | Import purchase | INR |
| | | (140.22) | Million | (1065.30) | | |

The terms of the foreign currency forward contracts match the terms of the transactions. As a result, no hedge ineffectiveness arises requiring recognition through profit or loss.

ii) Other Forward Contract Outstanding :

| | Currency | Amount | | ₹ Crores | Nature | Cross Currency |
|------------------|----------|---------|---------|----------|-----------------|----------------|
| Forward Contract | USD | 24.96 | Million | 190.91 | Import purchase | INR |
| | | (36.19) | Million | (267.06) | | |
| Forward Contract | USD | 19.03 | Million | 144.04 | Sales | USD |
| | | (55.79) | Million | (407.71) | | |

Figures in brackets are in respect of Previous year.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

c) Price Risk :

The Group is affected by the price stability of certain commodities. Due to the significantly increased volatility of certain commodities like Natural Rubber, Synthetic Rubber and other Chemicals, the Group enters into purchase contracts on a short to medium Term and forward foreign exchange contracts are entered into to bring in stability of price fluctuations.

The Group's investments in Quoted and Unquoted Securities are susceptible to market price risk arising from uncertainties about future values of investment securities. The group manages the securities price risk through investments in debt funds and diversification by placing limits on individual and total investments. Reports on Investment Portfolio are reviewed on regular basis and all approvals of investment decisions are done in concurrence with the senior management.

As at 31st March, 2022 the investments in debt mutual funds and Bonds amounts to ₹ 3644.25 Crores (Previous year - ₹ 5864.44 Crores). A 1% point increase or decrease in the NAV with all other variables held constant would have lead to approximately an additional ₹ 36 Crores (Previous year - ₹ 59 Crores) on either side in the statement of profit and loss.

ii) Credit Risk

Is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. It arises from credit exposure to customers, financial instruments viz., Investments in Equity Shares, Bonds, Debt Funds, Fixed deposit-others and Balances with Banks.

The Group's marketing policies are well structured and all replacement sales are predominantly through dealers and the outstanding are secured by dealer deposits. As regards sales to O.E., and other institutional sales, the Group carries out periodic credit checks and also limits the exposure by establishing maximum payment period for customers and by offering prompt payment discounts. The outstanding trade receivables due for a period exceeding 180 days as at the year ended 31st March, 2022 is 0.25% (31st March, 2021 - 0.64%) of the total trade receivables.

The group uses Expected Credit Loss (ECL) Model to assess the impairment loss or gain. The allowance for lifetime ECL on customer balances for the year ended 31st March, 2022 was ₹ 2.99 Crores and for the year ended 31st March, 2021 was ₹ 3.24 Crores.

| Particulars | (₹ Crores) | |
|----------------------------|--------------------------|--------------------------|
| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| Balance at the beginning | 3.24 | 2.76 |
| Impairment loss recognised | 0.42 | 0.48 |
| Impairment loss reversed | 0.67 | - |
| Balance at the end | 2.99 | 3.24 |

The Group holds cash and deposits with banks which are having highest safety rankings and hence has a low credit risk.

Investments in mutual funds are primarily debt funds, which have high safety ratings and are monitored on a monthly basis and the Group is of the opinion that its mutual fund investments have low credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

iii) Liquidity Risk

The Group manages liquidity risk by maintaining adequate surplus, banking facilities and reserve borrowings facilities by continuously monitoring forecasts and actual cash flows.

The Group has a system of forecasting rolling three months cash inflow and outflow and all liquidity requirements are planned.

All Long term borrowings are for a fixed tenor and generally these cannot be foreclosed.

The Group has access to various source of Short term funding and debt maturing within 12 months can be rolled over with existing lenders/new lenders, or repaid based on short term requirements.

Trade and other payables are plugged into the three months rolling cash flow forecast to ensure timely funding, if required.

All payments are made along due dates and requests for early payments are entertained after due approval and availing early payment discounts.

The details of the contractual maturities of significant financial liabilities as at 31st March, 2022 are as under:

| (₹ Crores) | | | | | |
|------------------------------|----------------|----------------------|--------------------|--------------------|--------------------|
| Particulars | Refer Note | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
| Borrowings | Note 11 and 14 | 2000.79 (1208.86) | 251.87 (446.42) | 401.21 (202.21) | 180.92 (180.92) |
| Trade Payable | Note 15 | 2056.78 (3306.14) | - (-) | - (-) | - (-) |
| Other Financial Liabilities | Note 16 | 299.98 (338.55) | 106.83 (-) | - (-) | - (-) |
| Employee Benefit liabilities | Note 16 | 101.33 (108.05) | - (-) | - (-) | - (-) |
| Unclaimed dividends | Note 16 | 1.74 (2.54) | - (-) | - (-) | - (-) |
| Lease Liabilities | | 60.08 (54.99) | 108.02 (94.02) | 106.63 (94.81) | 136.22 (123.80) |

Figures in brackets are in respect of Previous year.

NOTE 25 : ADDITIONAL / EXPLANATORY INFORMATION

a. Disclosures

- The Notes to these consolidated Ind AS financial statements are disclosed to the extent relevant and necessary for presenting a true and fair view of the consolidated Ind AS financial statements based on section 129(4) of The Companies Act, 2013 and as clarified vide Circular No. 39/2014 dated 14th October, 2014.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

- (ii) Movement in Provisions as required by IND AS - 37 - "Provisions, Contingent Liabilities and Contingent Assets" are the same as disclosed in the Standalone Ind AS Financial Statements.
- (iii) Consolidated Employee benefit disclosures are not materially different from the employee benefit disclosures of the standalone Ind AS financial statements of the Company.

b. Earnings Per Share

| Particulars | | Year ended 31.03.2022 | Year ended 31.03.2021 |
|--|----------|--------------------------|--------------------------|
| Profit after taxation | ₹ Crores | 669.24 | 1277.07 |
| Number of equity shares (Face Value ₹10/-) | Nos. | 4241143 | 4241143 |
| Earnings per share | ₹ | 1577.97 | 3011.14 |

c. Related party disclosures:

- (a) Names of related parties and nature of relationship with whom transactions have taken place:

Key Management Personnel (KMP):

- Mr. K.M. Mammen, Chairman and Managing Director
- Mr. Arun Mammen, Vice Chairman and Managing Director
- Mr. Rahul Mammen Mappillai, Managing Director
- Mr. Samir Thariyan Mappillai, Whole time Director
- Mr. Varun Mammen, Whole time Director
- Mr. S. Dhanvanth Kumar, Company Secretary
- Mr. Madhu P Nainan, Vice President Finance

Close Members of the family of KMP

- Mrs. Ambika Mammen, Director (Wife of Chairman and Managing Director)
- Dr. (Mrs) Cibi Mammen, Director (Wife of Vice Chairman and Managing Director)
- Mrs. Meera Mammen (Mother of Mr. Varun Mammen)

Companies in which Directors are interested: Badra Estate & Industries Limited, Devon Machines Pvt. Ltd., Coastal Rubber Equipments Pvt. Ltd. Braga Industries LLP, Funkskool (India) Ltd., Jcee Manufacturing & Services Pvt. Ltd. VPC Freight Forwarders Pvt. Ltd., The Malayala Manorama Co. Private Limited

Other Related Parties

Mr. Jacob Kurian - Director, MRF Ltd. Executives Provident Fund Trust, MRF Management Staff Gratuity Scheme, MRF Employees Gratuity Scheme, MRF Managers' Superannuation Scheme, MRF Foundation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

(b) Transactions with related parties (excluding reimbursements)

(₹ Crores)

| Nature of Transaction | KMP | Close member of the KMP | Companies in which Directors are interested | Other Related Parties |
|---|--------------------------|----------------------------|---|--------------------------|
| | Year Ended 31.03.2022 | Year Ended 31.03.2022 | Year Ended 31.03.2022 | Year Ended 31.03.2022 |
| i. Sale of Materials | - | - | 5.00 | 0.55 |
| | - | - | (4.25) | - |
| ii. Purchase of Materials/Machinery | - | - | 180.84 | - |
| | - | - | (136.48) | - |
| iii. Payment towards Service | - | - | 17.82 | - |
| | - | - | (12.27) | - |
| iv. Selling and Distribution Expenses | - | - | 1.72 | - |
| | - | - | (1.28) | - |
| v. Other Receipts | - | - | 1.84 | - |
| | - | - | (1.77) | - |
| vi. Professional charges | - | - | - | 0.17 |
| | - | - | - | (0.22) |
| vii. Contribution to Retirement Benefit fund /Others | - | - | - | 94.87 |
| | - | - | - | (180.71) |
| Compensation* | | | | |
| viii. Short term Employee benefit (including Commission payable to KMP) | 82.96 | 2.40 | - | - |
| | (85.78) | (2.27) | - | - |
| ix. Sitting fees | - | 0.02 | - | - |
| | - | (0.02) | - | - |

* Remuneration does not include provisions made for Gratuity and Leave benefits as they are determined on an actuarial basis for the Company as a whole.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ Crores)

| Nature of Transaction | KMP | Close member of the KMP | Companies in which Directors are interested | Other Related Parties |
|--|--------------------------|----------------------------|---|--------------------------|
| | Year Ended 31.03.2022 | Year Ended 31.03.2022 | Year Ended 31.03.2022 | Year Ended 31.03.2022 |
| Outstanding as at Year End | | | | |
| x. Other Receivables | - | - | 26.59 | - |
| | - | - | (2.28) | - |
| xi. Trade Payables | - | - | 16.44 | - |
| | - | - | (20.14) | - |
| xii. Commission Payable | 30.57 | - | - | - |
| | (35.47) | - | - | - |
| xiii. Contribution payable to Retirement Benefit fund/Others | - | - | - | 13.43 |
| | - | - | - | (46.85) |

(Figures in brackets are in respect of Previous year)

(c) Terms and conditions of transactions with related parties;

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31st March, 2022, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (Previous year - ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

d. (i) Additional information on Net Assets and Share of Profit as at 31st March, 2022

| Name of the entity | | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in Other Comprehensive Income (OCI) | |
|--------------------------|---------|--|-------------------|-------------------------|-------------------|---|-------------------|
| | | As % of consolidated net assets | Amount (₹ Crores) | As % of net Profit | Amount (₹ Crores) | As a % of OCI | Amount (₹ Crores) |
| Parent | | | | | | | |
| - MRF Ltd. | 2021-22 | 98.17 | 13774.61 | 96.82 | 879.07 | 100.48% | 14.67 |
| | 2020-21 | 98.23 | 13176.19 | 97.88 | 1,700.02 | 101.42% | (32.14) |
| Subsidiaries | | | | | | | |
| Indian | | | | | | | |
| - MRF Corp. Ltd. | 2021-22 | 0.90 | 126.75 | 2.28 | 20.70 | (0.48%) | (0.07) |
| | 2020-21 | 0.84 | 112.27 | 1.46 | 25.42 | (1.42%) | 0.45 |
| - MRF International Ltd. | 2021-22 | 0.01 | 1.99 | 0.01 | 0.13 | | |
| | 2020-21 | 0.01 | 1.90 | 0.01 | 0.14 | | |
| Foreign | | | | | | | |
| - MRF Lanka (P) Ltd. | 2021-22 | 0.03 | 3.74 | 0.01 | 0.05 | | |
| | 2020-21 | 0.07 | 9.15 | 0.10 | 1.76 | | |
| - MRF SG PTE. LTD. | 2021-22 | 0.89 | 124.66 | 0.88 | 7.98 | | |
| | 2020-21 | 0.85 | 114.16 | 0.55 | 9.50 | | |
| Minority Interest | | | | | | | |
| Indian Subsidiary | 2021-22 | - | 0.15 | - | - | - | - |
| | 2020-21 | - | 0.14 | - | - | - | - |

- (ii) The Group does not have any material transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956 during the financial year.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

e. Disclosures under Ind AS 108 - "Operating Segment" :

The group except for MRF Corp Ltd., is engaged in the manufacture of rubber products such as Tyre, Tubes, Flaps, Tread Rubber and / or Trading in Rubber and Rubber Chemicals. In the context of IND-AS 108 operating segment are considered to constitute one single primary segment. MRF Corp Ltd. is engaged in the manufacture of Speciality Coatings and its revenues, results and assets do not meet the criteria specified for reportable segment prescribed in the IND-AS. The group's operations outside India do not exceed the quantitative threshold for disclosure envisaged in the IND-AS. Non-reportable segments have not been disclosed as unallocated reconciling item in view of their materiality. In view of the above, primary and secondary reporting disclosures for business/geographical segment are not applicable.

Entity wide disclosure as per paragraph 31 of Ind AS 108:

| <u>Particulars</u> | (₹ Crores) | |
|--|--------------------------|--------------------------|
| | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| (i) Products: | | |
| Automobile Tyres | 17048.83 | 14364.03 |
| Automobile Tubes | 1233.43 | 1122.00 |
| Speciality Coating | 318.16 | 232.70 |
| Others | 405.86 | 341.20 |
| | <u>19006.28</u> | <u>16059.93</u> |
| (ii) Revenue from Customers: | | |
| India | 17215.06 | 14714.88 |
| Outside India | 1791.22 | 1345.05 |
| | <u>19006.28</u> | <u>16059.93</u> |
| (iii) Non Current Assets : | | |
| India | 12869.26 | 12216.42 |
| Outside India | 2.52 | 2.64 |
| (iv) There are no transactions with single customer which amounts to 10% or more of the Group's revenue. | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

f. Terms of Repayment and Security Description of Current Borrowings:

- i) ECB (Unsecured) from the HSBC Bank
USD 45 Million availed in December, 2017 is for capital expenditure. Interest is payable at a rate equal to the six months BBA LIBOR plus margin of 0.80% payable half yearly (Previous year - six months BBA LIBOR plus margin of 0.80%). The said Loan is fully hedged and is repayable in one full instalment in December, 2022.
- ii) Loans repayable on demand from banks are secured by hypothecation of Inventories and book debts, equivalent to the outstanding amount and carries interest rates at the rate of 3.80% to 6.85% (Previous year 6.60% to 8.85%)

g. Terms of Repayment and Security Description of Non Current Borrowings:

- i) Indian Rupee Term Loan (Unsecured) from the HSBC Bank
 - a) Indian Rupee Term Loan of ₹ 150 Crores availed in February, 2019 is for capital expenditure. Interest is payable at a rate equal to the three months T-Bill rate plus a margin of 1.49% (Previous year - 1.49%) payable monthly. The said Loan is repayable in one full installment in February, 2024.
 - b) Indian Rupee Term Loan of ₹ 150 Crores availed in July, 2021 is for capital expenditure. Interest is payable at a rate equal to the three months T-Bill rate plus a margin of 1.33% payable monthly. The said Loan is repayable in three equal annual installment in July, 2025/July, 2026/July, 2027.
- ii) Indian Rupee Term Loan (Unsecured) from the HDFC Bank
 - a) Indian Rupee Term Loan of ₹ 300 Crores availed in June, 2020 is for capital expenditure. Interest is payable at a rate equal to repo rate plus a margin of 1.7% payable monthly. The said Loan is repayable in three equal annual installment in June, 2024/June, 2025/June, 2026.
 - b) Indian Rupee Term Loan of ₹ 150 Crores availed in June, 2021 is for capital expenditure. Interest is payable at a rate equal to repo rate plus a margin of 0.75% payable monthly. The said Loan is repayable in three equal annual installment in June, 2025/June, 2026/June, 2027.
- iii) Secured Loan availed under SIPCOT soft loan in March 2020, Interest is payable at a rate of 0.10% (Previous year - 0.10%) payable quarterly are secured by way of second charge on the Fixed Assets created at the company's plants at Perambalur, near Trichy, Tamil Nadu. This loan will be repaid in full in April 2033.
- iv) Deferred payment credit is repayable along with interest (at varying rates) in 240 consecutive monthly instalments ending in March 2026.

h. Events Occurring after the Balance Sheet date

The proposed final dividend for financial year 2021-22 amounting to ₹ 61.07 Crores will be recognised as distribution to owners during the financial year 2022-23 on its approval by Shareholders. The proposed final dividend amounts to ₹ 144/- per share.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

i. Commitment:

- (i) Estimated amount of contracts remaining to be executed on Capital Account, net of advances and not provided for - ₹ 3031.32 Crores (Previous Year ₹ 1454.21 Crores)
- (ii) Guarantees given by the Banks - ₹ 43.84 Crores (Previous year - ₹ 40.90 Crores)
- (iii) Letters of Credit issued by the Banks - ₹ 182.45 Crores (Previous year - ₹ 19.40 Crores)

j. Contingent Liabilities not provided for:

Claims not acknowledged as debts:

- (a) Competition Commission of India (CCI) matter - Refer Note 1 below
- (b) Disputed Sales Tax demands pending before the Appellate Authorities /High Court - ₹ 196.03 Crores (Previous year - ₹ 195.97 Crores)
- (c) Disputed Excise/Customs Duty demands pending before the Appellate Authorities/High Court - ₹ 339.96 Crores (Previous year - ₹ 323.94 Crores)
- (d) Disputed Income Tax Demands - ₹ 159.87 Crores (Previous year - ₹ 96.58 Crores). Against the said demand the company has deposited an amount of ₹ 97.52 Crores (Previous year - ₹ 49.55 Crores)
- (e) Disputed Goods and Service Tax demands pending before the Appellate Authorities - ₹ 1.57 Crores (Previous year - ₹ 0.29 Crores)
- (f) Contested EPF Demands pending before Appellate Tribunal- ₹ 1.10 Crores (Previous year - ₹ 1.10 Crores)

Note 1 : In terms of the Order dated 31st August 2018 the Competition Commission of India (CCI) has on 2nd February 2022 released its Order imposing penalty on the Holding Company concerning the breach of provisions of the Competition Act, 2002 during the year 2011-2012 and imposed a penalty of ₹ 622.09 Crores on the Company. The Company has filed an appeal against the CCI Order before the National Company Law Appellate Tribunal (NCLAT). Based on the Company's assessment on the outcome of the appeal, the Company is of the view that no provision is necessary in respect of this matter in the Consolidated Financial Statements.

For M M NISSIM & CO LLP
Chartered Accountants
Firm Reg. No. 107122W / W100672

For MAHESH, VIRENDER & SRIRAM
Chartered Accountants
Firm Reg. No. 001939S

N. KASHINATH
Partner
Mem. No. 036490
Chennai
Dated 10th May, 2022

B R MAHESH
Partner
Mem. No. 18628
Hyderabad

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary
Chennai

JACOB KURIAN
Director
DIN: 00860095

V SRIDHAR
Director
DIN: 00020276

K M MAMMEN
Chairman &
Managing Director
DIN: 00020202

M M NISSIM & CO LLP
BARODAWALA MANSION, B-WING, 3RD FLOOR
81, Dr. ANNIE BESANT ROAD, WORLI
MUMBAI-400 018.

SASTRI & SHAH
"LEELAVATI"
69, Armenian Street
CHENNAI - 600 001.

**INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT ON THE UNAUDITED
STANDALONE FINANCIAL RESULTS OF MRF LTD FOR THE QUARTER AND HALF YEAR
ENDED 30th SEPTEMBER, 2022**

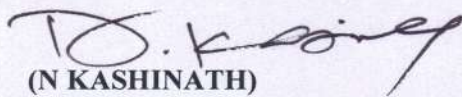
To The Board of Directors,
MRF Ltd.,
114, Greaves Road
Chennai - 600 006.

1. We have reviewed the accompanying statement of Unaudited Standalone Financial Results of MRF Limited ("the Company") for the quarter and half year ended 30th September, 2022 ("the Statement") attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").
2. This Statement is the responsibility of the Company's Management and is approved by the Board of Directors. The statement, as it relates to the quarter and half year ended 30th September, 2022, has been compiled from the related standalone financial statements prepared in accordance with Indian Accounting Standard 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with relevant Rules issued there under and other accounting principles generally accepted in India and in compliance with the Regulation 33 of the Listing Regulations. Our responsibility is to issue a report on the statement based on our review.
3. We conducted our review of the statement in accordance with the Standard on Review Engagement (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with applicable Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting practices and principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.



5. We draw attention to Note 5 to the Standalone Financial Results which refers to Order dated 31st August 2018 of the Competition Commission of India (CCI) released on 2nd February 2022 imposing penalty on the Company concerning the breach of provisions of the Competition Act, 2002 during the year 2011-2012 and imposed a penalty of Rs.622.09 Crores on the Company. The Company has filed an appeal against the CCI Order before the National Company Law Appellate Tribunal (NCLAT). Based on the Company's assessment on the outcome of the appeal, the Company is of the view that no provision is necessary in respect of this matter in the Standalone Financial Results.

For M M NISSIM & CO. LLP
Chartered Accountants
(Reg.No.107122W / W100672)


(N KASHINATH)

Partner

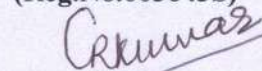
M.No.36490

UDIN: 22036490 BCM AAK 2469
Mumbai,

Date: 08th November, 2022



For SASTRI & SHAH
Chartered Accountants
(Reg.No.003643S)


(C R KUMAR)

Partner

M.No.26143

UDIN: 22026143 BCM BBT 4737
Chennai,

Date: 08th November, 2022



MRF LIMITED

Regd. Office: 114, Greaves Road, Chennai - 600 006

CIN: L25111TN1960PLC004306; Website: www.mrftyres.com; Email: mrfshare@mrfmail.com; Ph: 044-28292777 FAX: 28295087 -

Rs. Crores

Statement of Unaudited Standalone Financial Results for the Quarter and Half year ended 30th September, 2022

| PARTICULARS | Quarter ended | | | Half year ended | | Year ended |
|---|---------------|------------|------------|-----------------|------------|------------|
| | 30.09.2022 | 30.06.2022 | 30.09.2021 | 30.09.2022 | 30.09.2021 | 31.03.2022 |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Audited |
| I Revenue from Operations | 5,719.00 | 5,598.92 | 4,831.65 | 11,317.92 | 8,959.37 | 18,989.51 |
| II Other Income | 76.35 | 34.08 | 88.66 | 110.43 | 181.02 | 314.92 |
| III Total Income (I + II) | 5,795.35 | 5,633.00 | 4,920.31 | 11,428.35 | 9,140.39 | 19,304.43 |
| IV Expenses | | | | | | |
| a) Cost of materials consumed | 4,112.98 | 4,043.31 | 3,804.67 | 8,156.29 | 7,021.03 | 13,254.45 |
| b) Purchase of stock-in-trade | 11.43 | 12.61 | 0.94 | 24.04 | 6.07 | 17.01 |
| c) Changes in inventories of finished goods, Stock-in-trade and work-in-progress | (102.08) | (218.13) | (688.35) | (320.21) | (1,346.95) | (844.92) |
| d) Employee benefits expense | 391.35 | 365.09 | 378.05 | 756.44 | 732.48 | 1,471.94 |
| e) Finance costs | 70.41 | 63.54 | 56.55 | 133.95 | 118.61 | 247.01 |
| f) Depreciation and amortisation expense | 308.31 | 296.92 | 295.83 | 605.23 | 596.57 | 1,201.41 |
| g) Other expenses | 837.96 | 917.77 | 824.09 | 1,755.73 | 1,547.27 | 3,078.37 |
| Total expenses(IV) | 5,630.36 | 5,481.11 | 4,671.78 | 11,111.47 | 8,675.08 | 18,425.27 |
| V Profit before Exceptional Items and Tax (III-IV) | 164.99 | 151.89 | 248.53 | 316.88 | 465.31 | 879.16 |
| VI Exceptional Items | - | - | - | - | - | - |
| VII Profit before Tax | 164.99 | 151.89 | 248.53 | 316.88 | 465.31 | 879.16 |
| VIII Tax expense: | | | | | | |
| (1) Current Tax | 37.00 | 49.90 | 58.60 | 86.90 | 114.60 | 221.95 |
| (2) Deferred Tax | 4.00 | (10.37) | 6.55 | (6.37) | 6.00 | 9.87 |
| IX Profit for the period from Continuing Operations (VII - VIII) | 123.99 | 112.36 | 183.38 | 236.35 | 344.71 | 647.34 |
| X Other Comprehensive Income(OCI) | | | | | | |
| A(i) Items that will not be reclassified to profit or loss | 4.00 | 4.00 | (2.15) | 8.00 | (1.65) | 14.07 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | (1.01) | (1.01) | 0.55 | (2.02) | 0.42 | (3.54) |
| B(i) Items that will be reclassified to profit or loss | 11.99 | (8.00) | 7.04 | 3.99 | 9.27 | 5.53 |
| (ii) Income tax relating to items that will be reclassified to profit or loss | (3.02) | 2.01 | (1.76) | (1.01) | (2.33) | (1.39) |
| XI Total Comprehensive Income for the Period/Year | 135.95 | 109.36 | 187.06 | 245.31 | 350.42 | 662.01 |
| XII Paid up Equity Share Capital (Face Value of Rs.10/- each) | 4.24 | 4.24 | 4.24 | 4.24 | 4.24 | 4.24 |
| XIII Earnings Per Share for Continuing Operations (of Rs.10/- each) (not annualised): | | | | | | |
| Basic (Rs. Per Share) | 292.33 | 264.94 | 432.39 | 557.27 | 812.79 | 1,526.34 |
| Diluted (Rs. Per Share) | 292.33 | 264.94 | 432.39 | 557.27 | 812.79 | 1,526.34 |
| XIV Other Equity excluding Revaluation Reserve | - | - | - | - | - | 13,773.03 |

See accompanying Notes to the financial results

| Standalone Statement of Assets and Liabilities | | Rs.Crores | |
|--|------------------|------------------|--|
| Particulars | Standalone | | |
| | As at | As at | |
| | 30.09.2022 | 31.03.2022 | |
| | Unaudited | Audited | |
| ASSETS | | | |
| (1) Non-Current Assets | | | |
| (a) Property, Plant and Equipment | 9,537.40 | 9,445.06 | |
| (b) Capital Work-in-Progress | 1,945.64 | 1,225.81 | |
| (c) Other Intangible Assets | 20.92 | 21.21 | |
| (d) Financial Assets | | | |
| (i) Investments | 1,145.87 | 1,155.53 | |
| (ii) Loans | - | 0.82 | |
| (iii) Other financial assets | 25.22 | 72.94 | |
| (e) Non Current Tax Asset (Net) | 241.77 | 241.77 | |
| (f) Other non-current assets | 631.61 | 586.05 | |
| (2) Current Assets | | | |
| (a) Inventories | 4,224.29 | 4,061.72 | |
| (b) Financial Assets | | | |
| (i) Investments | 2,200.33 | 2,509.69 | |
| (ii) Trade Receivables | 2,597.75 | 2,283.26 | |
| (iii) Cash and cash Equivalents | 158.05 | 113.11 | |
| (iv) Bank balances other than Cash and Cash Equivalents | 16.65 | 1.74 | |
| (v) Loans | 4.11 | 3.18 | |
| (vi) Other financial assets | 456.85 | 766.97 | |
| (c) Other current assets | 232.65 | 204.54 | |
| TOTAL ASSETS | 23,439.11 | 22,693.40 | |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share Capital | 4.24 | 4.24 | |
| (b) Other Equity | 13,957.26 | 13,773.03 | |
| Total Equity | 13,961.50 | 13,777.27 | |
| Liabilities | | | |
| (1) Non-Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 817.45 | 817.21 | |
| (ii) Lease Liability | 412.74 | 350.87 | |
| (iii) Other Financial Liabilities | 106.83 | 106.83 | |
| (b) Provisions | 213.56 | 218.67 | |
| (c) Deferred Tax Liabilities (Net) | 389.96 | 393.30 | |
| (d) Other non-current liabilities | 198.97 | 182.54 | |
| (2) Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 1,249.48 | 1,186.51 | |
| (ii) Lease Liability | 62.21 | 60.08 | |
| (iii) Trade Payables: | | | |
| (A) total outstanding dues of micro enterprises and Small enterprises and | 43.61 | 58.26 | |
| (B) total outstanding dues of creditors other than micro enterprises and Small enterprises | 3,142.24 | 2,716.06 | |
| (iv) Other Financial Liabilities | 360.14 | 399.47 | |
| (b) Other Current Liabilities | 2,246.88 | 2,246.29 | |
| (c) Provisions | 209.87 | 180.04 | |
| (d) Current Tax Liabilities (Net) | 23.67 | - | |
| Total Liabilities | 9,477.61 | 8,916.13 | |
| TOTAL EQUITY AND LIABILITIES | 23,439.11 | 22,693.40 | |

| MRF LIMITED | | |
|---|---------------------|---------------------|
| UNAUDITED STANDALONE CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30TH SEPTEMBER, 2022 | | |
| | (Rupees Crores) | |
| | Half Year ended | |
| | 30th September 2022 | 30th September 2021 |
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | |
| NET PROFIT BEFORE TAX | 316.88 | 465.31 |
| Adjustment for : | | |
| Depreciation | 605.23 | 596.57 |
| Unrealised Exchange (Gain) / Loss | (1.03) | 0.14 |
| Government Grant Accrued | (0.67) | (0.33) |
| Finance Cost | 133.95 | 118.61 |
| Interest Income | (55.95) | (43.48) |
| Dividend Income | (0.11) | (0.13) |
| Loss / (Gain) on Sale / Disposal of Property Plant and Equipment | 7.11 | 2.02 |
| Provision for Impairment of Assets(other than Financial Assets) | - | 7.87 |
| Fair Value changes in Investments | (33.80) | (108.96) |
| Fair Value changes in Financial Instruments | 27.24 | 18.64 |
| Loss / (Gain) on Sale of Investments | (1.19) | (5.62) |
| OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES | 997.66 | 1,050.64 |
| Trade receivables | (309.16) | (119.17) |
| Other receivables | 1.02 | (63.08) |
| Inventories | (162.57) | (1,382.26) |
| Trade Payable and Provisions | 438.43 | (194.63) |
| Other liabilities | (55.33) | (59.44) |
| CASH GENERATED FROM OPERATIONS | 910.05 | (767.94) |
| Direct Taxes paid | (63.23) | (88.73) |
| NET CASH FROM OPERATING ACTIVITIES | 846.82 | (856.67) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Property,Plant and Equipment | (1,337.91) | (580.16) |
| Proceeds from sale of Property,Plant and Equipment | 0.76 | 1.85 |
| Purchase of Investments | - | (949.97) |
| Proceeds from sale of Investments | 342.71 | 2,389.37 |
| Fixed Deposits Matured | 300.00 | - |
| Loans (Financial assets) repaid / (given) | 0.63 | (1.83) |
| Interest Income | 67.92 | 55.47 |
| Dividend income | 0.11 | 0.13 |
| NET CASH USED IN INVESTING ACTIVITIES | (625.78) | 914.86 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| (Repayments) / Proceeds from Working Capital Facilities (Net) | 65.00 | 167.33 |
| Proceeds from Term Loans | - | 299.99 |
| Repayment of Term Loans | - | (42.39) |
| Repayment of Debentures | - | (180.00) |
| Government Grant Accrued | 0.67 | 0.33 |
| Deferred payment Credit | (0.38) | (0.34) |
| Payment of Lease Liability | (55.41) | (47.21) |
| Interest paid | (112.55) | (116.68) |
| Dividend | (61.07) | (61.07) |
| NET CASH FROM FINANCING ACTIVITIES | (163.74) | 19.96 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 57.30 | 78.15 |
| OPENING BALANCE OF CASH AND CASH EQUIVALENTS | 99.25 | 102.80 |
| Unrealised Gain / (Loss) on Foreign currency Cash & Cash equivalents | 1.50 | 0.26 |
| CLOSING BALANCE OF CASH AND CASH EQUIVALENTS | 158.05 | 181.21 |
| Note: | | |
| The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow. | | |

Notes:

(1) The above unaudited standalone financial results for the Quarter and Half year ended 30th September, 2022 were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 08th November, 2022. The same have also been subjected to Limited Review by the Statutory Auditors.

(2) These financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34-Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with the rules thereunder and in terms of SEBI Circular dated 5th July, 2016.

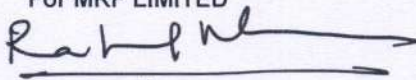
(3) The Company is dealing mainly in rubber products and has no other reportable segment.

(4) The Board of Directors has approved the payment of interim dividend of Rs.3/-per share payable to Shareholders as on the record date 18.11.2022.

(5) In terms of the Order dated 31st August 2018 the Competition Commission of India (CCI) has on 2nd February 2022 released its Order imposing penalty on the Company concerning the breach of provisions of the Competition Act, 2002 during the year 2011-2012 and imposed a penalty of Rs.622.09 Crores on the Company. The Company has filed an appeal against the CCI Order before the National Company Law Appellate Tribunal (NCLAT). Based on the Company's assessment on the outcome of the appeal, the Company is of the view that no provision is necessary in respect of this matter in the Standalone Financial Results.

(6) The figures for the previous periods have been reclassified / regrouped wherever necessary.

Place: Chennai
Date: 08th November, 2022

For MRF LIMITED

RAHUL MAMMEN MAPPILLAI
Managing Director

M M NISSIM & CO LLP
BARODAWALA MANSION, B-WING, 3RD FLOOR
81, Dr. ANNIE BESANT ROAD, WORLI
MUMBAI-400 018.

SASTRI & SHAH
"LEELAVATI"
69, Armenian Street
CHENNAI - 600 001.

**INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT ON THE UNAUDITED
CONSOLIDATED FINANCIAL RESULTS OF MRF LTD FOR THE QUARTER AND HALF YEAR
ENDED 30th SEPTEMBER, 2022**

To The Board of Directors,
MRF Ltd.,
114, Greaves Road
Chennai - 600 006.

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of MRF Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), for the quarter and half year ended 30th September, 2022 ("the Statement"), being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("Listing Regulations").
2. This Statement is the responsibility of the Holding Company's Management and is approved by the Holding Company's Board of Directors. The statement, as it relates to the quarter and half year ended 30th September, 2022, has been compiled from the related Consolidated Financial Statements prepared in accordance with Indian Accounting Standard 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with relevant Rules issued there under and other accounting principles generally accepted in India and in compliance with the Regulation 33 of the Listing Regulations. Our responsibility is to issue a report on the statement based on our review.
3. We conducted our review of the statement in accordance with the Standard on Review Engagement (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making enquires, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. We also performed procedures in accordance with the Circular issued by the Securities and Exchange Board of India under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, to the extent applicable.
4. The statements includes the results of the following entities :

| Name of the Entity |
|-----------------------------|
| MRF Corp Limited |
| MRF Lanka (Private) Limited |
| MRF SG Pte Ltd. |
| MRF International Limited |

| Relationship |
|-------------------------|
| Wholly Owned Subsidiary |
| Wholly Owned Subsidiary |
| Wholly Owned Subsidiary |
| Subsidiary |



5. The statement includes the interim financial results and other financial information of four subsidiaries whose interim financial results/information reflects Group's share of total assets of Rs. 423.76 Crores as at 30th September, 2022, and group's share of total revenues of Rs. 108.03 Crores and Rs. 205.40 Crores, Group's share of net profit after tax of Rs. 5.87 Crores and Rs. 17.11 Crores and Group's share of total comprehensive income of Rs. 9.41 Crores and Rs. 19.51 Crores for the Quarter ended 30th September, 2022 and for the period 01st April, 2022 to 30th September, 2022 respectively and net cash outflow of Rs. 27.60 Crores for the period 01st April, 2022 to 30th September, 2022 as considered in the statement of cash flows, which have not been reviewed. These interim financial results and other financial information have been certified by the management. According to the information and explanations given to us by the Management, these interim financial results and financial information are not material to the group. Our conclusion on the statement is not modified in respect of the above matter.
6. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with applicable Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting practices and principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
7. We draw attention to Note 5 to the Consolidated Financial Results which refers to Order dated 31st August 2018 of the Competition Commission of India (CCI) released on 2nd February 2022 imposing penalty on the Holding Company concerning the breach of provisions of the Competition Act, 2002 during the year 2011-2012 and imposed a penalty of Rs. 622.09 Crores on the Holding Company. The Holding Company has filed an appeal against the CCI Order before the National Company Law Appellate Tribunal (NCLAT). Based on the Holding Company's assessment on the outcome of the appeal, the Holding Company is of the view that no provision is necessary in respect of this matter in the Consolidated Financial Results.

For M M NISSIM & CO. LLP
Chartered Accountants
(Reg.No.107122W / W100672)


(N KASHINATH)
Partner

M.No.36490

UDIN: 22036490 BCLM AFR 9377

Mumbai,

Date: 08th November, 2022

For SASTRI & SHAH
Chartered Accountants
(Reg.No.003643S)


(C R KUMAR)
Partner

M.No.26143

UDIN: 22026143 BCLM BIR 4189

Chennai,

Date: 08th November, 2022



MRF LIMITED

Regd. Office: 114, Greaves Road, Chennai - 600 006

CIN: L25111TN1960PLC004306; Website: www.mrf tyres.com; Email: mrfshare@mrfmail.com; Ph: 044-28292777 FAX: 28295087

Rs.Crores

Statement of Unaudited Consolidated Financial Results for the Quarter and Half year ended 30th September, 2022

| PARTICULARS | Quarter ended | | | Half year ended | | Year ended |
|---|---------------|------------|------------|-----------------|------------|------------|
| | 30.09.2022 | 30.06.2022 | 30.09.2021 | 30.09.2022 | 30.09.2021 | 31.03.2022 |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Audited |
| I Revenue from Operations | 5,826.30 | 5,695.93 | 4,907.81 | 11,522.23 | 9,091.77 | 19,316.72 |
| II Other Income | 77.08 | 34.44 | 88.82 | 111.52 | 181.44 | 316.99 |
| III Total Income (I + II) | 5,903.38 | 5,730.37 | 4,996.63 | 11,633.75 | 9,273.21 | 19,633.71 |
| IV Expenses | | | | | | |
| a) Cost of materials consumed | 4,161.18 | 4,114.06 | 3,839.22 | 8,275.24 | 7,090.78 | 13,419.57 |
| b) Purchase of stock-in-trade | 11.64 | 12.33 | 1.14 | 23.97 | 6.09 | 17.32 |
| c) Changes in inventories of finished goods, Stock-in-trade and work-in-progress | (95.30) | (240.63) | (690.84) | (335.93) | (1,362.69) | (856.15) |
| d) Employee benefits expense | 400.25 | 373.59 | 386.05 | 773.84 | 748.03 | 1,501.95 |
| e) Finance costs | 74.61 | 66.02 | 58.04 | 140.63 | 121.93 | 253.80 |
| f) Depreciation and amortisation expense | 309.48 | 298.08 | 296.65 | 607.56 | 598.57 | 1,205.05 |
| g) Other expenses | 867.96 | 943.18 | 851.16 | 1,811.14 | 1,592.95 | 3,184.24 |
| Total expenses(IV) | 5,729.82 | 5,566.63 | 4,741.42 | 11,296.45 | 8,795.66 | 18,725.78 |
| V Profit before Exceptional Items and Tax (III-IV) | 173.56 | 163.74 | 255.21 | 337.30 | 477.55 | 907.93 |
| VI Exceptional Items | - | - | - | - | - | - |
| VII Profit before Tax | 173.56 | 163.74 | 255.21 | 337.30 | 477.55 | 907.93 |
| VIII Tax expense: | | | | | | |
| (1) Current Tax | 39.44 | 50.98 | 59.81 | 90.42 | 117.11 | 228.38 |
| (2) Deferred Tax | 4.26 | (10.84) | 6.34 | (6.58) | 5.80 | 10.31 |
| IX Profit for the period from Continuing Operations (VII - VIII) | 129.86 | 123.60 | 189.06 | 253.46 | 354.64 | 669.24 |
| X Other Comprehensive Income(OCI) | | | | | | |
| A(i) Items that will not be reclassified to profit or loss | 4.00 | 4.00 | (2.15) | 8.00 | (1.65) | 13.97 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | (1.01) | (1.01) | 0.55 | (2.02) | 0.42 | (3.51) |
| B(i) Items that will be reclassified to profit or loss | 15.53 | (9.14) | 5.88 | 6.39 | 8.67 | 3.37 |
| (ii) Income tax relating to items that will be reclassified to profit or loss | (3.02) | 2.01 | (1.76) | (1.01) | (2.33) | (1.39) |
| XI Total Comprehensive Income for the year attributable to: | | | | | | |
| Owners of the Company | 145.36 | 119.46 | 191.58 | 264.82 | 359.75 | 681.67 |
| Non Controlling Interest | - | - | - | - | - | 0.01 |
| XII Paid up Equity Share Capital (Face Value of Rs.10/- each) | 4.24 | 4.24 | 4.24 | 4.24 | 4.24 | 4.24 |
| XIII Earnings Per Share for Continuing Operations (of Rs.10/- each) (not annualised): | | | | | | |
| Basic (Rs. Per Share) | 306.19 | 291.44 | 445.77 | 597.63 | 836.18 | 1,577.97 |
| Diluted (Rs. Per Share) | 306.19 | 291.44 | 445.77 | 597.63 | 836.18 | 1,577.97 |
| XIV Other Equity excluding Revaluation Reserve | - | - | - | - | - | 14,027.51 |

See accompanying Notes to the financial results

| Particulars | Consolidated | |
|--|------------------|------------------|
| | As at | As at |
| | 30.09.2022 | 31.03.2022 |
| | Unaudited | Audited |
| ASSETS | | |
| (1) Non-Current Assets | | |
| (a) Property, Plant and Equipment | 9,602.75 | 9,500.59 |
| (b) Capital Work-in-Progress | 1,948.25 | 1,233.07 |
| (c) Other Intangible Assets | 20.93 | 21.23 |
| (d) Financial Assets | | |
| (i) Investments | 1,125.31 | 1,135.02 |
| (ii) Loans | 0.12 | 0.95 |
| (iii) Other financial assets | 141.93 | 151.44 |
| (e) Non Current Tax Asset(Net) | 241.77 | 241.77 |
| (f) Other non-current assets | 633.28 | 587.72 |
| (2) Current Assets | | |
| (a) Inventories | 4,319.70 | 4,129.67 |
| (b) Financial Assets | | |
| (i) Investments | 2,210.20 | 2,521.44 |
| (ii) Trade Receivables | 2,658.88 | 2,332.68 |
| (iii) Cash and cash Equivalents | 196.51 | 178.69 |
| (iv) Bank balances other than Cash and Cash Equivalents | 16.65 | 1.74 |
| (v) Loans | 4.11 | 3.18 |
| (vi) Other financial assets | 457.17 | 767.16 |
| (c) Other current assets | 285.31 | 253.39 |
| TOTAL ASSETS | 23,862.87 | 23,059.74 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| (a) Equity Share Capital | 4.24 | 4.24 |
| (b) Other Equity | 14,231.28 | 14,027.51 |
| Non Controlling Interest | 0.15 | 0.15 |
| Total Equity | 14,235.67 | 14,031.90 |
| Liabilities | | |
| (1) Non-Current Liabilities | | |
| (a) Financial Liabilities | | |
| (i) Borrowings | 817.45 | 817.21 |
| (ii) Lease Liability | 412.74 | 350.87 |
| (iii) Other Financial Liabilities | 106.83 | 106.83 |
| (b) Provisions | 213.75 | 218.91 |
| (c) Deferred Tax Liabilities (Net) | 391.95 | 395.49 |
| (d) Other non-current liabilities | 198.97 | 181.80 |
| (2) Current Liabilities | | |
| (a) Financial Liabilities | | |
| (i) Borrowings | 1,825.39 | 2,000.79 |
| (ii) Lease Liability | 62.21 | 60.08 |
| (iii) Trade Payables: | | |
| (A) total outstanding dues of micro enterprises and Small enterprises and | 43.61 | 58.26 |
| (B) total outstanding dues of creditors other than micro enterprises and Small enterprises | 2,704.42 | 1,998.52 |
| (iv) Other Financial Liabilities | 362.42 | 403.05 |
| (b) Other Current Liabilities | 2,250.66 | 2,251.43 |
| (c) Provisions | 209.87 | 180.78 |
| (d) Current Tax Liabilities (Net) | 26.93 | 3.82 |
| Total Liabilities | 9,627.20 | 9,027.84 |
| TOTAL EQUITY AND LIABILITIES | 23,862.87 | 23,059.74 |

| MRF LIMITED | | |
|---|---------------------|---------------------|
| UNAUDITED CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30TH SEPTEMBER, 2022 | | |
| (Rupees Crores) | | |
| | Half Year ended | |
| | 30th September 2022 | 30th September 2021 |
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | |
| NET PROFIT BEFORE TAX | 337.30 | 477.55 |
| Adjustment for : | | |
| Depreciation | 607.56 | 598.57 |
| Unrealised Exchange (Gain) / Loss | (1.46) | 0.10 |
| Impairment of Financial Assets | - | 7.87 |
| Finance Cost | 140.63 | 121.93 |
| Government Grant Accrued | (0.67) | (0.33) |
| Interest Income | (57.13) | (44.01) |
| Dividend Income | (0.02) | (0.04) |
| Loss / (Gain) on Sale / Disposal of Property Plant and Equipment | 7.11 | 2.02 |
| Fair Value changes in Investments | (33.80) | (108.96) |
| Fair Value changes in Financial Instruments | 29.64 | 18.04 |
| Loss / (Gain) on Sale of Investments | (1.19) | (5.62) |
| OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES | 690.67 | 589.57 |
| | 1,027.97 | 1,067.12 |
| Trade receivables | (320.87) | (117.99) |
| Other receivables | (2.81) | (89.74) |
| Inventories | (190.03) | (1,398.97) |
| Trade Payable and Provisions | 717.36 | (133.28) |
| Other liabilities | (57.26) | (60.72) |
| CASH GENERATED FROM OPERATIONS | 1,174.36 | (733.58) |
| Direct Taxes paid | (67.31) | (93.04) |
| NET CASH FROM OPERATING ACTIVITIES | 1,107.05 | (826.62) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Property, Plant and Equipment | (1,345.36) | (585.84) |
| Proceeds from sale of Property, Plant and Equipment | 0.77 | 1.85 |
| Purchase of Investments | - | (949.97) |
| Proceeds from sale of Investments | 344.59 | 2,389.37 |
| Fixed Deposits Matured | 300.00 | - |
| Fixed Deposits with Banks | (38.19) | (1.13) |
| Loans (Financial assets) repaid / (given) | 0.64 | (1.94) |
| Interest Income | 68.97 | 55.89 |
| Dividend income | 0.02 | 0.04 |
| NET CASH USED IN INVESTING ACTIVITIES | (668.56) | 908.27 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| (Repayments) / Proceeds from Working Capital Facilities (Net) | (175.03) | 144.90 |
| Proceeds from Term Loans | - | 299.99 |
| Repayment of Term Loans | - | (42.39) |
| Repayment of Debentures | - | (180.00) |
| Government Grant Accrued | 0.67 | 0.33 |
| Deferred payment Credit | (0.38) | (0.34) |
| Payment of Lease Liability | (55.41) | (47.21) |
| Interest paid | (117.57) | (121.48) |
| Dividend | (61.07) | (61.07) |
| NET CASH FROM FINANCING ACTIVITIES | (408.79) | (7.27) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 29.70 | 74.38 |
| OPENING BALANCE OF CASH AND CASH EQUIVALENTS | 164.83 | 166.85 |
| Unrealised Gain / (Loss) on Foreign currency Cash & Cash equivalents | 1.98 | 0.36 |
| CLOSING BALANCE OF CASH AND CASH EQUIVALENTS | 196.51 | 241.59 |
| Note: | | |
| The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow. | | |

Notes:

(1) The above unaudited consolidated financial results for the Quarter and Half year ended 30th September, 2022 were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 08th November, 2022. The same have also been subjected to Limited Review by the Statutory Auditors.

(2) The Consolidated Financial results include the results of the holding company and four subsidiaries. The holding company with its subsidiaries is here in referred to as the Group.

(3) These financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34-Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with the rules thereunder and in terms of SEBI Circular dated 5th July, 2016.

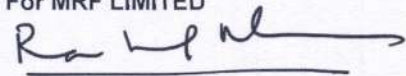
(4) The group except for MRF Corp Ltd, is engaged in the manufacture of rubber products such as Tyre, Tubes, Flaps, Tread Rubber and / or Trading in Rubber and Rubber Chemicals. In the context of IND-AS 108 operating segment are considered to constitute one single primary segment. MRF Corp Ltd is engaged in the manufacture of Speciality Coatings and its revenues, results and assets do not meet the criteria specified for reportable segment prescribed in the IND-AS. The group's operations outside India do not exceed the quantitative threshold for disclosure envisaged in the IND-AS. Non-reportable segments have not been disclosed as unallocated reconciling item in view of their materiality. In view of the above, primary and secondary reporting disclosures for business/geographical segment are not applicable.

(5) In terms of the Order dated 31st August 2018 the Competition Commission of India (CCI) has on 2nd February 2022 released its Order imposing penalty on the Holding Company concerning the breach of provisions of the Competition Act, 2002 during the year 2011-2012 and imposed a penalty of Rs.622.09 Crores on the Holding Company. The Holding Company has filed an appeal against the CCI Order before the National Company Law Appellate Tribunal (NCLAT). Based on the Holding Company's assessment on the outcome of the appeal, the Holding Company is of the view that no provision is necessary in respect of this matter in the Consolidated Financial Results.

(6) The figures for the previous periods have been reclassified / regrouped wherever necessary.

Place: Chennai
Date: 08th November, 2022

For MRF LIMITED



RAHUL MAMMEN MAPPILLAI
Managing Director

M M NISSIM & CO LLP
BARODAWALA MANSION, B-WING, 3RD FLOOR
81, Dr. ANNIE BESANT ROAD, WORLI
MUMBAI-400 018.

SASTRI & SHAH
"LEELAVATI"
69, Armenian Street
CHENNAI - 600 001.

**INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT ON THE UNAUDITED
STANDALONE FINANCIAL RESULTS OF MRF LTD FOR THE QUARTER AND NINE
MONTHS ENDED 31st DECEMBER, 2022**

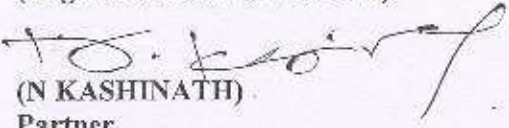
To The Board of Directors,
MRF Ltd.,
114, Greams Road
Chennai - 600 006.

1. We have reviewed the accompanying statement of Unaudited Standalone Financial Results of MRF Limited ("the Company") for the quarter and nine months ended 31st December, 2022 ("the Statement") attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").
2. This Statement is the responsibility of the Company's Management and is approved by the Board of Directors. The statement, as it relates to the quarter and nine months ended 31st December, 2022, has been compiled from the related standalone financial statements prepared in accordance with Indian Accounting Standard 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with relevant Rules issued there under and other accounting principles generally accepted in India and in compliance with the Regulation 33 of the Listing Regulations. Our responsibility is to issue a report on the statement based on our review.
3. We conducted our review of the statement in accordance with the Standard on Review Engagement (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with applicable Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting practices and principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.



5. We draw attention to Note 6 to the Standalone Financial Results which refers to Order dated 31st August 2018 of the Competition Commission of India (CCI) released on 2nd February 2022 imposing penalty on the Company concerning the breach of provisions of the Competition Act, 2002 during the year 2011-2012 and a penalty of Rs.622.09 Crores was imposed on the Company. The appeal filed by the Company has been disposed off by National Company Law Appellate Tribunal (NCLAT) by remanding the matter to CCI for review after hearing the parties.

For M M NISSIM & CO. LLP
Chartered Accountants
(Reg.No.107122W / W100672)


(N KASHINATH)

Partner

M.No.36490

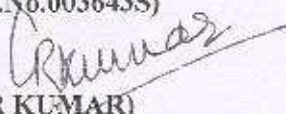
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Chennai

Date: 09th February, 2023



For SASTRI & SHAH
Chartered Accountants
(Reg.No.003643S)


(C R KUMAR)

Partner

M.No.26143

UDIN: 23026143BGZEDH1234

Chennai

Date: 09th February, 2023



MRF LIMITED

Regd. Office: 114, Greaves Road, Chennai - 600 006

CIN: L25111TN1980PLC004306 Website: www.mrf tyres.com; Email: mrfshare@mrfmail.com; Ph: 044-26292777 FAX: 26295087

Rs. Crores

Statement of Unaudited Standalone Financial Results for the Quarter and Nine months ended 31st December, 2022

| PARTICULARS | Quarter ended | | Nine months ended | | | Year ended |
|---|---------------|------------|-------------------|------------|------------|------------|
| | 31.12.2022 | 30.09.2022 | 31.12.2021 | 31.12.2022 | 31.12.2021 | 31.03.2022 |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Audited |
| I Revenue from Operations | 5,534.92 | 5,719.00 | 4,829.85 | 16,852.84 | 13,789.22 | 18,989.51 |
| II Other income | 69.98 | 76.35 | 68.99 | 180.41 | 250.01 | 314.92 |
| III Total Income (I + II) | 5,604.90 | 5,795.35 | 4,898.84 | 17,033.25 | 14,039.23 | 19,304.43 |
| IV Expenses | | | | | | |
| a) Cost of materials consumed | 3,750.76 | 4,112.98 | 2,989.14 | 11,907.05 | 10,010.17 | 13,254.45 |
| b) Purchase of stock-in-trade | 2.38 | 11.43 | 4.68 | 26.42 | 10.75 | 17.01 |
| c) Changes in inventories of finished goods, Stock-in-trade and work-in-progress | 3.28 | (102.08) | 223.91 | (316.93) | (1,123.04) | (844.92) |
| d) Employee benefits expense | 401.48 | 391.35 | 372.46 | 1,157.92 | 1,104.94 | 1,471.94 |
| e) Finance costs | 80.17 | 70.41 | 62.77 | 214.12 | 181.38 | 247.01 |
| f) Depreciation and amortisation expense | 314.91 | 308.31 | 294.59 | 920.14 | 891.16 | 1,201.41 |
| g) Other expenses | 828.42 | 837.96 | 754.00 | 2,584.15 | 2,301.27 | 3,078.37 |
| Total expenses (IV) | 5,381.40 | 5,630.36 | 4,701.55 | 16,492.87 | 13,376.63 | 18,425.27 |
| Profit before Exceptional Items and Tax (III-IV) | 223.50 | 164.99 | 197.29 | 540.38 | 662.60 | 879.16 |
| VI Exceptional Items | - | - | - | - | - | - |
| VII Profit before Tax | 223.50 | 164.99 | 197.29 | 540.38 | 662.60 | 879.16 |
| VIII Tax expense: | | | | | | |
| (1) Current Tax | 51.19 | 37.00 | 51.00 | 138.09 | 165.60 | 221.95 |
| (2) Deferred Tax | 3.09 | 4.00 | 0.44 | (3.28) | 6.44 | 9.87 |
| IX Profit for the period from Continuing Operations (VII - VIII) | 169.22 | 123.99 | 145.85 | 405.57 | 490.56 | 647.34 |
| X Other Comprehensive Income (OCI) | | | | | | |
| A(i) Items that will not be reclassified to profit or loss | 0.50 | 4.00 | 6.61 | 8.50 | 4.96 | 14.07 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | (0.13) | (1.01) | (1.67) | (2.15) | (1.25) | (3.54) |
| B(i) Items that will be reclassified to profit or loss | (13.81) | 11.99 | (2.93) | (9.82) | 6.34 | 5.53 |
| (ii) Income tax relating to items that will be reclassified to profit or loss | 3.47 | (3.02) | 0.74 | 2.46 | (1.59) | (1.39) |
| XI Total Comprehensive Income for the Period/Year | 159.25 | 135.95 | 148.60 | 404.56 | 499.02 | 662.01 |
| XII Paid up Equity Share Capital (Face Value of Rs.10/- each) | 4.24 | 4.24 | 4.24 | 4.24 | 4.24 | 4.24 |
| XIII Other Equity excluding Revaluation Reserve | - | - | - | - | - | 13,773.03 |
| Earnings Per Share for Continuing Operations (of Rs. 10/- each) (not annualised): | | | | | | |
| Basic (Rs. Per Share) | 399.00 | 292.33 | 343.89 | 956.26 | 1,156.68 | 1,526.34 |
| Diluted (Rs. Per Share) | 399.00 | 292.33 | 343.89 | 956.26 | 1,156.68 | 1,526.34 |

See accompanying Notes to the financial results



Notes:

(1) The above unaudited standalone financial results for the Quarter and Nine months ended 31st December, 2022 were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 09th February, 2023. The same have also been subjected to Limited Review by the Statutory Auditors.

(2) These financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34- Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with the rules thereunder and in terms of SEBI Circular dated 5th July, 2016.

(3) The Company is dealing mainly in rubber products and has no other reportable segment.

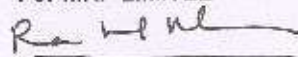
(4) The Board of Directors have approved the payment of second interim dividend of Rs.3/-per share payable to Shareholders as on the record date 21.02.2023.

(5) Revenue from operations for the Quarter and Nine months ended 31st December, 2021 includes Rs.80.37 Crores being Industrial Incentive received from Telangana State Government.

(6) The Competition Commission of India (CCI) had on 2nd February, 2022 released its order dated 31st August, 2018, imposing penalty on certain Tyre Manufacturers including the Company and also the Automotive Tyre Manufacturers' Association, concerning the breach of the provisions of the Competition Act 2002, during the year 2011-12. A penalty of Rs.622.09 Crores was imposed on the Company. The appeal filed by the company has been disposed off by National Company Law Appellate Tribunal (NCLAT) by remanding the matter to CCI for review after hearing the parties.

(7) The figures for the previous periods have been regrouped wherever necessary.

For MRF LIMITED



RAHUL MAMMEN MAPPILLAI
Managing Director

Place: Chennai

Date: 09th February, 2023



M M NISSIM & CO LLP
BARODAWALA MANSION, B-WING, 3RD FLOOR
81, Dr. ANNIE BESANT ROAD, WORLI
MUMBAI-400 018.

SASTRI & SHAH
"LEELAVATTI"
69, Armenian Street
CHENNAI - 600 001.

**INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT ON THE UNAUDITED
CONSOLIDATED FINANCIAL RESULTS OF MRF LTD FOR THE QUARTER AND NINE
MONTHS ENDED 31ST DECEMBER, 2022**

To The Board of Directors,
MRF Ltd.,
114, Greams Road
Chennai - 600 006.

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of MRF Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), for the quarter and nine months ended 31st December, 2022 ("the Statement"), being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("Listing Regulations").
2. This Statement is the responsibility of the Holding Company's Management and is approved by the Holding Company's Board of Directors. The statement, as it relates to the quarter and nine months ended 31st December, 2022, has been compiled from the related Consolidated Financial Statements prepared in accordance with Indian Accounting Standard 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with relevant Rules issued there under and other accounting principles generally accepted in India and in compliance with the Regulation 33 of the Listing Regulations. Our responsibility is to issue a report on the statement based on our review.
3. We conducted our review of the statement in accordance with the Standard on Review Engagement (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making enquires, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. We also performed procedures in accordance with the Circular issued by the Securities and Exchange Board of India under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, to the extent applicable.
4. The statements includes the results of the following entities :

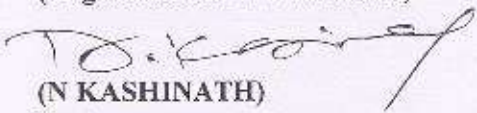
Name of the Entity
MRF Corp Limited
MRF Lanka (Private) Limited
MRF SG Pte Ltd.
MRF International Limited

Relationship
Wholly Owned Subsidiary
Wholly Owned Subsidiary
Wholly Owned Subsidiary
Subsidiary



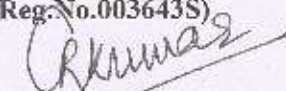
5. The statement includes the interim financial results and other financial information of four subsidiaries whose interim financial results/information reflects Group's share of total revenues of Rs.111.01 Crores and Rs.316.41 Crores, Group's share of net profit after tax of Rs.5.61 Crores and Rs.22.72 Crores and Group's share of total comprehensive income of Rs.1.92 Crores and Rs.21.43 Crores for the Quarter ended 31st December, 2022 and for the period 01st April, 2022 to 31st December, 2022 respectively, which have not been reviewed. These interim financial results and other financial information have been certified by the management. According to the information and explanations given to us by the Management, these interim financial results and financial information are not material to the group. Our conclusion on the statement is not modified in respect of the above matter.
6. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with applicable Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting practices and principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
7. We draw attention to Note 6 to the Consolidated Financial Results which refers to Order dated 31st August 2018 of the Competition Commission of India (CCI) released on 2nd February 2022 imposing penalty on the Holding Company concerning the breach of provisions of the Competition Act, 2002 during the year 2011-2012 and a penalty of Rs.622.09 Crores was imposed on the Holding Company. The appeal filed by the Holding Company has been disposed off by National Company Law Appellate Tribunal (NCLAT) by remanding the matter to CCI for review after hearing the parties.

For M M NISSIM & CO. LLP
Chartered Accountants
(Reg.No.107122W / W100672)


(N KASHINATH)
Partner
M.No.36490
UDIN: 23036490BGXRSK5418
Chennai
Date: 09th February, 2023



For SASTRI & SHAH
Chartered Accountants
(Reg.No.003643S)


(C R KUMAR)
Partner
M.No.26143
UDIN: 23026143BGZEDI2076
Chennai
Date: 09th February, 2023



MRF LIMITED

Regd. Office: 114, Greaves Road, Chennai - 600 006

CIN: L25111TN1960PLC094306 Website: www.mrf tyres.com; Email: mrfshare@mrfmail.com; Ph: 044 28292777 FAX: 28295087

Rs. Crores

Statement of Unaudited Consolidated Financial Results for the Quarter and Nine months ended 31st December, 2022

| PARTICULARS | Quarter ended | | | Nine months ended | | Year ended |
|---|---------------|------------|------------|-------------------|------------|------------|
| | 31.12.2022 | 30.09.2022 | 31.12.2021 | 31.12.2022 | 31.12.2021 | 31.03.2022 |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Audited |
| I Revenue from Operations | 5,644.55 | 5,826.30 | 4,920.13 | 17,166.78 | 14,011.90 | 19,316.72 |
| II Other Income | 71.36 | 77.08 | 69.54 | 182.88 | 250.98 | 316.99 |
| III Total Income (I + II) | 5,715.91 | 5,903.38 | 4,989.67 | 17,349.66 | 14,262.88 | 19,633.71 |
| IV Expenses | | | | | | |
| a) Cost of materials consumed | 3,794.99 | 4,161.18 | 3,035.65 | 12,070.23 | 10,126.43 | 13,419.57 |
| b) Purchase of stock-in-trade | 2.66 | 11.64 | 4.96 | 26.63 | 11.05 | 17.32 |
| c) Changes in inventories of finished goods, Stock-in-trade and work-in-progress | 17.17 | (95.30) | 221.36 | (318.76) | (1,141.33) | (856.15) |
| d) Employee benefits expense | 411.32 | 400.25 | 380.92 | 1,185.16 | 1,128.95 | 1,501.95 |
| e) Finance costs | 85.91 | 74.61 | 64.47 | 226.54 | 186.40 | 253.80 |
| f) Depreciation and amortisation expense | 315.85 | 309.48 | 295.71 | 923.41 | 894.28 | 1,205.05 |
| g) Other expenses | 856.82 | 867.96 | 784.26 | 2,667.96 | 2,377.21 | 3,184.24 |
| Total expenses (IV) | 5,484.72 | 5,729.82 | 4,787.33 | 16,781.17 | 13,582.99 | 18,725.78 |
| V Profit before Exceptional Items and Tax (III-IV) | 231.19 | 173.56 | 202.34 | 568.49 | 679.89 | 907.93 |
| vi Exceptional Items | - | - | - | - | - | - |
| VII Profit before Tax | 231.19 | 173.56 | 202.34 | 568.49 | 679.89 | 907.93 |
| VIII Tax expense: | | | | | | |
| (1) Current Tax | 53.19 | 39.44 | 52.51 | 143.61 | 169.62 | 228.38 |
| (2) Deferred Tax | 3.17 | 4.26 | 0.44 | (3.41) | 6.24 | 10.31 |
| IX Profit for the period from Continuing Operations (VII - VIII) | 174.83 | 129.86 | 149.39 | 428.29 | 504.03 | 669.24 |
| X Other Comprehensive Income (OCI) | | | | | | |
| A(i) Items that will not be reclassified to profit or loss | 0.50 | 4.00 | 6.61 | 8.50 | 4.96 | 13.97 |
| (i) Income tax relating to items that will not be reclassified to profit or loss | (0.13) | (1.01) | (1.67) | (2.15) | (1.25) | (3.51) |
| B(i) Items that will be reclassified to profit or loss | (17.50) | 15.53 | (1.67) | (11.11) | 7.00 | 3.37 |
| (i) Income tax relating to items that will be reclassified to profit or loss | 3.47 | (3.02) | 0.73 | 2.46 | (1.60) | (1.39) |
| XI Total Comprehensive Income for the year attributable to: | | | | | | |
| Owners of the Company | 161.17 | 145.36 | 153.39 | 425.99 | 513.14 | 681.67 |
| Non Controlling Interest | - | - | - | - | - | 0.01 |
| XII Paid up Equity Share Capital (Face Value of Rs. 10/- each) | 4.24 | 4.24 | 4.24 | 4.24 | 4.24 | 4.24 |
| Other Equity excluding Revaluation Reserve | - | - | - | - | - | 14,027.51 |
| XIV Earnings Per Share for Continuing Operations (of Rs. 10/- each) (not annualised): | | | | | | |
| Basic (Rs. Per Share) | 412.21 | 306.19 | 352.24 | 1,009.84 | 1,188.42 | 1,577.97 |
| Diluted (Rs. Per Share) | 412.21 | 306.19 | 352.24 | 1,009.84 | 1,188.42 | 1,577.97 |

See accompanying Notes to the financial results



Notes:

(1) The above unaudited consolidated financial results for the Quarter and Nine months ended 31st December, 2022 were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 09th February, 2023. The same have also been subjected to Limited Review by the Statutory Auditors.

(2) The Consolidated Financial results include the results of the holding company and four subsidiaries. The holding company with its subsidiaries is here in referred to as the Group.

(3) These financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34- Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with the rules thereunder and in terms of SEBI Circular dated 5th July, 2016.

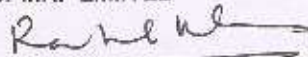
(4) The group except for MRF Corp Ltd, is engaged in the manufacture of rubber products such as Tyre, Tubes, Flaps, Tread Rubber and / or Trading in Rubber and Rubber Chemicals. In the context of IND-AS 108 operating segment are considered to constitute one single primary segment. MRF Corp Ltd is engaged in the manufacture of Speciality Coatings and its revenues, results and assets do not meet the criteria specified for reportable segment prescribed in the IND-AS. The group's operations outside India do not exceed the quantitative threshold for disclosure envisaged in the IND-AS. Non-reportable segments have not been disclosed as unallocated reconciling item in view of their materiality. In view of the above, primary and secondary reporting disclosures for business/geographical segment are not applicable.

(5) The Groups Revenue from operations for the Quarter and Nine months ended 31st December 2021 includes Rs.80.37 Crores being Industrial Incentive received from Telangana State Government.

(6) The Competition Commission of India (CCI) had on 2nd February, 2022 released its order dated 31st August, 2018, imposing penalty on certain Tyre Manufacturers including the Holding Company and also the Automotive Tyre Manufacturers' Association, concerning the breach of the provisions of the Competition Act 2002, during the year 2011-12. A penalty of Rs.622.09 Crores was imposed on the Holding Company. The appeal filed by the Holding Company has been disposed off by National Company Law Appellate Tribunal (NCLAT) by remanding the matter to CCI for review after hearing the parties.

(7) The figures for the previous periods have been regrouped wherever necessary.

For MRF LIMITED



RAHUL MAMMEN MAPPILLAI
Managing Director

Place: Chennai
Date: 09th February, 2023

