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

071/SH/SE/AGM/AUGUST 2021
19th July,2021

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,

Annual Report and AGM Notice - 2021

Please refer to our earlier letter dated 9th July,2021.

We would like to inform you that the 60th Annual General Meeting of the Company will be held on Thursday, 12th August,2021 through video conferencing (VC)/other approved audio visual means (OAVM).

In this connection, please find enclosed herewith the following:

1) The Notice convening the Annual General Meeting of the Company.
2) Annual Report 2020-2021

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

Further, this to inform you that in compliance with Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management & Administration) Rules, 2014, as amended, the Company has fixed Thursday, 5th August,2021, as the cut-off date for the purpose of offering remote e-voting facility to the Members in respect of resolutions to be transacted at the Annual General Meeting scheduled to be held on 12th August,2021 through video conferencing (VC)/other approved audio visual means (OAVM).

Kindly take the same on record.

Thanking you.

Yours faithfully,
For MRF LIMITED

S DHANVANTH KUMAR
COMPANY SECRETARY

MRF LIMITED, Regd. Office: No. 114, Greams Road, Chennai 600 006, CIN: L25111TN1960PLC004306, Tel: 044-28292777, Fax: 91-44-28295087, E-mail:mrfshare@mrfmail.com, Website: www.mrftyres.com

NOTICE

NOTICE is hereby given that the Sixtieth Annual General Meeting of the shareholders of MRF Limited will be held on Thursday, the 12th August 2021, at 11.00 A.M. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March, 2021 and the Reports of the Board of Directors and Auditors thereon and the audited consolidated financial statements of the Company for the financial year ended 31st March, 2021 and the Reports of the Auditors thereon.

2. To declare a final dividend and special dividend on equity shares.

3. To appoint a Director in place of Mrs. Ambika Mammen (DIN: 00287074), who retires by rotation and being eligible, offers herself for re-appointment.

4. To appoint a Director in place of Mr. Samir Thariyan Mappillai (DIN: 07803982), who retires by rotation and being eligible, offers himself for re- appointment.

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013, and relevant rules made thereunder, Messrs. M M NISSIM & CO LLP, Chartered Accountants (Firm Regn No. 107122W) be and is hereby appointed as Joint Statutory Auditors of the Company, to hold office for a period of 5 (Five) consecutive financial years, from the conclusion of the 60th Annual General Meeting of the Company until the conclusion of the 65th Annual General Meeting of the Company and to authorise the Board of Directors of the Company to fix their remuneration".

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 or any statutory modification or re-enactment thereof, Mr. C. Govindan Kutty, Cost Accountant (Membership No. 2881), appointed as Cost Auditor by the Board of Directors of the Company to conduct an audit of the Cost Records of the Company for the financial year ending 31st March, 2022, be paid a remuneration of ₹ 8.40 Lakhs (Rupees Eight Lakhs Forty thousand only) (excluding taxes, as applicable) in addition to reimbursement of out of pocket expenses and conveyance as recommended by the audit committee and approved by the Board of Directors of the Company.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary for the purpose of giving effect to this resolution".

By Order of the Board,

Chennai
Date: 7th June, 2021

S DHANVANTH KUMAR
Company Secretary

Notes:

a) In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated 13th January, 2021 read with Circulars dated May 5, 2020, April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") has permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and MCA Circulars, the AGM of the Company is being held through VC /OAVM.

b) The information required to be provided as per section 102 of Companies Act, 2013, Secretarial Standard - 2 on General Meetings issued by The Institute of Company Secretaries of India and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are furnished in the explanatory statement which is annexed hereto.

c) Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

d) In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2020-2021 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2020-2021 will also be available on the Company's website: www.mrftyres.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL https://www.evoting.nsdl.com/

e) The register of members and transfer books of the Company will remain closed from 6th August, 2021 to 12th August, 2021 both days inclusive, for the purpose of payment of final and special dividend.

f) Upon declaration of final dividend and special dividend as recommended by the Directors payment of dividend, subject to deduction of tax at source, will be made on or after 2nd September, 2021 to the shareholders whose names appear on the Company's Register of Members on 12th August, 2021.

g) In respect of shares held in electronic form, the dividends will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for this purpose.

h) Members are requested to notify immediately any change in their address/change in bank details or demise of any member as soon as possible to the Company's registered office quoting their ledger folio number. In respect of shares held in electronic form, members may notify these changes to their depository participants.

i) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) and Bank account details by every participant in securities market. Accordingly, members holding shares in electronic form are requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are required to submit their PAN and Bank account details to the Company in terms of SEBI Circular dated 20th April, 2018.

j) All relevant documents referred to in the accompanying notice and explanatory statement are available for inspection through electronic mode.

k) Members holding shares in electronic form may please note that their bank details as furnished by the respective depositories to the Company will be printed on the dividend warrants as per applicable regulations of the depositories and the Company will not entertain any direct request from such member for change/deletion in such bank details. Members may therefore give instructions regarding bank accounts to their respective depository participants only.

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

m) Members may note that the Income Tax Act, 1961, ("the IT Act") as amended by the Finance Act 2020, mandates that dividends paid or distributed by a company after 1st April, 2020 shall be taxable in the hands of members. The Company shall therefore be required to deduct tax at source (TDS) at the time of making the payment of final dividend and special dividend.

For resident shareholders, tax shall be deducted at source under Section 194 of the IT Act at applicable rates.

However, no tax shall be deducted on the dividend payable to a resident individual if the total dividend to be received by them during financial year 2020-21 does not exceed ₹ 5,000 and also in cases where members provide Form 15G / Form 15H (applicable to individuals aged 60 years or more) subject to conditions specified in the IT Act. PAN is mandatory for members providing Form 15G/ 15H. The format of the aforementioned documents may also be accessed from the Company's website at https://www.mrftyres.com/shareholder-info.

Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to mrfshare@mrfmail.com.

The aforesaid declarations and documents need to be submitted by the shareholders by 8th August, 2021.

TDS certificates will be sent to shareholders in hard copy form or by email after payment of dividend.

n) Under section 124 of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to unpaid dividend account of the Company shall be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India. Accordingly, unclaimed dividend amounts upto final dividend 2012-2013 have been transferred to the said fund. The shareholders are advised to forward all unencashed dividend warrants from interim dividend 2013-2014 to the registered office of the Company for revalidation and encash the same before the respective due date of transfer to IEPF.

Last date for claiming unclaimed dividend from the Company is given below:

Year	**Dividend**	**Date of Declaration**	**Last date for claiming unclaimed dividend**
2013-2014	I-Interim	23-07-2014	23-08-2021
	II-Interim	30-10-2014	30-11-2021
	Final	12-02-2015	12-03-2022
2014-2016	I-Interim	27-07-2015	27-08-2022
	II-Interim	29-10-2015	29-11-2022
	Final	11-08-2016	11-09-2023
2016-2017	I-Interim	27-10-2016	27-11-2023
	II-Interim	03-02-2017	03-03-2024
	Final	04-08-2017	04-09-2024
2017-2018	I-Interim	10-11-2017	10-12-2024
	II-Interim	01-02-2018	01-03-2025
	Final	09-08-2018	09-09-2025
2018-2019	I-Interim	08-11-2018	08-12-2025
	II-Interim	07-02-2019	07-03-2026
	Final	09-08-2019	09-09-2026
2019-2020	I-Interim	08-11-2019	08-12-2026
	II-Interim	10-02-2020	10-03-2027
	Final	24-09-2020	24-10-2027
2020-2021	I-Interim	06-11-2020	06-12-2027
	II-Interim	11-02-2021	11-03-2028

o) With respect to dividends which remain unclaimed for a period of 7 years or more, the Company in due compliance with Section 124 (6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, has transferred to IEPF authority the corresponding equity shares. Details of shares transferred to the IEPF Authority are available on the website of the Company: www.mrftyres.com and on the website of the IEPF Authority: www.iepf.gov.in.

The members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on www.iepf.gov.in/IEPF/corporates.html. Members may contact Secretarial Department of the Company for any guidance required for lodging claim for refund of shares and/or dividend from the IEPF Authority.

p) As per the provisions of the Companies Act, 2013, facility for making nominations is available to individuals holding shares in the Company. The prescribed nomination form can be obtained from the Company. Members holding shares in electronic form may forward nomination form duly filled to their respective depository participants only.

q) Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

r) Institutional / Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization along with a ID proof of the representative, authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to jandsca@gmail.com with a copy marked to evoting@nsdl.co.in by 8th August, 2021.

s) Instructions for members for attending the AGM through VC / OAVM are as under:

   i. NSDL will be providing facility for voting through remote e-Voting, for participation in the AGM through VC/OAVM facility and e-Voting during the AGM.

   ii. Members may note that the VC/OAVM facility, allows participation of atleast 1,000 Members on a first-come-first-served basis.

   iii. Members will be able to attend the AGM through VC/ OAVM at https://www.evoting.nsdl.com by using their remote e-voting login credentials and selecting the link available against the EVEN (116259) for Company's AGM.

   Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned below in the Notice.

   iv. Facility of joining the AGM through VC / OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for Members on first-come-first-served basis.

   v. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in / 1800-222-990 or contact Mr. Amit Vishal, Senior Manager – NSDL at amitv@nsdl.co.in /022-24994360 or Mrs Pallavi Mhatre, Manager - NSDL at pallavid@nsdl.co.in /022-24994545.

   vi. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

   vii. Members are advised to send their queries in advance mentioning their name demat account number / folio number, email id, mobile number to mrfshare@mrfmail.com. Questions / queries received by the Company till 5.00 p.m. on 10th August, 2021 shall only be considered and responded during the AGM.

   viii. Members who would like to express their views/ask questions during the meeting may register themselves as a speaker and send their request mentioning their name, demat account number/ folio number, email id, mobile number to mrfshare@mrfmail.com between 9.00 a.m. on 6th August, 2021 and 5.00 p.m. on 8th August, 2021.

   ix. The Company reserves the right to restrict the number of questions and number of speakers, depending on the availability of time for the AGM.

t) E-Voting:

   In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all the resolutions set forth in this Notice.

   The remote e-voting period commences on 7th August,2021 (9.00 A.M.) and ends on 11th August, 2021 (5.00 P.M.). During this period, members holding shares either in physical form or in dematerialized form, as on 5th August, 2021 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in Demat mode:

In terms of SEBI circular dated 9th December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in Demat mode is allowed to vote through their Demat Account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email ID in their Demat Accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in Demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with NSDL.	i. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. On the e-Services Home Page, click on the "Beneficial Owner" icon under "Login" which is available under "IDeAS" section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. ii. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. iii. Select "Register Online for IDeAS" Portal or click at https://eservices.nsdl.com/SecureWeb/ IdeasDirectReg.jsp iv. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit Demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders holding securities in Demat mode with CDSL	i. Existing users who have opted for Easi / Easiest, they can login through their user ID and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/ myeasi/home/login or www.cdslindia.com and click on New System - Myeasi. ii. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. iii. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration. iv. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
Individual Shareholders (holding securities in Demat mode) login through their depository participants	You can also login using the login credentials of your Demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login is complete, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forgot User ID and Forgot Password option available at the above-mentioned websites.

Helpdesk for Individual Shareholders holding securities in Demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue to login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 224 430
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue to login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at +91 22 2305 8738 or +91 22 2305 8542-43

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in Demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDeAS, you can log-in at https://eservices.nsdl.com/ with your existing IDeAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is
a) For Members who hold shares in demat account with NSDL	8 Character DP ID followed by 8 Digit Client ID. For example, if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID. For example, if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example, if folio number is 001*** and EVEN is 116259 then user ID is 116259001***

5. Password details for shareholders other than Individual shareholders are given below:

   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

      (i) If your email ID is registered in your Demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit client ID for NSDL account, last 8-digit of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered with the Company/ Depositories, please follow steps for registering email ID's.

6. If you are unable to retrieve or have not received the "initial password" or have forgotten your password:

   a) Click on "**Forgot User Details/Password**" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) "**Physical User Reset Password**" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting are in active status.

2. Select "EVEN" of company (EVEN No.116259) for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Process for those shareholders whose email ids are not registered with the Depositories/Company for procuring user id and password for e-Voting for the resolutions set out in this Notice:

Shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-Voting by providing below mentioned documents.

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAAR (self attested scanned copy of Aadhaar Card).

2. In case shares are held in demat mode, please provide DP ID-Client ID (16 digit DP ID + Client ID or 16 digit Beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAAR (self attested scanned copy of Aadhaar Card).

   If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at point no.

20(d) "Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode".

General Guidelines for shareholders:

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter and ID proof of the person who is authorised to vote to the Scrutinizer by e-mail to jandsca@gmail.com with a copy marked to evoting@nsdl.co.in.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

   Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any query pertaining to e-voting, Members may refer to the Frequently Asked Questions (FAQs) for shareholders and e-Voting user manual for shareholders available at the download section of www.evoting.nsdl.com or call on Toll Free No.: 1800-222-990 or send a request at evoting@nsdl.co.in. Any query or grievance connected with the remote e-voting may be addressed to Ms. Soni Singh, Assistant Manager, NSDL, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013. Email: evoting@nsdl.co.in, 1800 1020 990 /1800 224 430.

4. The voting rights of members shall be in proportion to their shareholding in the paid-up equity share capital of the Company as on the cut-off date i.e., 5th August, 2021.

5. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e, 5th August, 2021, may obtain the login ID and password by sending a request at evoting@nsdl.co.in.

6. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

7. Mr. N C Sarabeswaran (Membership No: 009861) Senior Partner, Messrs. Jagannathan & Sarabeswaran, Chartered Accountants, will be acting as the Scrutinizer for conducting the voting and remote e-voting process in a fair and transparent manner.

8. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.

9. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.

10. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company, www.mrftyres.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing and communicated to BSE Limited & National Stock Exchange of India Limited.

EXPLANATORY STATEMENT

Item No. 3

In compliance with the provisions of section 152 of the Companies Act, 2013, Mrs. Ambika Mammen retires by rotation at the ensuing annual general meeting of the Company. Mrs. Ambika Mammen being eligible has offered herself for re-appointment.

Mrs. Ambika Mammen aged about 66 years 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.

Mrs. Ambika Mammen holds directorships in 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. Mrs. Ambika Mammen is not a member/chairman of any committees of the Board in which she is a Director.

Mrs. Ambika Mammen holds 2489 shares in the Company. During the last financial year, Mrs. Ambika Mammen attended all the 4 Board meetings of the Company. The sitting fees paid to Mrs. Ambika Mammen for the year 2020 -2021 is ₹ 100000.

Mrs. Ambika Mammen (being the appointee) and her spouse Mr K M Mammen, Chairman and Managing Director and her sons Mr. Rahul Mammen Mappillai, Managing Director and Mr Samir Thariyan Mappillai, Whole-Time Director and their relatives may be deemed to be concerned or interested in the above resolution.

None of the other Directors and key managerial personnel and their relatives are concerned or interested, financially or otherwise, in the above resolution.

Mrs. Ambika Mammen has the requisite skills and experience expected of a member of the Board and accordingly, the Board (on the basis of the recommendation of the Nomination and Remuneration Committee) recommends this ordinary resolution for the approval of the shareholders.

Item No. 4

In compliance with the provisions of section 152 of the Companies Act, 2013, Mr. Samir Thariyan Mappillai retires by rotation at the ensuing annual general meeting of the Company. Mr. Samir Thariyan Mappillai being eligible has offered himself for re-appointment.

Mr Samir Thariyan Mappillai aged about 39 years, is on the Board of the Company since 4th August, 2017. Mr Samir Thariyan Mappillai has completed his B.A., Economics from St. Stephen's College, Delhi and M.A.,(Economics) from the University of Madras. Thereafter, he did his Masters Degree in Business Administration (M.B.A.), from Kellogg School of Management, North-Western University, Illinois, USA. Mr Samir Thariyan Mappillai joined the Company as Corporate Manager in the Marketing department in 2010 and was later promoted as Deputy General Manager Marketing in 2011 and General Manager – Marketing in 2014 in the Company. He has varied experience in all major functions in marketing and product development. In 2017, he was appointed as Whole- time Director of the Company.

Mr Samir Thariyan Mappillai holds 4470 shares of the Company. He is not holding any Directorship in other Companies. During the last financial year, Mr. Samir Thariyan Mappillai attended all the 4 Board meetings of the Company. The details of remuneration paid to Mr. Samir Thariyan Mappillai for the year 2020- 2021 in his capacity as Whole-time Director of the Company is as follows: (a) Salary and perquisites – 30278779 (b) Commission – ₹ 18000000 (c) Total – ₹ 48278779.

Mr. Samir Thariyan Mappillai (being the appointee), Mr. K M Mammen, Chairman and Managing Director (Father), Mrs. Ambika Mammen, Director (Mother) and Mr Rahul Mammen Mappillai, Managing Director (brother) may be deemed to be concerned or interested in the above resolution.

None of the other Directors and key managerial personnel and their relatives are concerned or interested, financially or otherwise, in the above resolution.

Mr. Samir Thariyan Mappillai has the requisite skills and experience expected of a member of the Board and accordingly, the Board (on the basis of the recommendation of the Nomination and Remuneration Committee) recommends this ordinary resolution for the approval of the shareholders.

Item No. 5

The Members of the Company at the 55th Annual General Meeting held on 11th August, 2016 approved the appointment of Messrs. SCA AND ASSOCIATES, Chartered Accountants (Firm Regn. No. 101174W), Mumbai as the Joint Statutory Auditor of the Company for a period of 5 (five) consecutive financial years from the conclusion of the 55th AGM till the conclusion of the 60th AGM. Messrs. SCA AND ASSOCIATES, Chartered Accountants will complete their present term on conclusion of this Annual General Meeting in terms of the said approval and as per Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014. The present remuneration of Messrs. SCA AND ASSOCIATES, Chartered Accountants for conducting the statutory audit for the financial year 2020-2021 is ₹ 36.33 Lakhs (excluding out of pocket expenses and statutory levies).

Messrs. SCA AND ASSOCIATES, Chartered Accountants have expressed their intention not to seek re-appointment as Joint Statutory Auditor of the Company on conclusion of the present term vide their letter dated 24th May, 2021 addressed to the Audit Committee and to the Board of Directors of the Company. The Audit Committee and the Board of Directors at their meeting held on 7th June,2021 took note of the above and accepted their request to retire on conclusion of the forthcoming AGM of the Company.

The Board of Directors of the Company at its meeting held on 7th June, 2021, on the basis of the recommendations of the Audit Committee, recommended for the approval of the Members, the appointment of Messrs. M M NISSIM & CO LLP, Chartered Accountants (Firm Regn No.: 107122W), Mumbai as the Joint Statutory Auditor of the Company for a period of five consecutive financial years from the conclusion of the Sixtieth AGM till the conclusion of the Sixty Fifth Annual General Meeting on remuneration, terms and conditions as may approved by the Board. Messrs M M NISSIM & CO. LLP, Chartered Accountants was formed in the year 1927. There are 11 partners in the firm having considerable experience in corporate audits, direct and indirect taxation, compilation/adoption /Ind-AS/IFRS. The firm specializes in conducting statutory audit, tax audit, GST audit, transfer pricing audit, internal audit, concurrent audit, compliance audit, inspections of regulated entities on behalf of regulators, GST and Income Tax consulting and compliance etc. The firm has clientele in major companies spread across all industries including banking and financial service industry. Messrs. M M NISSIM & CO LLP, Chartered Accountants were earlier our Joint statutory Auditors of the Company prior to appointing SCA AND ASSOCIATES, Chartered Accountants as Joint statutory auditor of the Company.

The fees proposed to be paid will be decided by the Board of Directors every year during the five year tenure. For the financial year 2021-2022, it is proposed to pay a remuneration of ₹ 41.79 Lakhs (excluding out of pocket expenses and statutory levies). The remuneration proposed is not materially higher than that paid to the outgoing auditor. The Audit Committee while recommending Messrs. M M NISSIM & CO LLP, Chartered Accountants for appointment to the Board also considered various parameters like relevant audit experience, market standing of the firm, clientele served, technical knowledge etc., and found Messrs. M M NISSIM & CO LLP, Chartered Accountants to be suited to handle the scale, diversity and complexity associated with the audit of the financial statements of the Company.

Messrs. M M NISSIM & CO LLP, Chartered Accountants have given their consent to act as the Joint Statutory Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act.

None of the Directors and key managerial personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the above resolution.

Accordingly, the Board recommends this Ordinary Resolution for the approval of the shareholders.

Item No. 6

The Board at its meeting held on 7th June, 2021 on the recommendations of the Audit Committee, has appointed Mr. C Govindan Kutty, Cost Accountant as the Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2022 on a remuneration of ₹ 8.40 Lakhs (Rupees Eight Lakhs Forty thousand only) (excluding taxes, as applicable) plus reimbursement of out of pocket expenses.

In accordance with the provisions of section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration as mentioned above, payable to the Cost Auditor is required to be ratified by the shareholders of the Company. The Board recommends the aforesaid resolution for approval of the shareholders.

None of the Directors and key managerial personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the above resolution.

Accordingly, the Board recommends this Ordinary Resolution for the approval of the shareholders.

By Order of the Board,

Chennai
Date: 7th June, 2021

S DHANVANTH KUMAR
Company Secretary

MRF

THE MASTERS OF INDIAN ROADS

CELEBRATES A LEGACY OF LEADERSHIP

ANNUAL REPORT 2020-21

CONTENT

CHAIRMAN'S MESSAGE

Dear Shareholders,

We are happy that the lockdowns are now behind us and the country is progressing towards vaccination of its people. Industries have learned to work with the lockdowns, though in many cases businesses have been affected adversely. Lockdowns have affected our business also and we are hoping that the demand for tyres will pick up now that the lockdowns have been lifted.

Automobile companies have also cut down their production during the lockdowns. They appear to be getting back to normalcy now after the lifting of the lockdown. There is some amount of uncertainty as to how the demand will be for vehicles going forward in the months ahead.

MRF has reported a total income of Rs.16129 Crore for the last year ended 31st March 2021. In the year gone by, many MRF products have taken the centre stage strengthening the demand for our products. Our focus on quality of our products over the past many decades has really paid off.

We are in the 75th year since our first Rubber Factory was established. As we continue to don the cap of Industry Leader for the last 34 years, I remember my father and the founder of our company, Shri. K.M. Mammen Mappillai who instilled the values and ideals that still inspire this company as it pursues its upward path.

I wish to thank the Shareholders, Investors, Central and State Governments, Lenders, Suppliers and Customers for their great support during these trying times. I also thank all my colleagues on the board for their continued support.

Best Wishes

K.M. MAMMEN
Chairman & Managing Director

NEW PRODUCT LAUNCHES

SUV TYRES

MRF WANDERER-AT (ROWL)

MRF Wanderer is India's leading SUV tyre brand, available for a wide range of SUVs. With the increasing demand for SUVs in India and consumers desiring stylish SUVs with great road presence, MRF has the Wanderer A/T with Raised Outline White Lettering, this features as Original Equipment fitment on the New Mahindra Thar.

FARM TYRES

9.00-16 TRACTOR TRAILER 707 N18

9.00-16 Tractor Trailer 707 18PR tyre has better load carrying capacity compared to the 16PR tyre.

13.6-28 KRISHI AND 14.9-28 KRISHI N8

Tyres for puddling application (rice cultivation). Normal tractor rear tyres accumulate mud and tend to slip due to sticky soil conditions. Krishi pattern is designed with self-cleaning ability and hence gives better grip on sticky soil conditions.

NEW PRODUCT LAUNCHES

LCV TYRES

7.50 R16 LT STEEL MUSCLE S1F4 124/120M 16PR
7.50 R16 LT STEEL MUSCLE S3K4 124/120M 16PR

S1F4 and S3K4 are the new patterns launched. Started supply to Tata Motors in October 2020 and MRF was the first to supply 7.50-R16 in 16PR. Being supplied to Tata Motors vehicle models - LPT 912/38, LPT 912/34, 712 & 407.

TRUCK TYRES

10 R 20 / 295/90 R 20 S1F4 PLUS

High mileage tyre for steer axle fitment for trucks and an all-wheel fitment for buses, introduced in Nov 2020. With the introduction of this tyre, MRF has gained in preference in the steer axle segment.

MRF MUSCLEZONE / MOTORSPORT

MRF MUSCLEZONE

MRF, India's largest tyre manufacturer sets another benchmark in tyre and vehicle care with the launch of the 9th MRF Musclezone in Tamil Nadu. A state-of-the-art facility for commercial vehicles with services like wheel alignment, wheel balancing, nitrogen filling and many more. A world-class tyre care experience.

MRF IN MOTORSPORT

The Pandemic-hit year saw motorsports continue in a controlled and safe environment with the MRF National Car and Motorcycle Racing Championships running a truncated season but with very high levels of racing acumen. The MRF Mogrip National Rally Championships for 2 wheelers was held in Mangalore, Bangalore, Coimbatore and Hampi.

Team MRF Tyres entered the prestigious European Rally Championship 2020 (ERC) and MRF tyres proved their mettle in the first year of competition in Rallying's biggest market – Europe.

PAINTS AND COATINGS

MRF Corp closed the year with a sales turnover marginally less than the previous year due to COVID-19 issues.

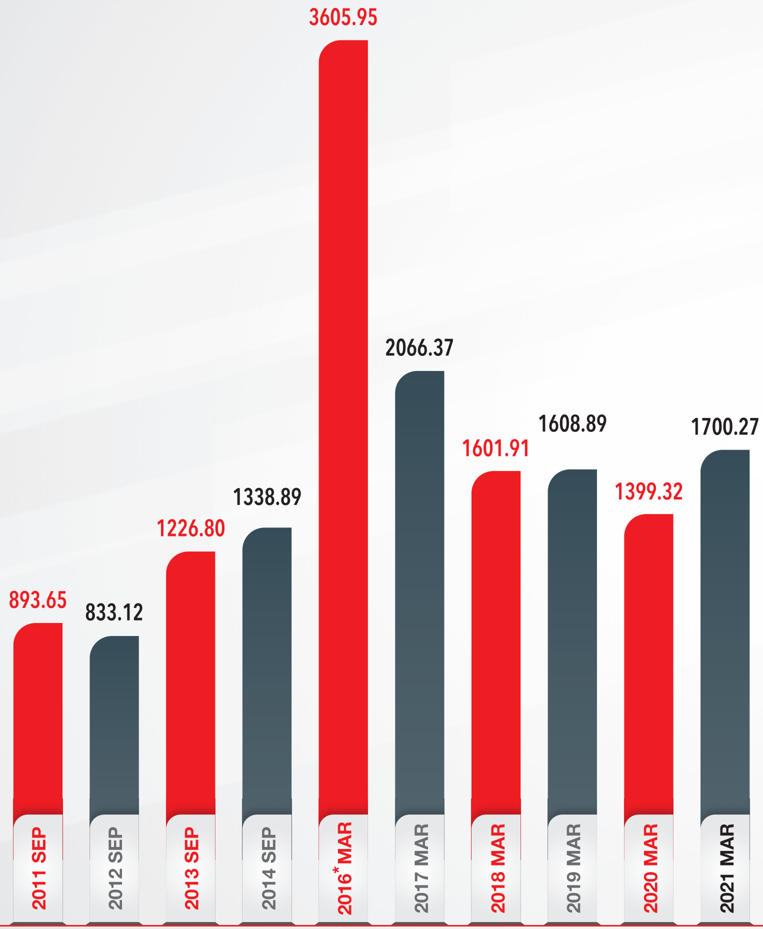
The Company introduced 2K PU Floorcoat with the brand name of "Zameen" which is used for Exterior application. Water Based Gold was developed for Ornamental Finishes. "Woodcoat Total Matt Clear" was developed to have touch and feel effect on wood.

To brighten up the mood in the dealers camp, the business did a thanksgiving event pan-India for its dealers. It was a unique never-before event in the paint industry which took the dealers by surprise. The event was done basically to thank the dealers who supported us during the pandemic with business growth. For the very first time, a display contest titled "Vishu Kaineetam" was organized for the paint dealers in Kerala. 187 chosen dealers participated in the contest which provided high visibility for the MRF Vapocure Paints brand in Kerala.

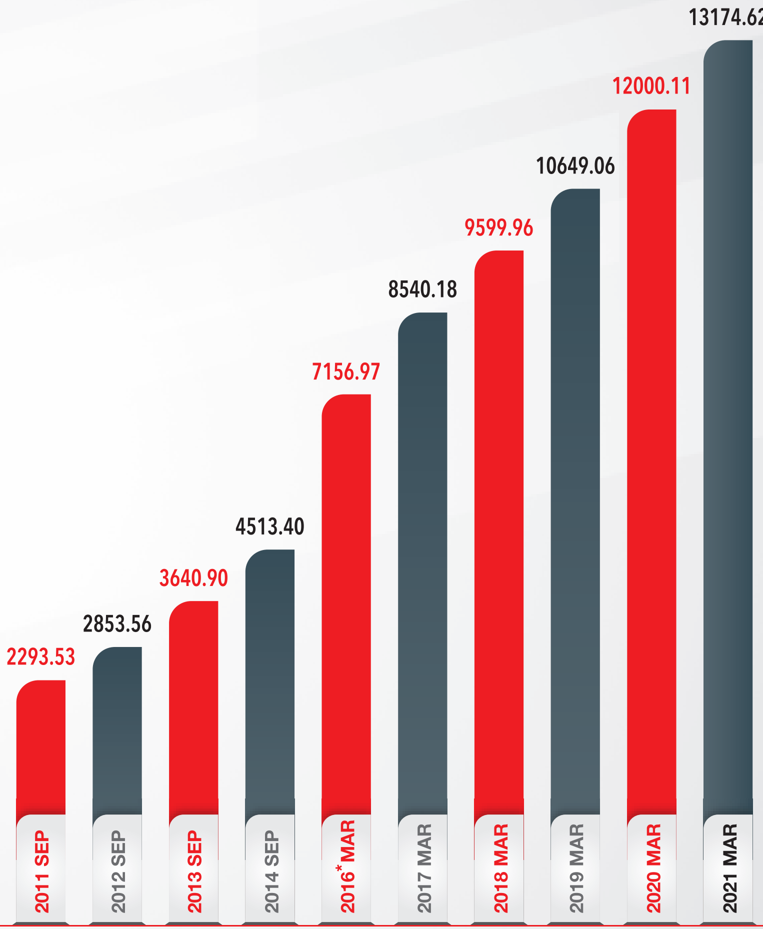
MRF Corp commenced Water Based production from September 2020 at its new Green Field project at Aanambakkam, Chengelpet.

RACING AHEAD

PROFIT BEFORE TAXATION
(₹ in crores)



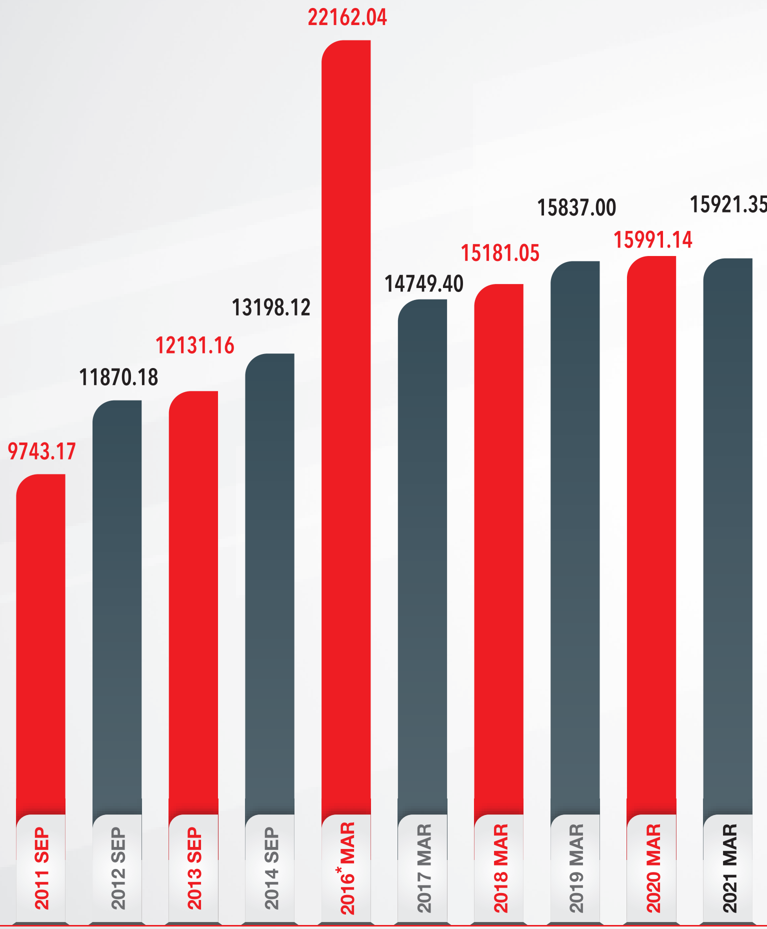
RESERVES
(₹ in crores)



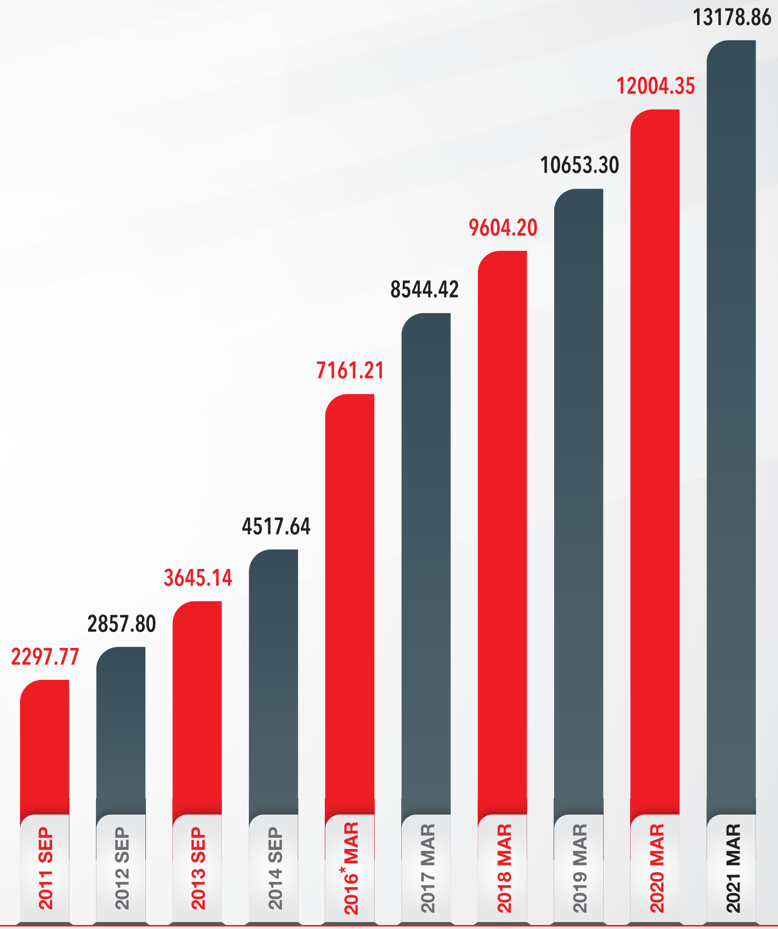
*For the 18 months period ended 31.03.2016

RACING AHEAD

SALES
(₹ in crores)



NET WORTH
(₹ in crores)



*For the 18 months period ended 31.03.2016

BOARD OF DIRECTORS

K.M. MAMMEN
Chairman & Managing Director

ARUN MAMMEN
Vice Chairman & Managing Director

RAHUL MAMMEN MAPPILLAI
Managing Director

SAMIR THARIYAN MAPPILLAI
Whole-Time Director

VARUN MAMMEN
Whole-Time Director

ASHOK JACOB

V. SRIDHAR

VIJAY R. KIRLOSKAR

RANJIT I. JESUDASEN

Dr. SALIM JOSEPH THOMAS

JACOB KURIAN

Dr. CIBI MAMMEN

AMBIKA MAMMEN

VIMLA ABRAHAM

Company Secretary
S. DHANVANTH KUMAR

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

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

Ten Year Financial Summary	2021	2020	2019	2018	2017	2014-16	2014	2013	2012	2011
₹ Crores Sales	15921.35	15991.14	15837.00	15181.05	14749.40	22162.04	13198.12	12131.16	11870.18	9743.17
Other Income	207.23	330.50	417.47	328.50	328.61	321.17	65.08	29.03	32.01	25.31
Total Income	16128.58	16321.64	16254.47	15509.55	15078.01	22483.21	13263.20	12160.19	11902.19	9768.48
Profit before Taxation	1700.27	1399.32	1608.89	1601.91	2066.37	3605.95	1338.89	1226.80	833.12	893.65
Provision for Taxation	451.21	4.34	512.02	509.63	615.29	1132.05	441.00	424.59	260.76	274.23
Profit after Taxation	1249.06	1394.98	1096.87	1092.28	1451.08	2473.90	897.89	802.21	572.36	619.42
Share Capital	4.24	4.24	4.24	4.24	4.24	4.24	4.24	4.24	4.24	4.24
Reserves	13174.62	12000.11	10649.06	9599.96	8540.18	7156.97	4513.40	3640.90	2853.56	2293.53
Net Worth	13178.86	12004.35	10653.30	9604.20	8544.42	7161.21	4517.64	3645.14	2857.80	2297.77
Fixed Assets Gross	15018.09	14132.66	10779.79	9027.88	7560.09	6306.56	6954.43	5834.14	5477.16	4874.07

BOARD'S REPORT

Your Directors have pleasure in presenting to you the Sixtieth Annual Report and the Audited Financial Statements for the financial year ended 31st March, 2021.

Financial Results

₹ Crores

	2020 - 2021	2019 - 2020
Total Income	16129	16322
Profit before tax	1700	1399
Provision for taxation	451	4
Profit for the year	1249	1395

Performance Overview

During the financial year ended 31st March, 2021, your Company's total income is ₹ 16129 crores as against ₹ 16322 crores in the previous year. The profit before tax stood at ₹ 1700 crores for the year as against ₹ 1399 crores for the previous financial year. The net provision for tax (current tax and deferred tax) for the year is ₹ 451 crores (previous year ₹ 4 crores). After making provision for income tax, the net profit for the year ended 31st March 2021 is ₹ 1249 crores as against ₹ 1395 crores for the previous financial year.

Across the board, there was an overall decrease of 12% in total tyre production.

Your Company's manufacturing facilities, sales offices, godowns and administrative offices remained closed from 25th of March, 2020, due to lockdowns announced by Central and State Governments on account of Covid 19 pandemic. Operations, however, commenced after the 3rd week of April, 2020 and the activities progressively attained normal level of operations during the year. Consequently the operations of the first quarter of the year was adversely impacted.

The Company's exports (including Indian Rupee Exports) stood at ₹ 1333 crores for the financial year ended 31st March, 2021, as against ₹ 1651 crores for the previous year.

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

Dividend

Two interim dividends of ₹ 3/- each per share (30% each) for the financial year ended 31st March, 2021 were declared by the Board of Directors on 6th November, 2020 and on 11th February, 2021. The Board of Directors is now pleased to recommend a final dividend of ₹ 94/- (940%) per share of ₹ 10 each. In addition to the final dividend, the Board has recommended a special dividend of ₹ 50/- (500%) per share of ₹ 10 each in connection with the 60th Annual General Meeting of the Company.

The year 2021 also marks the completion of 75 years of establishment of Madras Rubber Factory (which was originally established in 1946 as a proprietorship concern for manufacture of toy balloons). Madras Rubber Factory later took up manufacture of tread rubber at which time it was converted into a partnership concern. Subsequently during the year 1960, it was converted into a limited company after which it started manufacture of automotive tyres and tubes.

The total dividend for the financial year ended 31st March 2021 (including the special dividend) works out to ₹ 150/- (1500%) per share of ₹ 10 each. Both final dividend and special dividend are subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company and shall be subject to deduction of income tax at source. The above dividend declared by the Company is in accordance with dividend distribution policy of the Company.

The Directors recommend that after making provision for taxation and dividend, an amount of ₹ 1207 crores be transferred to general reserve. With this, the Company's Reserves and Surplus stands at ₹ 13175 crores.

Industrial Relations

Overall, the industrial relations in all our Manufacturing Units have been harmonious and cordial. Long Term Settlements have been concluded in Kottayam, Puducherry & Goa Plants. Both production & productivity were maintained at the satisfactory levels except production losses because of Covid lockdowns and related issues.

Performance of Subsidiaries

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

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

The Company has four subsidiaries viz. MRF Corp Limited, MRF International Limited, MRF Lanka (P) Ltd and MRF SG PTE. LTD. The aggregate turnover of all four subsidiaries in equivalent Indian Rupees during the financial year ended 31st March, 2021 was 1424.33 crores and the aggregate profit after tax was ₹ 28.81 crores.

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

The contribution of the subsidiaries to the overall performance of the company is given in note 25d of the consolidated financial statements.

During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. Hence disclosure as required under section 134(3) (b) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is not applicable for the financial year ended 31st March, 2021.

Directors' Responsibility Statement

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

a) In the preparation of the annual accounts, the applicable Accounting Standards have been followed and that there are no material departures;

b) They have, in selection of the accounting policies, consulted the statutory auditors and applied them consistently, making judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended 31st March, 2021;

c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) Annual accounts have been prepared on a going concern basis;

e) Internal financial controls had been laid down and followed by the Company and such internal financial controls are adequate and were operating effectively; and

f) Proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems were adequate and operating effectively.

Risk Management

The Company has developed and implemented a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company. The "Risk Management Committee" which was constituted as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 met on 29.03.2021. The Committee reviewed the risk management initiatives taken by the Company.

Adequacy of Internal Financial Control

The Company has put in place well defined procedures, covering financial and operating functions. Delegation of authority and segregation of duties are also addressed to ensure that the financial transactions are properly authorized. Further the Company has an integrated ERP system connecting head office, plant and other locations to enable timely processing and proper recording of transactions. Physical verification of fixed assets is carried out on a periodical basis. The Internal audit department reviews the effectiveness of the internal control systems and key observations are reviewed by the Audit Committee. These, in the view of the Board, are designed to collectively provide an adequate system of internal financial control with reference to the financial statements commensurate with the the size and nature of business of the Company.

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

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

Corporate Social Responsibility (CSR)

As required under section 135 of the Companies Act, 2013, the CSR Policy was formulated by the CSR Committee and thereafter approved by the Board. CSR Policy is available on the Company's https://www.mrftyres.com/shareholder-info. The details of the CSR initiatives undertaken during the financial year ended 31st March, 2021 and other details required to be given under section 135 of the Companies Act, 2013 read with of the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended are given in Annexure II forming part of this Report.

Board and Key Management Personnel

During the year under review, there was no change in the composition of the Board of Directors and Key Managerial Personnel of the Company.

As required under Section 152 of the Companies Act, 2013, Mrs. Ambika Mammen (DIN: 00287074), Director and Mr. Samir Thariyan Mappillai (DIN: 07803982), Whole-time Director of the Company, retire by rotation at the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment.

The Company has received declarations of independence from all the Independent Directors confirming that they meet the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that they are independent from Management.

The Board is of the opinion that all the Independent Directors of the Company are person's of integrity and possess relevant expertise and experience to act as Independent Directors of the Company. The Independent Directors of the Company have confirmed that they have registered with the Indian Institute of Corporate Affairs, Manesar and have included their name in the databank of Independent Directors within the statutory timeline as required under Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014. Two Independent Directors were required to appear for the online proficiency test. During the financial year, both of them passed the test within the statutory timelines.

Performance evaluation of the Board, its Committees and Directors

The Board of Directors has made a formal annual evaluation of its own performance and that of its committees pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The evaluation was done based on the evaluation criteria formulated by Nomination and Remuneration Committee which includes criteria such as fulfilment of specific functions prescribed by the regulatory framework, adequacy of meetings, attendance and effectiveness of the deliberations etc.

The Board also carried out an evaluation of the performance of the individual Directors (excluding the Director who was evaluated) based on their attendance, participation in deliberations, understanding the

Company's business and that of the industry and in guiding the Company in decisions affecting the business and additionally in case of Independent Directors based on the roles and responsibilities as specified in Schedule IV of the Companies Act, 2013 and fulfilment of independence criteria and independence from management.

Corporate Governance

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

Following information required to be disclosed as per the Companies Act, 2013 are set out in the Corporate Governance Report:

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

b) Constitution of the Audit Committee and related matters - Para 3(ii) and 14(o) of the Corporate Governance Report.

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

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

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

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

The details of related party transactions are given in note 27d of the financial statements.

Business Responsibility Report

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

Particulars of Employees

The disclosures pertaining to remuneration and other details of Directors and employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have been provided in the appendix forming part of this report. Having regard to the provisions of Section 136(1) read with relevant provisions of the Companies Act, 2013, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the Registered Office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished to the members.

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

Deposits

Your Company had discontinued acceptance of fixed deposits with effect from 31st March, 2019 and all deposits have been repaid. No fresh deposits have been accepted subsequently.

Awards received during the year

During the Financial year, your Company has been awarded the "Highest Export Award 2019-2020" by the All India Rubber Industries Association (AIRIA).

Auditors

Messrs SCA AND ASSOCIATES, Mumbai (Firm Regn. No.101174W) and Messrs Mahesh, Virender & Sriram, Hyderabad (Firm Regn. No.001939S) were appointed joint statutory auditors of the Company for a term of 5 (five) consecutive years, at the Annual General Meeting (AGM) of the company held on 11th August, 2016 and 4th August, 2017.

Messrs. SCA AND ASSOCIATES, Chartered Accountants will complete their present term on conclusion of this AGM in terms of the said approval and as per Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

Messrs. SCA AND ASSOCIATES have expressed their intention not to seek reappointment as Joint Statutory Auditor of the Company on conclusion of the present term vide their letter dated 24th May, 2021 addressed to the Audit Committee and to the Board of Directors of the Company. The Audit Committee and the Board of Directors at their meeting held on 7th June, 2021 took note of the above and accepted their request.

The Board of Directors of the Company at its meeting held on 7th June, 2021 on the basis of the recommendations of the Audit Committee, recommended for the approval of the Members, the appointment of Messrs. M M NISSIM & CO LLP, Chartered Accountants, Mumbai (Firm Regn. No.107122W), as the Joint Statutory Auditors of the Company, for a period of 5 (five) consecutive financial years from the conclusion of this AGM till the conclusion of the Sixty Fifth Annual General Meeting on remuneration, terms and conditions as may approved by the Board.

The proposal for appointment of Messrs. M M NISSIM & CO LLP as Joint Statutory Auditor of the Company is listed as an item in the Notice convening the forthcoming Annual General Meeting of the Company, for necessary approval of the shareholders.

Auditors Report to the shareholders for the financial year ended 31st March, 2021, does not contain any qualification.

Cost Audit

The Board of Directors, on the recommendations of the Audit Committee, has approved the re-appointment of Mr. C. Govindan Kutty, Cost Accountant (Mem. No. 2881), as Cost Auditor of the Company for the financial year ending 31st March, 2022, under section 148 of the Companies Act, 2013, and recommends ratification of his remuneration by the shareholders at the forthcoming Annual General Meeting of the Company.

Secretarial Audit

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company engaged the services of Mr K Elangovan, Elangovan Associates, Company Secretaries, Chennai to conduct the Secretarial Audit of the Company for the financial year ended 31st March, 2021. The Secretarial Audit Report (in Form MR-3) is attached as Annexure-III, to this Report. The Secretarial Auditor's Report to the shareholders does not contain any qualification.

Annual Return

The Annual Return as required under Section 92 and Section 134 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is available on the Company's website : www.mrftyres.com. Weblink : https://www.mrftyres.com/downloads/download.php?filename=Form-MGT-7-for-the-financial-year-ended-31st-March-2021.pdf.

Material changes and commitments affecting the financial position since 31st March, 2021.

Given the severity in which the second wave COVID-19 has affected people and the resultant lock down by various states to control the pandemic, it is difficult to accurately assess the impact on the financial position of the Company till this date and the future performance at this point of time. Demand is however expected to be less than normal. The company has a strong net worth, low levels of debt and favourable liquidity position. The Company have also serviced all its debt obligations in a timely manner. The Company does not foresee any incremental risk with regard to its ability to service financial arrangements and recoverability of its assets including inventory and receivables at this point in time.

Other Matters

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

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

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

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

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

Appreciation

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

On behalf of the Board of Directors

Chennai
7th June, 2021

K M MAMMEN
Chairman & Managing Director

ANNEXURE I TO THE BOARD'S REPORT

A. CONSERVATION OF ENERGY

To reduce specific consumption of fuel, power and water, a programme with focused approach is being followed. Best achieved targets are used for benchmarking and base lining energy monitoring systems are used to track the improvements based on action plan in progress in all plants. Focus on renewable energy, alternate sources and clean sources of energy are being explored.

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

The following measures implemented to reduce specific fuel consumption:

a) Best targets are arrived based on the best shift energy consumption from energy monitoring system to improve overall performance.

b) Introduction of alternate curing media replacing steam to minimize the energy consumption.

c) Identification / procurement of the most energy efficient equipments and utilizing it to the maximum.

d) Daily identification of abnormalities through energy monitoring system and implementation of corrective actions.

e) Optimizing process steam load variation by fine tuning the loading pattern.

The following measures were implemented to reduce specific power consumption:

a) Optimization of changeover time to reduce specific energy requirement.

b) Running of HVAC system with variables frequency drives (VFD) to meet seasonal requirements.

c) Optimum allocation of equipment based on monthly schedules.

d) Air leak corrections in plants to reduce the compressor energy.

e) Introduction of energy efficient air compressors to minimize specific power consumption.

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

a) Power purchase from open access using power exchanges and third parties ensures significant portion of power drawn is from gas based and wind based power to reduce cost of electricity unit.

b) Evaluation of factory roof mounted solar power plants is under consideration.

c) Steps to replace Furnace oil with cleaner fuels.

d) Recycling of waste water from effluent treatment plant (ETP) and sewage treatment plant (STP) to reuse in process.

(iii) Capital Investment on energy conservation projects:

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

Key projects initiated are listed below:

a) Replacement of steam curing media to reduce the energy consumption.

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

c) Implementation of VFD's for blowers and pumps.

d) Optimization of process to reduce consumption of steam and power.

e) Increased rain water recovery from rain water ponds.

Key on-going proposals are as listed below:

a) Furnace oil (FO) Based steam generation with alternate gas based fuels.

b) Horizontal deployment of change in curing media to reduce power consumption.

c) Maximum utilization of low power consumption equipment's.

d) Optimization of ventilations requirement based on process need.

e) Ensuring that all new machineries procured comes with all the proven energy saving features.

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATIONS

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

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

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

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

   To improve sustainability of tyre industry, your Company is working on the multipronged 4R strategy, that is reduce (reduction in CO_2 emission by developing low RR tyres) – recycle (recycled materials from end-of-life tyres as raw materials for new tyres) – reuse (by promoting multiple re-treaded tyres) and renewable (promoting critical tyre raw materials from environmentally sustainable sources such as biomass, waste materials, etc.). To further improve environmental friendly nature of our tyres, we made some changes in the raw materials mix for two-wheeler and passenger car tyres.

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

   c. Key product developments:

   Your company has adopted sustainability as our main goal and protecting the environment is key to achieve the goal. To meet the emission norms under R117 and AIS 142 standards, we developed several low RR tyres which were approved by Indian and global passenger car OEMs. Similar activities are underway in tyres for commercial vehicles' segment as well.

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

   Development of low rolling resistance tyres with an increased share of renewable materials (without compromise in grip) will improve fuel efficiency and safety, thus contributing to the overall sustainability goal.

   Material group has embarked on attaining import substitution of raw materials such as resins, rubber, wax, process aids, etc. which will result in their sourcing from local sources and cost-saving.

3. Details of imported technology (imported during last 3 years reckoned from the beginning of the financial year).

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

4. Expenditure incurred on Research and Development:

		(₹ Crores) 2020-2021
R & D Expenses		
(a)	Capital (Including Buildings)	31.88
(b)	Recurring	77.60

C. FOREIGN EXCHANGE EARNINGS & OUTGO

	(₹ Crores) 2020-2021
Foreign Exchange Earnings	1129.29
Foreign Exchange Outgo	2607.82

On behalf of the Board of Directors

Chennai
7th June, 2021.

K M MAMMEN
Chairman & Managing Director

ANNEXURE II TO THE BOARD'S REPORT

ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR ENDED 31ST MARCH, 2021

1. Brief outline on CSR Policy of the Company. The CSR activities carried out by the Company are in accordance with the CSR Policy, as formulated by the CSR Committee and approved by the Board. The broad objectives, as stated in the CSR Policy, includes supporting causes concerning healthcare, education, rural development, provide safe drinking water, skill development, sports training and disaster management and environment protection.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation\Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. K M Mammen	Chairman & Managing Director & Chairman of CSR Committee	4	4
2	Mr. Arun Mammen	Vice Chairman & Managing Director & Member of CSR Committee	4	4
3	Mr. Rahul Mammen Mappillai	Managing Director & Member of CSR Committee	4	4
4	Mr. Ranjit I Jesudasen	Independent Director & Member of CSR Committee	4	4

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company : https://www.mrftyres.com/shareholder-info.

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sl. No.	Financial Year	Amount available for set off from preceding financial years (in Lakhs)	Amount required to be set off for the financial year, if any (in Lakhs)
Not Applicable for the financial year 2020-2021			

6. Average net profit of the company as per section 135(5): ₹1521.82 Crores

7. (a) Two percent of average net profit of the company as per section 135(5) : ₹30.44 Crores

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Not Applicable

   (c) Amount required to be set off for the financial year,if any : Not Applicable

   (d) Total CSR obligation for the financial year (7a+7b-7c) : ₹ 30.44 Crores

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Crores.)	Amount Unspent (in Lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
30.44 Crores*	NIL	NIL	NIL	NIL	NIL

*In addition to the above, the Company has, during the year, transferred a sum of ₹ 59.77 crores representing the shortfall in CSR expenditure during the financial years 2016-17, 2017-18 and 2018-19 to MRF Foundation for the purpose of setting up a new Driver Development Centre for MRF Institute of Driver Development.

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project.		Project duration	Amount allocated for the project (in Lakhs)	Amount spent in the current financial Year (in Lakhs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Lakhs)	Mode of Implementa tion -Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number.
NIL for financial year 2020-2021												

(c) Details of CSR amount spent against other than on-going projects for the financial year:

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project		Amount spent for the project (In Lakhs)	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR registration number
1	Planting of trees in Perambalur District	Environmental Sustainability	Yes	Tamil Nadu	Perambalur	5.08	No	MRF Foundation	CSR00001396
2	Providing toilets, septic tank and other civil infrastructure and drinking water facility at Government High School Mittapet	Promotion of Education	Yes	Tamil Nadu	Arakonam	7.07	No	MRF Foundation	CSR00001396
3	Tarring of road near to Sasthamkadavu Temple	Rural Development Project	Yes	Kerala	Kottayam	17.32	No	MRF Foundation	CSR00001396
4	School Infrastructure Projects - St. Joseph High School, Usagon and Govt. High School, Dawshire Usagon	Promotion of Education	Yes	Goa	Usgao	21.31	No	MRF Foundation	CSR00001396

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project		Amount spent for the project (In Lakhs)	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR registration number
5	Chemistry Laboratory for Sarvodaya Higher Secondary School Usagon	Promotion of Education	Yes	Goa	Usgao	15.06	Both	MRF Limited/ MRF Foundation	CSR00001396
6	Village Panchayat - Construction of 3 rooms & Shed	Promoting Health care including preventive Health care	Yes	Goa	Usgao	10.14	Yes	MRF Limited	-
7	Smart Classrooms & Projectors - St. Joseph High School, Usagon Goa	Promotion of Education	Yes	Goa	Usgao	1.46	No	MRF Foundation	CSR00001396
8	Public park for Arkonam residents	Rural Development Project	Yes	Tamil Nadu	Arkonam	13.04	No	MRF Foundation	CSR00001396
9	Toilet facilities for boys, girls & staff Panchayat Union Primary School, Ameerpet	Promotion of Education	Yes	Tamil Nadu	Arkonam	5.23	No	MRF Foundation	CSR00001396
10	High Mast lights installation on National High ways NH09(New NH69) at Suraram Village X Road adjoining to MRF.	Rural Development Project	Yes	Telangana	Medak	34.92	No	MRF Foundation	CSR00001396
11	Providing AV cable connections for Perambalur Government Schools	Promotion of Education	Yes	Tamil Nadu	Perambalur	4.21	No	MRF Foundation	CSR00001396
12	Installation of CCTV camera in Vichoor area in Manali & Vellivoyal villages	Promotion of Education	Yes	Tamil Nadu	Chennai	1.59	No	MRF Foundation	CSR00001396
13	Construction of Class room - Sadashivapet	Promotion of Education	Yes	Telangana	Medak	28.85	No	MRF Foundation	CSR00001396
14	Supply of furniture to Government Hospitals and Schools	Promotion of Education and Healthcare	Yes	Tamil Nadu	Perambalur	36.87	No	MRF Foundation	CSR00001396
15	Laying of Cement Concrete road near Kandi village	Rural Development Project	Yes	Telangana	Medak	25.00	No	MRF Foundation	CSR00001396
16	CCTV Cameras in and around Sadasivpet Police station rural circle	Promotion of Education	Yes	Telangana	Medak	19.99	No	MRF Foundation	CSR00001396
17	Equipments for school (Jaigopal Garodia Govt High School	Promotion of Education	Yes	Tamil Nadu	Chennai	6.21	No	MRF Foundation	CSR00001396
18	Refurbishment of Lawn Tennis Court	Training for Sports	Yes	Puducherry	NA	4.05	No	MRF Foundation	CSR00001396
19	Providing pump for supply of drinking water to village	Rural Development Project	Yes	Puducherry	Nettapakkam	0.99	No	MRF Foundation	CSR00001396
20	Providing training to fast bowlers through MRF Pace Foundation	Training for Sports	Yes	Tamil Nadu	Chennai	278.33	Both	MRF Limited/ MRF Foundation	CSR00001396
21	Training for under privileged youngsters to become commercial vehicle drivers through MRF Institute of Driver Development	Vocational Skill Development	Yes	Tamil Nadu	Chennai	106.49	Both	MRF Limited/ MRF Foundation	CSR00001396
22	Provision of Rice bags to the poor and sanitary workers	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Tamil Nadu	Chennai	3.50	Yes	MRF Limited	-

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project		Amount spent for the project (In Lakhs)	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR registration number
23	Contribution to State Disaster Management Authority of Kerala to combat COVID 19 as envisaged under Ministry of Corporate Affairs general circular No. 10/2020 dated 23rd March, 2020.	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Kerala	NA	100.00	No	MRF Foundation	CSR00001396
24	Covid-19 relief activities undertaken through District Collector, Arakonam including purchase of PPE	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Tamil Nadu	Arkonam	10.00	No	MRF Foundation	CSR00001396
25	Covid-19 relief activities undertaken through District Collector, Medak, including purchase of medicines	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Telangana	Medak	20.00	No	MRF Foundation	CSR00001396
26	Supply of personal protection equipment like masks and supply of groceries for needy families in villages around Pondy plant	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Puducherry	Nettapakkam	15.49	No	MRF Foundation	CSR00001396
27	Provision of COVID relief materials like Doctor's coverall, masks, sanitizer, and provision of food kits for needy families in and around Perambalur plant	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Tamil Nadu	Perambalur	10.64	No	MRF Foundation	CSR00001396
28	Contribution to various State Disaster Management Authority of Gujarat to combat COVID 19 as envisaged under Ministry of Corporate Affairs general circular No. 10/2020 dated 23rd March, 2020	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Gujarat	NA	50.00	No	MRF Foundation	CSR00001396
29	Contribution to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)	Disaster management including relief, rehabilitation and reconstructive activities	Yes	NA	NA	1,000.00	No	MRF Foundation	CSR00001396
30	Provision of Grocery Kits to below the poverty line families in Thiruvallur District	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Tamil Nadu	Tiruvallur	5.00		MRF Foundation	CSR00001396
31	Contribution to various State Disaster Management Authority of Tamil Nadu to combat COVID 19 as envisaged under Ministry of Corporate Affairs general circular No. 10/2020 dated 23rd March, 2020 read with G.O.(Ms) No.225 dated 9th April 2020 of the Government of Tamil Nadu	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Tamil Nadu	NA	400.00	No	MRF Foundation	CSR00001396

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project		Amount spent for the project (In Lakhs)	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR registration number
32	Purchase of COVID relief materials like boiled rice, ventilators, multi-parameter monitors, PPE Kits, masks, Choloroquine tablets for Puducherry	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Puducherry	NA	94.58	No	MRF Foundation	CSR00001396
33	Supply of medical equipment for COVID 19 relief to Telangana Government	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Telangana	NA	200.00	No	MRF Foundation	CSR00001396
34	Supply of Masks, Sanitizers for COVID relief to local area through local authorities	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Tamil Nadu	Chennai	11.50	No	MRF Foundation	CSR00001396
35	Supply of COVID relief materials like Mask, Gloves, Sanitizer in and around Goa Plant and construction of OP Waiting Hall at Central Hospital, Usgaon	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Goa	Usgao	7.73	No	MRF Foundation	CSR00001396
36	Supply of COVID relief materials like Mask, Gloves, Sanitizer, etc in and around Arakonam Plant and supply of groceries to needy families through local authorities	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Tamil Nadu	Arkonam	4.99	No	MRF Foundation	CSR00001396
37	Supply of COVID19 relief activities like Nose Masks, Medicines, Sanitizers, PPE Kits to nearby villages and N95 Masks to the Government Officers and distribution of Groceries for needy families	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Telangana	Medak	6.28	No	MRF Foundation	CSR00001396
38	Provision of Rice bags / Oil / Dhal / Atta to the Sanitary workers near Arakonam plant for COVID relief	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Tamil Nadu	Arakonam	1.95	Yes	MRF Limited	
39	Construction of Auditorium at Balikamatom School, Tiruvalla (additional requirement of funds)	Promotion of Education	Yes	Kerala	Pathanamthitta	10.00	No	MRF Foundation	CSR00001396
40	Grocery kits to be given to the needy families of Galenda village nearby Dahej plant	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Gujarat	Bharuch	0.26	Yes	MRF Limited	
41	Distribution of 5 KG rice bag and 3 Nos of 2 ply mask to poor families in Sooramangalam/Sooramangalampet/ Nettapakkam near our Pondy Plant	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Puducherry	Nettapakkam	6.93	No	MRF Foundation	CSR00001396
42	Battery Operated cars for Rajiv Gandhi Govt. General Hospital, Chennai	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Tamil Nadu	Chennai	8.22	No	MRF Foundation	CSR00001396

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project		Amount spent for the project (In Lakhs)	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR registration number
43	Providing CCTV Cameras in and around Sadasivpet Police station rural circle	Promotion of Education	Yes	Telangna	Medak	25.00	No	MRF Foundation	CSR00001396
44	Outpatient waiting shed near Immunization dept. in Central Hospital, Darbandora Usgao	Promoting Health care including preventive Health care	Yes	Goa	Usgao	2.34	No	MRF Foundation	CSR00001396
45	Providing computers to Govt Higher Secondary school, Arkonam	Promotion of Education	Yes	Tamil Nadu	Arkonam	4.69	No	MRF Foundation	CSR00001396
46	Providing modernized Instruments and equipment's (ECG, CTG, CPAP, BPAP LUMIS machines, Oxygen concentrator, etc.) for Govt Hospital to provide COVID treatment	Promoting Health care including preventive Health care	Yes	Tamil Nadu	Arkonam	17.04	No	MRF Foundation	CSR00001396
47	Renovation and furnishing of counselling room at All Women Police Station	Rural Development Project	Yes	Tamil Nadu	Arkonam	1.32	No	MRF Foundation	CSR00001396
48	EPABX with accessories for Rajiv Gandhi Govt. General Hospital, Chennai	Promoting Health care including preventive Health care	Yes	Tamil Nadu	Chennai	3.93	No	MRF Foundation	CSR00001396
49	Distributing kits containing groceries to needy families in and around Kottayam Plant	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Kerala	Kottayam	1.25	No	MRF Foundation	CSR00001396
50	Beds for COVD19 Patients in Perambalur Hospitals.	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Tamil Nadu	Perambalur	17.83	No	MRF Foundation	CSR00001396
51	Supply of pedestal fans and Electrical kettle to the Covid Government hospital at Margao	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Goa	Margo	1.00	No	MRF Foundation	CSR00001396
52	Provision of Grocery Kits to needy families in and around Tiruvottiyur Plant for COVID relief	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Tamil Nadu	Chennai	3.00	No	MRF Foundation	CSR00001396
53	Provision of foods item like Rice, Dhall and Oil to the needy people /stranded interstate migrant workers in the vicinity of Tiruvottiyur due to Covid pandemic	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Tamil Nadu	Chennai	1.37	No	MRF Foundation	CSR00001396
54	Procurement of Medical equipment for COVID 19 – Relief for Govt. Hospital at Panjim, Goa	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Goa	Panjim	4.48	No	MRF Foundation	CSR00001396
55	Providing Pipettes & PCR Accessories for COVID 19 Relief for Govt. Hospital at Panjim, Goa	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Goa	Panjim	5.17	No	MRF Foundation	CSR00001396

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project		Amount spent for the project (In Lakhs)	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR registration number
56	Supply of pulse oximeter to Director of Health and Family Welfare, Puducherry for COVID relief management by Government of Puducherry.	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Puducherry	NA	11.24	No	MRF Foundation	CSR00001396
57	Providing medical equipment for COVID care at CERTH-India hospital - Puducherry	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Puducherry	Nettapakkam	8.13	No	MRF Foundation	CSR00001396
58	To sponsor ambulance service to Government of Puducherry in assisting COVID 19 emergency plan	Disaster management including relief, rehabilitation and reconstructive activities	Yes	Puducherry	Nettapakkam	2.11	No	MRF Foundation	CSR00001396
59	Provision of sewing machines to economically weaker classes in and around Tiruvottiyur plant	Livelihood enhancement projects	Yes	Tamil Nadu	Chennai	13.26	No	MRF Foundation	CSR00001396
60	Computers & Printers for Directorate of Health & family welfare services Puducherry	Promoting Health care including preventive Health care	Yes	Puducherry	NA	4.42	No	MRF Foundation	CSR00001396
61	MCC MRF Innovation Park - Phase 1	Promotion of Education	Yes	Tamil Nadu	Kanchipuram	232.00	No	MRF Foundation	CSR00001396
						2969.86			

(d) Amount spent in Administrative Overheads : ₹ 74.14 Lakhs

(e) Amount spent on Impact Assessment, if applicable : Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 30.44 Crores*

(Excluding ₹ 59.77 Crores representing the shortfall in CSR expenditure during the financial years 2016-17, 2017-18 and 2018-19 contributed to MRF Foundation for the purpose of setting up a new Driver Development Centre for MRF Institute of Driver Development).

(g) Excess amount for set off, if any :

Sl. No.	Particular	Amount (in ₹ crores)
(i)	Two percent of average net profit of the company as per section 135(5)	30.44
(ii)	Total amount spent for the Financial Year	30.44
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹).	Date of transfer.	
Not Applicable for the financial year 2020-2021							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1) Sl. No.	(2) Project ID.	(3) Name of the Project.	(4) Financial Year in which the project was commenced.	(5) Project duration.	(6) Total amount allocated for the project (in ₹)	(7) Amount spent on the project in the reporting Financial Year (in ₹)	(8) Cumulative amount spent at the end of reporting Financial Year (in ₹)	(9) Status of the project - Completed/Ongoing.
Not Applicable for the financial year 2020-2021								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

Sl. No.	Project	Date of creation or acquisition of the capital asset (s)	Amount of CSR Spent for creation or Acquisition of asset (₹ Lakhs)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered and their address	Details of the capital asset including complete address where it is located
1	School Infrastructure Projects	Dec'20	21.31	Education Board, Parvoriam, Panjim, Goa - 403521	1. Stage and compound wall - The Manager, St Joseph High School, Takwada, Usgao, Ponda, Goa - 403406 2. Class rooms - The Headmistress, Govt. High school, Dhaushire, Tisk Usgao, Ponda, Goa - 403406
2	Chemistry Laboratory for School	Sep'20	15.06	Education Board, Parvorium, Panjim, Goa - 403521	Chemistry Lab Furniture - Sarvodhaya Vidhyalaya Higher Secondary School, The Secretary, Sarvodaya Education Society, Barazan, Usago, Ponda, Goa - 403406
3	Civil infrastructure for Village Panchayat	Mar'21	10.14	Village Panchayat, Usgao - Ganjem, Goa - 403401	Shed and car parking with paver block - Office of The Sarpanch Village Panchayat Usgao - Ganjem, Usgao, Ponda, Goa - 403406
4	High Mast lights installation on National High ways NH09(New NH69)	Jul'20	34.92	Project Director - National Highways Authority of India, Project Implementation Unit, Plot No 65, Kothari Layout, Venkatesh Nagar, Gulbarga-585103, Karnataka.	High Mast Lights - Suraram Cross Road to Ankenpally Cross Roads - Sadasivapet, Sangareddy District, Telangana State - 502291
5	Installation of CCTV cameras in Vichoor area, Chennai	Mar'21	1.59	The Inspector of Police, Law and Order, M7 Manali New Town Police Station, No. 325 Mosque Street, Manali New Town Chennai 600 103	Digital Video Recorder and Camera - Amman Kulam Junction, Vichoor Post; Milk Booth Manali Puthu Nagar, Manali New Town Junction, Vichoor School, Vichoor School Road Junction; Vellai Voyal Chavadi Junction all in Vichoor Post, Chennai - 600 103
6	Supply of furniture to Government Hopitals and Schools	Apr'20	36.87	Dist Collector, First Floor, Master Plan Complex, Perambalur Collector Office Road, Perambalur - 621212	Hospital furniture - Urban Primary Health Centre, Bramadesam, Perambalur - 621212 School furniture - Kendriya Vidhyalaya, Vilamuthur road, Perambalur - 621212
7	Laying of cement concrete road near Kandi village	Jul'20	25.00	Sarpanch, Grama Panchayat , Kandi Village, Sangareddy District, Telangana - 502285	Cement concrete road - Kandi Village, Sangareddy District, Telangana State - 502285
8	CCTV Cameras in and around Sadasivpet Police station rural circle	Jul'20	19.99	Station House Officer, Sadasivapet Police Station, Sangareddy, Telangana - 502291	Digital Video Recorder and Cameras - In and out Sadasivapet Police station limits at Sangareddy District, Telangana State - 502291
9	Supply of pump for supply of drinking water	Sep'20	0.99	The Commissioner, Office of the Commissioner, Nettapakkam Commune Panchayat, Nettapakkam, Puducherry 605106	15 HP Motors - 1. Andharasikuppam, Kalmandabam, Nettapakam Commune, V.S. Nagar, Puducherry 605106 2. Kalmandapam Colony borewell, Near Kalmandapam School, Nettapakkam Commune, V.S. Nagar, Puducherry - 605106

Sl. No.	Project	Date of creation or acquisition of the capital asset (s)	Amount of CSR Spent for creation or Acquisition of asset (₹ Lakhs)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered and their address	Details of the capital asset including complete address where it is located
10	Supply of medical equipment for COVID 19 relief for Telangana Government.	Nov'20	200.00	The Director, Medical and Health, Telangana State Institute of Medical & Sciences, Sultan Bazar, Koti, Hyderabad-500001 Telangana	Supply of X-Ray Machines and Medical equipments for Govt. Hospitals in Telangana State including - 1. Government Area Hospital, Kondapur Main Road, MasjidBanda, Laxmi Nagar, Kondapur-500084, Telangana 2. Telangana Institute of Medical Science, ISB Road, Gachibowli, Hyderabad-500032, Telangana 3. Urban Community Health Centre, Sitaphalmandi (Lalapet), Hyderabad-500061, Telangana
11	Construction of Auditorium (additional funds)	Jul'20	10.00	Manager Balikamatom School Thiruvalla, Thirumoolapuram, Thiruvalla, Kerala - 689115	Auditorium - Balikamatom School, Thirumoolapuram, Thiruvalla, Kerala - 689115
12	Battery Operated cars for Rajiv Gandhi Govt. General Hospital, Chennai	Sep'20	8.22	The Dean, Rajiv Gandhi Government General Hospital #3, EVR Periyar Salai, Park Town Opp: Chennai Railway Station, Chennai - 600003	Battery Operated Cars - Rajiv Gandhi Government General Hospital, #3, EVR Periyar Salai, Park Town Opp: Chennai Railway Station Chennai : 600 003
13	Providing CCTV Cameras in and around Sadasivpet Police station rural circle	Nov'20	25.00	Deputy Superintendent of Police, Shanthi Nagar, Sangareddy - 502001, Telangana state	Digital Video Recorder and Cameras - In and out Sadasivpet rural and Sangareddy rural police stations at Sangareddy District, Telangana State - 502001
14	Out patient waiting area in Hospital	Jan'21	2.34	Directorate of Health Services, Campal, Panaji, Goa - 403001	Shed, flooring, false ceiling, lights and fans - Primary health centre, Pilliem Darbandora, Ponda, Goa - 403406
15	Upgrade the Govt Girls Higher secondary school at Arakonam	Feb'21	4.69	The Headmistress, Govt. Girl's Higher Secondary School, Jothi Nagar, Arakkonam-631003 Ranipet District	Computers with UPS - Govt. Girl's Higher Secondary School, Jothi Nagar, Arakkonam-631003 Ranipet District
16	Providing medical equipment's to Govt Hospital for COVID treatment	Mar'21	17.04	Chief Civil Surgeon Chief Medical Officer Govt. Hospital, Gandhi Road, Arakkonam- 631001 Ranipet District	Medical Equipment (CPAP, BIPAP, Multipara meter , ECG, Fumigator Oxygen Concentrator, Hi-vac Suction unit, etc) - Govt.Hospital , Gandhi Road, Arakkonam-631001 Ranipet District
17	Renovation and furnishing of counseling room at All Women Police Station	Jan'21	1.32	Deputy Superintendent of Police , Jothi Nagar, Arakkonam -631003 Ranipet District	Fencing and Furniture - All Women Police Station, Gandhi Road, Arakkonam-631001 Ranipet District
18	Provision of medical equipment for COVID 19 Care	Oct'20	4.48	Directorate of Health Services, Integrated Disease Surveillance Programme, Epidemiological Cell, Campal, Panaji, Goa - 403001	Refrigerated Centrifuge with Rotor and Pipettes and PCR Accessories - Virology Laboratory under Directorate of Health Service, Government of GOA, Bandodkar Road, Campal, Panaji, Goa - 403001
19	Computers & Printers for Directorate of Health & Family Welfare Services	Mar'21	4.42	Director (Health), Directorate of Health & Family Welfare Services, Government of Puducherry Victor Simonel Street, Puducherry 605001	Desk Tops and Printers - Directorate of Health & Family Welfare Services, Victor Simonel Street, Puducherry 605001

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) :

Not Applicable.

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

Arun Mammen
Vice Chairman &
Managing Director

Chennai
7th June, 2021

ANNEXURE III TO THE BOARD'S REPORT

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021
(Pursuant to Section 204(1) of the Companies Act, 2013 and
Rule 9 of the Companies (Appointment and Remuneration of
Managerial Personnel) Rules, 2014)

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

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

Based on my verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March, 2021 has complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent and in the manner subject to the reporting made hereunder.

I have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2021 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and external commercial borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (wherever applicable):

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Issue of capital and disclosure requirements) Regulations, 2018;

d) The Securities and Exchange Board of India (Issue and listing of debt securities) Regulations, 2008;

e) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;

f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

g) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018.

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

1. Secretarial Standards issued by the Institute of Company Secretaries of India;

2. The Listing Agreements entered into by the Company with Bombay Stock Exchange Ltd. and National Stock Exchange Ltd.;

3. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, and Standards etc., mentioned above.

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

1. Factories Act, 1948;
2. Labour laws and other incidental laws related to labour and employees appointed by the Company including those on contractual basis as relating to wages, gratuity, prevention of sexual harassment, dispute resolution, welfare, provident fund, insurance, compensation etc.;
3. Industries (Development & Regulation) Act, 1951;
4. Acts relating to consumer protection;
5. Acts and Rules prescribed under prevention and control of pollution;
6. Acts and Rules relating to environmental protection and energy conservation;
7. Acts and Rules relating to hazardous substances and chemicals;
8. Acts and Rules relating to electricity, fire, petroleum, motor vehicles, explosives, boilers etc.;
9. Acts relating to protection of IPR;
10. Acts and Rules relating to the industry to which this Company belongs;
11. Other local laws as applicable to various plants and offices.

I further report that -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Women Directors in compliance with Rules and provisions of the Companies Act, 2013 , the regulations and directives of Securities Exchange Board of India (SEBI).

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

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

K ELANGOVAN
Company Secretary in Practice
FCS No.1808, CP No. 3552, P R No. 892/2020
UDIN: F001808C000426463

Place: Chennai
Date: 7th June, 2021

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

Annexure A

To,
The Members
MRF Limited, Chennai 600006.
Our report of even date is to be read along with this letter.

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

K ELANGOVAN
Company Secretary in Practice
FCS No.1808, CP No. 3552, P R No. 892/2020
UDIN: F001808C000426463

Place: Chennai
Date: 7th June, 2021

MANAGEMENT DISCUSSION AND ANALYSIS

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

MRF retained its leadership in the Indian market in the year 2020-2021, a year made challenging by the Covid-19 pandemic. MRF continues to be ranked among the world's top 20 Tyre manufacturers.

Global economy decelerated 3.3% in 2020, the pandemic ravaged year, against an estimated growth of 2.8% in 2019 (IMF World Economic Outlook, April 2021). The pandemic had a severe impact on lives and livelihoods. The contraction of business activity was unprecedented. Governments responded with strong fiscal and other measures to deal with the impact of the pandemic. Fiscal and monetary easing, policy support and initiatives by Governments and Central Banks ensured that business activity picked up at a faster pace in the second half of the year. IMF now estimates that the degrowth in 2020 was over 1% lower than the projection made in October, 2020. Economies rebounded as lockdowns eased and businesses adapted to new ways of working.

Global economy is now on much firmer ground but high uncertainty still persists. Much will depend upon how the spread of the virus is contained and how speedily vaccines are made available. IMF estimates that world economy will grow at 6% and 4.4% in 2021 and 2022 respectively.

Commodity prices have recovered globally from their record low levels a year ago, nudging inflation higher in many countries. IMF expects inflation pressures to remain contained going forward.

Market & Industry Overview

For India, the year 2020-2021 started with the worst business contraction caused by the Covid induced complete lockdown. The pandemic hit an economy that was already under a slowdown. GDP fell by 24% in first quarter and 7.3% in second quarter leading to a GDP contraction of 15.7% in the first half of 2020-2021. Wholesale demand for automobiles recorded a year on year decline of 75% in first quarter (SIAM data). Agriculture was the only sector to record growth in the first half of the year and continued the positive growth in the second half. Services sector, which includes contact based activities, took the worst hit.

The Government and Reserve Bank of India (RBI) responded with strong measures to help the common man and businesses tide over the unprecedented situation brought about by the pandemic, among which was the ₹ 20 lakh crore Atmanirbhar Bharat package.

RBI reduced the repo rate by 115 basis points from February, 2020 to 4% in May, 2020, which helped to lower the cost of funds for businesses. CRR ratio was cut by 1% leaving banks with more Funds to lend. The insolvency and bankruptcy code (IBC) was suspended for a period of 6 months to provide relief to businesses impacted by unfavourable cash flows.

Economy recovered sharply in the second half aided by such measures and phasing out of lockdowns, beating growth projections made after the first quarter GDP numbers were published. In October 2020, petrol and diesel consumption reached the same level as the previous year. Increase in Government expenditure in the second half of 2020-2021 aided the economic recovery. The recovery was sharp prompting upgrades to GDP growth by global rating agencies as well as by RBI.

Third Quarter of 2020-2021, GDP recorded a marginal growth of 0.4% over third quarter of 2019-2020, helping the economy out of a technical recession, after 2 consecutive quarters of degrowth. While agricultural sector maintained its growth, manufacturing and financial services returned to growth. Service sector was still in negative territory underlining the fact that contact-based sectors will need to wait for a longer period to return to normalcy.

The GDP growth for the fourth quarter of 2020-2021 was better than estimated at 1.6%, powered by Government spending. The crucial services sector finally turned positive with a 1.5% growth in fourth quarter of 2020-2021, though some segments like hotels and transport were still reflecting negative growth. The full year GDP contraction is at 7.3% (provisional), which is better than Government's earlier estimate of 8% contraction. RBI has now revised downwards the financial year 2022 GDP growth forecast to 9.5% from its earlier 10.5%, factoring lower growth in first quarter of 2021-2022.

At the end of financial year 2021, India emerged out of the first Covid wave better than was estimated in the beginning of the year, with growth topping earlier estimates. The financial system was resilient. Balance sheet of banks are in a better position to handle stress, having withstood the moratorium given for repayment of loans and the suspension of the

IBC. India attracted record foreign fund inflows last year. Forex reserves improved by more than $ 100 Bn in financial year 2020-2021 while foreign direct investment was $ 81 Bn, 10% higher than the previous year. Indian economy revealed a resilient streak in the pandemic hit year.

Budget 2021 is of far reaching significance for the Indian economy. Infrastructure spending, majorly road infrastructure, has got a big boost. The fiscal deficit target for the year at 6.8% indicates that the Government will not shy away from spending. The higher Government spending should have a positive impact on demand and manufacturing. Other measures in the budget like setting up of the Asset Reconstruction Company for taking over stressed assets and privatizing two Public sector Banks and an Insurance Company are positive measures, besides signaling a deeper role for the private sector in the economy.

Production Linked Incentive Scheme (PLI) introduced in April, 2020 as part of Atmanirbhar Bharat is now extended to 12 sectors including automobiles and auto components. This is a big step to make Indian manufacturing competitive and become part of the global value chain.

Towards the end of 2020-2021, the country saw the start of the second Covid wave. All states have imposed lockdowns impacting business activity. The number of cases and the severity of the disease are much more than was experienced in the first wave. This will impact the first quarter GDP though the impact will be much lower than the last year. The current wave is being tackled with localized lockdowns and not with complete lockdown as was the case last year. Global growth is stronger now, which was not the case last year, which should help external facing segments of the economy. Businesses have adapted and have learnt to function better within the lockdown situations. On the other hand, the impact on rural India is more pronounced in this wave. The second lockdown is expected to have larger impact on demand than on Supply.

While the economy is facing headwinds from the second Covid wave, prices are going up. Inflation is increasing as evidenced by the Wholesale price index (WPI) in April, 2021 which increased by 10.4%, the highest in 11 years. The surge is due to higher oil price and commodity prices which were low during the corresponding period last year. The combination of high oil and commodity prices are resulting in higher end consumer prices. One hopes that this is a transitory phase and that RBI would keep interest rates benign so as to sustain economic recovery.

Global automobile production clocked a drop of 15.8% in calendar year 2020, coming on top of a decline in 2019. Double digit declines were seen in all geographies, reflecting the impact of Covid 19.

The automobile sector in India fared no better, clocking a decline of 13% in financial year 2020-2021. Double digit production declines was seen across vehicle segments except tractors which grew by 24%. Growth was already moderating in the previous year with slowing economic growth and the transition to BS V1, with its attendant higher costs of ownership. The industry is grappling with low capacity utilization and high input costs. The year also saw two major plants being shuttered. Commercial vehicles and shared mobility segments were hit the most in financial year 2020-2021 while preference for personal mobility helped passenger and two wheeler segments recover post the first quarter.

Exports also witnessed a decline in financial year 2020-2021 with steep declines in passenger vehicles, medium and heavy commercial vehicles (M&HCV) and light commercial vehicles (LCV). Two & Three wheelers saw a high single digit decline while Tractors posted a 17% growth in exports.

M&HCV which went through a turmoil in financial year 2020 saw a further decline in production by 19% in financial year 2021. M&HCV was the sector hardest hit by the pandemic. There was a significant recovery in the second half, in keeping with the revival in the economy, with third quarter volumes increasing year on year and fourth quarter production exceeding the third quarter. The bus segment in particular was very badly affected because of the Covid related restrictions and apprehensions on the use of public transport. Restart of infrastructure development projects should have a positive impact on the commercial vehicles business in 2021-2022.

The passenger vehicles segment which had seen a double digit decline in 2018-2019 due to, among others, transition to BS V1 and cost increases, saw further double digit decline of 11% in production in financial year 2020-2021. Post the sharp drop in first quarter of financial year 2020-2021, there was good recovery due to pent up demand. The second half of 2020- 2021 saw high production and sales, aided by customer preference for personal mobility arising out of safety concerns. With 44% de-growth in first half of 2020-2021, production in passenger car segment recovered well to close the year with a 11% drop in production. Things were looking up at the end of financial year 2020-2021 with March,2021 seeing high production levels. But the Covid second wave will impact first quarter of 2021-2022.

The two wheeler industry recorded a decline of 13%, the second consecutive year decline. The decline in scooters this year was significantly higher than motorcycles. There was hardly any production in the month of April because of the Covid related lock downs in the country. Cost of ownership continues to be high arising from the transition to BS V1 and increase in insurance costs. Consumer sentiment has been weak impacting volumes. New launches have been subdued and your Company continues to be the preferred choice of fitment in most of the new launches. The excitement in the electric vehicle space continues with more players entering the same.

In spite of the pandemic and the lockdown, tractor production increased by 24% in financial year 2020-2021. Good monsoon and Government's measures to support rural incomes enabled the Industry to perform well in financial year 2020-2021. This year's monsoon is also predicted to be normal. This together with strong agricultural commodity prices should help rural sector, which will result in another good year for tractors.

Tyre production recorded a 4% degrowth on top of the 8% decline in financial year 2020. While tractor and off the road tyres showed growth, all other segment either declined or remained flat, with steepest declines coming in segments like Scooter and 3 Wheeler. Primarily, decline in Original Equipment business led to overall industry drop. Tyre exports also dropped 10% in financial year 2020-2021. Capacity utilisation of the industry declined further.

Tyre Industry also was affected by increase in raw material costs in the second half of the year 2020-2021. Industry may not be able to pass on the full costs to the Consumer.

Product wise Performance

During fiscal 2020-21, your company achieved a total income of ₹16129 crores. There was a decrease in most of the product groups adding up to a 12% decrease in total tyre production. In the Heavy Commercial Vehicle product group, there was an decrease of 2% over the previous year while Light Commercial Vehicle Tyres also decreased by around 2%. Small Commercial Vehicle Tyres declined by 19% in the 4-wheel product group, while it decreased by 31% in the 3-wheel product group, over the previous year. Passenger & Sports Utility Vehicle showed a decline of 17%. Farm product group grew by 6%. The Motorcycle and Scooter product group declined by 5% and 25% respectively. The Off-The Road Tyre product group grew by 36%.

Exports

Exports of tyres took a huge hit in the first half of 2020-2021 owing to the nationwide lockdown on account of the Covid pandemic, thus disrupting production and shipments of tyres. The second half of 2020-2021, however, saw good traction leading to a spurt in export of tyres.

The deficit in the first quarter sales impacted the overall performance – the full year Sales being ₹ 1333 crores against the previous year's ₹ 1651 crores. However, demand continued to be robust in the second half of 2020-2021, across most global markets that the Company is currently exporting to.

MRF's key markets of Middle East & African region, along with Philippines, Indonesia & Bangladesh continued to have sustained demand for its products across categories. The demand for tyres in the Truck Radial & Bias, Light truck and Motorcycle categories continued to grow reflecting the strong brand equity your Company has in these markets.

It is expected that despite the current unstable pandemic scenario across many global markets, the coming year should continue to see good demand for your Company's products across all categories.

As in the previous years the Middle East, & the Far East region, along with Africa and Bangladesh will continue to drive growth in the coming year.

Discussion on Financial Performance with respect to Operational Performance

(₹ Crores)

	2020-2021	2019-2020
Revenue from operations	15922	15991
Other Income	207	331
Total Income	16129	16322
Profit before tax	1700	1399
Provision for tax	451	4
Profit after tax	1249	1395

The revenue from operations of the Company for the 2020-2021 stood at ₹ 15922 crores against 15991 crores for the previous year ended 31st March 2020. During the year ended 31st March 2021, the Earnings Before Interest and Depreciation (EBIDTA) stood at ₹ 3102 crores as against ₹ 2654 crores in the previous year ended 31st March, 2020. After providing for Depreciation and Interest, the Profit Before Tax for the year ended 31st March 2021 is ₹1700 crores as compared to ₹ 1399 crores in the previous year ended 31st March 2020. After making provision for Income Tax, the net profit for the year ended 31st March 2021 is ₹1249 crores as against ₹ 1395 crores in the previous year ended 31st March 2020.

Key Financial Ratios

There is no significant change (i.e. 25% or more) in key financial ratios viz. Debtors Turnover, Inventory Turnover, Current Ratio, debt equity ratio and Net Profit Margin (%) except for Interest coverage ratio which increased from 10.62% to 14.06% and Operating Profit Margin from 8.40% to 11.04%.

During the year, the Interest coverage ratio increased from 10.62% to 14.06% due to increase in EBITDA and due to slight reduction in interest expenses during the year. The Operating profit margin of the Company increased from 8.40% to 11.04% mainly due to decrease in raw material consumption and reduction in other expenses.

The Return on Net Worth decreased during the year from 12.23% to 9.66% when compared to the previous year. This is due to the reversal of deferred tax last year and hence the tax expenses were lower and this has resulted in higher total comprehensive Income which resulted in high return on net worth last year.

Awards and Accolades

During the Financial year, your Company has been awarded the “Highest Export Award 2019-2020” by the All India Rubber Industries Association (AIRIA).

Opportunities and Threats

Forecast of a normal monsoon for the third year in a row will be a positive for the rural sector and the economy as a whole. There was significant growth in Exports of Agricultural and Allied sectors in financial year 2021 on account of a good monsoon and high global commodity prices. Indications are that India will see another year of good agricultural exports. The higher income levels should help sustain demand from the rural sector. On the flip side, if in the first Covid wave, rural demand was a countervailing factor to the urban lockdowns, the second wave is seen as penetrating rural India and could be a dampener on rural demand.

RBIs analysis of the state of the economy in May, 2021 observes that the “biggest toll of the second wave is in terms of a demand shock” while the aggregate supply is less impacted.

Higher inflation that is now visible in India may spur RBI to increase interest rates which might curb demand. In fact, higher inflation is now visible in many countries, including the United States of America. Any move, real or perceived, by the US Federal Reserve to tighten money supply can cause an outflow of Funds from emerging markets, which can roil domestic financial markets and the stability of the Rupee.

Tyre industry is likely to see cost increases in the first quarter of 2021-2022 as well which can affect operating margins.

Outlook

The prospects for the automobile industry has been impacted by the Covid second wave, just when things started looking better. As per FADA, Vehicle registrations have declined by 28% in April, 2021. Factory shutdowns have been extended. The impact in rural areas also is seen to be more in the second wave, affecting in particular Two Wheeler demand. Component shortages including key components like semi conductors will also impact in the near term. Recovery of the sector is linked to containment of the Virus spread and progress of Vaccination. However, pent up demand might come to the aid of the Industry from second quarter like in the last year, particularly in the passenger segment which currently is sitting on order backlogs. Government unveiled the Voluntary Vehicle Scrapping Policy in March, 2020 which is aimed at creating an eco system for scrapping old vehicles, reducing the population of old polluting vehicles and formalizing the vehicle scrapping industry. This could potentially provide a big boost to the automobile industry in the long term. But in the near term, besides growth of the economy, the fortunes of the automobile industry is linked to a rise in employment and income levels, considering that entry level models have suffered cost increase.

However, in view of the second wave of Covid 19 and the subsequent lockdowns imposed by various State Governments in the first quarter of financial year 2021-2022, the business is expected to be affected in the short term.

Internal Control Systems and their Adequacy

Your Company has established internal control systems commensurate with the size and nature of business. It has put in place systems and controls across the Company covering various financial and operational functions. Company through its own Internal Audit Department carries out periodical audits at various locations and functions based on the audit plan as approved by the Audit Committee. Some of the salient features of the Internal control systems are:-

(i) An integrated ERP system connecting all plants, sales offices, head office, etc.

(ii) Systems and procedures are periodically reviewed to keep pace with the growing size and complexity of company's operations.

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

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

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

Risks and Concerns

The key risks in financial year 2021-2022 are the uncertainties arising out of the Covid pandemic.

The issues posed by the Second wave of Covid pandemic will result in the automobile industry remaining in slow lane in financial year 2021-2022. The slowdown in growth will pose a challenge to the Company's performance.

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

Challenges faced with regard to availability of raw materials because of Covid-19 continue to remain. Moreover, continued volatility in raw material prices will pose difficulties for the Company.

Human Resources

Your Company is a value driven organization and the Company has a rich organizational culture rooted in its core values of respect for people and belief in empowerment.

The core value underlying our corporate philosophy is "trusteeship" and "proprietary interest". In dealing with each other, the values which are at the core of our HR Philosophy - trust, teamwork, mutuality and collaboration, objectivity, self-respect and human dignity are upheld. The management is committed to the development and growth of its people and the core focus is on Human Resources for its continued success. We owe our success and dominance in the market to the dedication and hard work of our employees who have overcome all challenges to meet the daunting challenges of the market and the ever increasing quality expectations, customer taste and preferences of the customers across the length and breadth of the country as well as in overseas market.

As Covid-19 has brought several economies to a standstill, we are together combating the unprecedented challenges of Covid-19. Special task force, under guidance of management, has worked out a detailed Standard Operating Procedure (SOP) for safe work place and extending care for employees' family, people and community.

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

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

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

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

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

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

The total employee strength as on 31st March, 2021 was 18180.

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

Cautionary Statement

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

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Governance

As always, your Company's continue to remain committed to adhering to good corporate governance practices by maintaining the highest levels of fairness, transparency, accountability, ethics and values in all facets of its operations and in all its interactions with its stakeholders.

Your Company's Corporate Governance framework is all about maintaining valuable relationship and trust with all stakeholders. We ensure that timely and accurate disclosure on all material matters including the financial situation, performance and regulatory requirements, leadership and governance of the company are shared with all the stakeholders. It encourages cooperation between the Company and the stakeholders for better participation in the Corporate Governance processes.

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

2. Board of Directors

(a) Composition of the Board

The Board comprises of 14 Directors which includes a Chairman & Managing Director, a Vice Chairman and Managing Director, a Managing Director, 2 Whole-time Directors, 2 Non-Executive Directors and 7 Independent Directors. None of the Directors on the Board is a member of more than 10 committees or act as Chairman of more than 5 committees across all listed Companies and unlisted public limited Companies in which he/ she is a Director.

(b) Attendance of Directors at Board Meetings during the financial year ended 31.03.2021 and at the last Annual General Meeting, outside directorships and board committee memberships and number of shares held as on 31.03.2021:

Name	Composition and Category	No. of Directorships in other Public Ltd. Companies	No. of Board Meetings attended during the financial year ended 31.03.2021	Names of the other listed entities where the person is a director and the category of directorship	No. of Committee Memberships in other Public Limited Companies	Attended last AGM held on 24.09.2020	No. of Shares held
Mr. K M Mammen Chairman & Managing Director	Promoter Executive Director	4	4	Nil	Nil	Yes	16048
Mr. Arun Mammen Vice Chairman and Managing Director	Promoter Executive Director	3	4	Nil	1 –Chairman	Yes	27560
Mr. Rahul Mammen Mappillai Managing Director	Promoter Executive Director	Nil	4	Nil	Nil	Yes	4538
Mr. Samir Thariyan Mappillai Whole-time Director	Promoter Executive Director	Nil	4	Nil	Nil	Yes	4470

Name	Composition and Category	No. of Directorships in other Public Ltd. Companies	No. of Board Meetings attended during the financial year ended 31.03.2021	Names of the other listed entities where the person is a director and the category of directorship	No. of Committee Memberships in other Public Limited Companies	Attended last AGM held on 24.09.2020	No. of Shares held
Mr. Varun Mammen Whole-time Director	Promoter Executive Director	Nil	4	Nil	Nil	Yes	8706
Mr. Ashok Jacob	Independent Director	Nil	4	Nil	Nil	Yes	1856
Mr. V Sridhar	Independent Director	Nil	4	Nil	Nil	Yes	Nil
Mr. Vijay R Kirloskar	Independent Director	3	2	i. Kirloskar Electric Company Limited - Executive Chairman ii. BATLIBOI Limited - Non-Executive - Independent Director	1	Yes	355
Mr. Ranjit I Jesudasen	Independent Director	Nil	4	Nil	Nil	Yes	Nil
Dr. Salim Joseph Thomas	Independent Director	Nil	4	Nil	Nil	Yes	Nil
Mr. Jacob Kurian	Independent Director	Nil	4	Nil	Nil	Yes	129
Dr. (Mrs.) Cibi Mammen	Promoter Non- Executive Director	2	4	Nil	Nil	Yes	500
Mrs. Ambika Mammen	Promoter Non- Executive Director	2	4	Nil	Nil	Yes	2489
Mrs. Vimla Abraham	Independent Director	Nil	4	Nil	Nil	Yes	Nil

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

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

(c) Dates of Board meetings

During the financial year ended 31st March, 2021, four Board Meetings were held on 29.06.2020, 14.08.2020, 06.11.2020 and 11.02.2021.

(d) Information placed before the Board

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

(e) Familiarization Programme

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

3. Audit Committee

(i) Reference

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

(ii) Composition

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

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

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

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

(iii) Meetings and Attendance

During the financial year ended 31st March, 2021, the Audit Committee met on the following dates: 29.06.2020, 14.08.2020, 06.11.2020 and 11.02.2021. All the members of the Committee were present for all the meetings.

4. Nomination and Remuneration Committee

(i) Reference

In accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, the terms of reference of the Committee include the following namely formulation of criteria for determining qualifications, positive attributes and independence of director, recommending to the Board a policy relating to remuneration of directors, key managerial personnel and other employees, formulation of criteria for evaluation of directors performance, devising a policy on Board diversity, identifying persons who are qualified to become directors and who may be appointed in senior management positions in accordance with the criteria laid down and recommend to the Board their appointment and removal and also recommend to the Board remuneration payable to Senior Management.

(ii) Composition

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

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

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

(iii) Meetings and Attendance

During the financial year ended 31st March, 2021, the Committee met on 29.06.2020. All the members of the Committee were present for the meeting.

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

Candidates for the position of a Director shall be a person of integrity and possess requisite education, experience and capability to make a significant contribution to the deliberations of the Board of Directors. Apart from the above, the Board candidate should be of the highest moral and ethical character. The candidate must exhibit independence, objectivity and be capable of serving as a representative of the stakeholder. The candidate should have the personal qualities to be able to make an active contribution to Board deliberations. These qualities include intelligence, inter-personal skills, independence, communication skills and commitment. The Board candidate should not have any subsisting relationships with any organization which is a competitor to the Company. The Board candidate should be able to develop a good working relationship with other Board members. This apart, the Directors must satisfy the qualification requirements laid down under the Companies Act, 2013, the Listing Regulations and any other applicable law and in case of Independent Directors, the criteria of independence as laid down in those laws.

6. Performance evaluation of Independent Directors

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

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

7. Remuneration of Directors

a. Remuneration Policy:

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

The Policy provides as follows:

(i) Non-Executive Directors:

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

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

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

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

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

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

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

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

(iv) Directors and Officers Insurance:

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

b. Details of Remuneration to all the Directors for the financial year ended 31.03.2021

(i) The aggregate value of salary and perquisites and commission paid to the Chairman and Managing Director/Vice Chairman and Managing Director/

Managing Director and Whole-time Directors for the financial year ended 31.03.2021 are as follows:

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

(a) Mr. K M Mammen (b) Chairman & Managing Director (c) 172163560 (d) 116325000 (e) 288488560 (a) Mr Arun Mammen (b) Vice Chairman and Managing Director (c) 124813891(d) 108027000 (e) 232840891 (a) Mr Rahul Mammen Mappillai (b) Managing Director (c) 108277279 (d) 94370400 (e) 202647679 (a) Mr Samir Thariyan Mappillai (b) Whole-time Director (c)30278779 (d) 18000000 (e) 48278779 (a) Mr Varun Mammen (b) Whole-time Director (c) 30396455(d) 18000000 (e) 48396455.

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

(ii) The sitting fees paid for the financial year ended 31.03.2021 to Non-Executive Directors are as follows:

(a) Name (b) Sitting fees (₹)

(a) Mr Ashok Jacob (b)100000; (a) Mr V Sridhar (b) 200000; (a) Mr Vijay R Kirloskar (b) 50000; (a) Mr Ranjit I Jesudasen (b) 240000; (a) Dr. Salim Joseph Thomas (b) 100000; (a) Mr Jacob Kurian (b) 190000; (a) Dr. (Mrs) Cibi Mammen (b) 100000; (a) Mrs Ambika Mammen (b) 100000; (a) Mrs Vimla Abraham (b) 100000.

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

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

As required under the Listing Regulations, the Company has taken a Directors and Officers Liability Insurance (D&O) on behalf of all Directors including Independent Directors of the Company.

8. Stakeholders' Relationship Committee

(i) Reference

The Committee looks into redressal of grievances of the investors namely shareholders and other security holders. The Committee deals with grievances pertaining to non-receipt of annual report, non-receipt of dividend, dematerialisation/ rematerialisation of shares, complaint letters received from Stock Exchanges, SEBI, etc. The Board of Directors has delegated the power of approving transmission of shares.

(ii) Composition

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

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

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

(iii) Meeting and Attendance

During the financial year ended 31st March, 2021, the Stakeholders' Relationship Committee met on 14.08.2020. All the members of the Committee were present for the meeting. 8 investor complaints were received during the financial year ended 31.03.2021. All the complaints were redressed and no complaints were pending at the year end.

9. Risk Management Committee

In compliance with Regulation 21 of the Listing Regulations, the Company constituted a Risk Management Committee. As on 31.03.2021, the Committee comprised of three Directors and two senior executives who are as follows:

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

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

The Committee met on 29.03.2021. All the members of the Committee were present for the meeting.

10. General Body Meetings

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

AGM for the Year	Date	Time	Venue
2017-2018	09-08-2018	11.00 A.M	TTK Auditorium, 'The Music Academy' No.168, TTK Road, Chennai - 600 014
2018-2019	09-08-2019	11.00 A.M	TTK Auditorium, 'The Music Academy' No.168, TTK Road, Chennai - 600 014
2019-2020	24-09- 2020	11.00 A.M	Through Video Conferencing ("VC") /Other Audio Visual Means ("OAVM")

b. Details of Special resolution passed during the last 3 Annual General Meetings:

Date of AGM	Particulars of Special Resolution passed
09-08-2018	Approval for issue of Secured/Unsecured Non-Convertible Debentures for an amount not exceeding ₹ 500 Crores on a private placement basis.
09-08-2019	(i) Re-appointment of Mr. Vijay R Kirloskar as an Independent Director for 2nd term of 5 consecutive years. (ii) Re-appointment of Mr. V Sridhar as an Independent Director for 2nd term of 5 consecutive years. (iii) Re-appointment of Mr. Ranjit I Jesudasen as an Independent Director for 2nd term of 5 consecutive years. (iv) Re-appointment of Dr. Salim Joseph Thomas as an Independent Director for 2nd term of 5 consecutive years. (v) Re-appointment of Mr. Jacob Kurian as an Independent Director for 2nd term of 5 consecutive years. (vi) Re-appointment of Mr. Ashok Jacob as an Independent Director for 2nd term of 5 consecutive years.
24-09- 2020	Nil

c. No Postal Ballot was conducted during the year.

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

11. Means of Communication

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

12. Dividend Distribution Policy

Pursuant to Regulation 43A of the Listing Regulations, the Company is required to formulate a dividend distribution policy. In view of the proposal to declare special dividend as elaborated in Board's Report, the dividend distribution policy has been recently amended to enable the Board/Shareholders to pay/ declare such special dividend in special circumstances. The Policy is available on the website of the Company https://www.mrftyres.com/downloads/download.php?filename=Dividend-Distribution-Policy.pdf.

13. General Shareholder Information

a) Annual General Meeting:

Date and Time : Thursday, 12th August,2021 at 11 a.m.

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

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

c) Dividend payment date:

Interim Dividend : 01.12.2020

₹ 3 per share (30%)

II Interim Dividend : 03.03.2021

₹ 3 per share (30%)

Final Dividend : 02.09.2021, ₹ 94/- per share (940%)

Special Dividend : 02.09.2021, ₹ 50/- per share (500%),

(Both final and special dividends are subject to approval of shareholders)

d) Listing on Stock Exchanges:

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

   Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street,

   Mumbai 400 001.

Equity ISIN : INE883A01011

Listing fees upto the year ending 31st March, 2022 have been paid to the above mentioned Stock Exchanges.

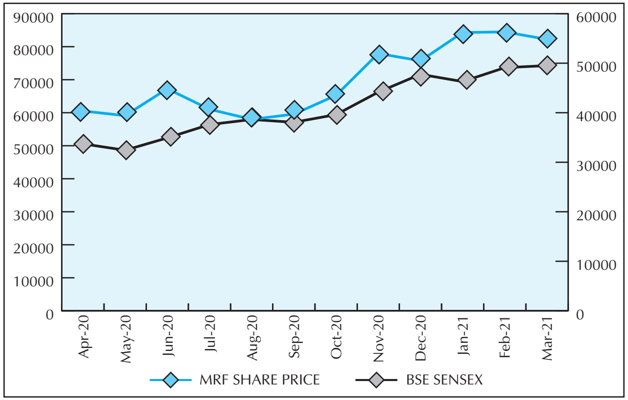
e) Stock Code

Bombay Stock Exchange	Code	500290
National Stock Exchange	Symbol	MRF

f) Market Price Data

Month	Bombay Stock Exchange [BSE]			National Stock Exchange [NSE]		
	High (₹)	Low (₹)	No. of Shares	High (₹)	Low (₹)	No. of Shares
Apr-2020	62200.00	54509.95	9501	62340.00	54500.00	269699
May-2020	60100.00	56200.80	6507	60200.00	56150.00	153223
Jun-2020	67565.15	59500.00	10246	67725.00	59365.60	258384
Jul-2020	67538.90	60685.00	13943	67550.00	60602.00	278342
Aug-2020	64568.70	57512.20	17123	64600.00	57520.05	428794
Sep-2020	59964.85	55360.35	21369	60001.00	55300.00	330712
Oct-2020	69608.75	57887.85	23720	69608.45	57860.05	525043
Nov-2020	81000.00	64837.40	41894	81249.40	64760.05	1151484
Dec-2020	80000.00	73756.25	20581	80102.35	73777.75	544252
Jan-2021	96456.30	75629.15	48101	96479.70	75550.00	1019908
Feb-2021	98575.90	83786.00	62636	98599.95	83803.55	1131786
Mar-2021	90774.00	80638.10	30911	90801.00	80605.80	591147

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



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

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

In-house Investor relations department provides various services viz., dematerialisation and rematerialisation of shares, share transmissions, disbursement of dividend, unclaimed shares, IEPF, issue of duplicate share certificates, dissemination of information etc. Members are therefore requested to communicate on matters pertaining to physical shares to Secretarial Department, MRF Limited, No. 114, Greams Road, Chennai 600 006.

i) Share Transfer System

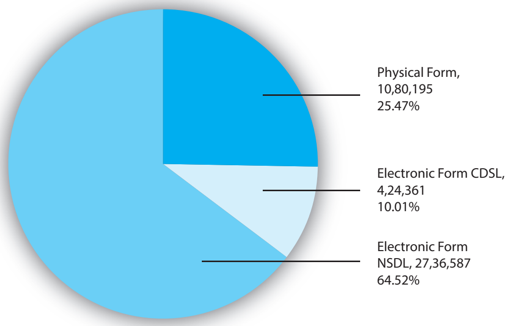
SEBI has mandated that, effective from 1st April, 2019, no share can be transferred in physical mode. Moreover, SEBI has also mandated that resubmitted cases shall not be accepted / taken up for transfer after 31st March, 2021. Dematerialisation requests received by the Company are normally processed within 10 days of its receipt.

j) Distribution of shareholding: (as at 31.03.2021)

Shareholding	No. of Shareholders	%	No. of Shares	%
Upto 500	50169	99.09	629266	14.84
501 - 1000	162	0.32	114243	2.69
1001 - 2000	111	0.22	163886	3.86
2001 - 3000	48	0.10	120534	2.84
3001 - 4000	19	0.04	68207	1.61
4001 - 5000	20	0.04	93365	2.20
5001 - 10000	43	0.08	296266	6.99
10001 and above	58	0.11	2755376	64.97
TOTAL	**50630**	**100.00**	**4241143**	**100.00**

k) Dematerialization of Shares and Liquidity

74.53% of total equity capital is held in dematerialized form with NSDL and CDSL as on 31st March, 2021. All requests for dematerialization of shares were processed within the stipulated time period and no share certificates were pending for dematerialization. Trading in equity shares of the Company is permitted only in dematerialized form as per prevailing law.



l) Outstanding GDR/Warrants/any other convertible instruments

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

m) Debenture Trustee: Axis Trustee Services Limited
The Ruby, 2nd Floor, (SW),
29, Senapati Bapat Marg, Dadar West
Mumbai - 400 028

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

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

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

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

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

A) Total exposure of the Company to commodities in INR: ₹ 3380.13 Crores

B) Exposure of the Company to various commodities:

Commodity Name	Exposure in INR towards the particular commodity	Exposure in Quantity terms towards the particular commodity	% of such exposure hedged through commodity derivatives				
			Domestic market		International market		Total
			OTC	Exchange	OTC	Exchange	
Natural Rubber	₹ 3380.13 Crores	236074 MT	NIL	NIL	NIL	NIL	NIL

iii) Foreign Currency Risks:

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

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

i. Number of complaints filed during the financial year: Nil

ii. Number of complaints disposed of during the financial year: Nil

iii. Number of complaints pending as on end of the financial year: Nil

p) Plant Locations

1. Tiruvottiyur — Tiruvottiyur, Chennai, Tamil Nadu.
2. Kottayam — Vadavathoor, Kottayam, Kerala.
3. Goa — Usgao, Ponda, Goa.
4. Arkonam — Ichiputhur, Arkonam, Tamil Nadu.
5. Medak — Sadasivapet, Sangareddy, Telangana.
6. Puducherry — Eripakkam Village, Nettapakkam Commune, Puducherry.
7. Ankenpally — Sadasivapet, Sangareddy, Telangana.
8. Perambalur — Naranamangalam Village & Post, Alathur Taluk, Perambalur District (near Trichy), Tamil Nadu.
9. Dahej — Plot No. D-II-16, Dahej Industrial Area, Galenda Village, Taluka - Vagara, Dist. Bharuch, Gujarat

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

14. Other Disclosures

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

The details of related party transactions during the financial year ended 31st March, 2021 are given in note 27d of the financial statements.

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

(b) The Company has complied with the requirements of the Stock Exchanges/SEBI and statutory authority on all matters related to capital markets during the last three years. No penalties, strictures were imposed on the Company by the Stock Exchange/SEBI or any other statutory authority in respect of the same.

(c) The Company has established a vigil mechanism pursuant to the requirements of Section 177(9) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations. No personnel have been denied access to the chairman of the Audit Committee to report genuine concerns. Establishment of vigil mechanism is hosted on the website of the Company under the web link: https://www.mrftyres.com/downloads/download.php?filename=Vigil-Mechanism.pdf.

(d) The Company has complied with the mandatory requirements of Corporate Governance prescribed in Schedule II, Part A to D of the Listing Regulations.

(e) The Company has complied with all the applicable mandatory requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

(f) The Board has laid down a Code of Conduct for all Directors and senior management staff of the Company. The code suitably incorporates for the Independent Directors their duties as Independent Directors as laid down in Schedule IV of the Companies Act, 2013. The code of conduct is available on the website: www.mrftyres.com. All Directors and members of the senior management have affirmed their compliance with the code of conduct.

Your Company has also adopted a Code of Conduct to regulate, monitor and report trading by Designated persons and their Immediate Relatives as per SEBI (Prohibition of Insider Trading) Regulations, 2015. All Directors and designated persons who could have access to unpublished price sensitive information of the Company are governed by the Code. An annual disclosure was taken from the Directors and designated persons, as at the end of the year.

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

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

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

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

(i) As required under the SEBI (Listing Obligations & Disclosures) Regulations, 2015, the Board of Directors have identified the following core skills / expertise / competencies as required in the context of its business and sector for it to function effectively.

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

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

Name of the Director	**General Business / Industry awareness**	**Functional knowledge / General Management / Administration**	**Communication and Collaborative approach**
Mr. K M Mammen	✓	✓	✓
Mr. Arun Mammen	✓	✓	✓
Mr. Rahul Mammen Mappillai	✓	✓	✓
Mr Samir Thariyan Mappillai	✓	✓	✓
Mr. Varun Mammen	✓	✓	✓
Mr. Ashok Jacob	✓	✓	✓
Mr. V Sridhar	✓	✓	✓
Mr. Vijay R Kirloskar	✓	✓	✓
Mr. Ranjit I Jesudasen	✓	✓	✓
Dr. Salim Joseph Thomas	✓	✓	✓
Mr. Jacob Kurian	✓	✓	✓
Dr. (Mrs) Cibi Mammen	✓	✓	✓
Mrs. Ambika Mammen	✓	✓	✓
Mrs. Vimla Abraham	✓	✓	✓

(j) A Certificate has been received from Mr K Elangovan, Elangovan Associates, Company Secretaries, Chennai, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such Statutory Authority.

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

(l) Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the Statutory Auditors for the financial year ended 31st March, 2021 is ₹ 1.10 crores.

(m) List of Credit ratings obtained by the Company: The Ratings given by CARE Ratings Limited for Long term Bank Facilities (Working Capital - Fund Based) to the extent of ₹ 1700 crores and Short term Bank Facilities (Bank Guarantee/Letter of Comfort - Non Fund Based) to the extent of ₹ 1000 crores of the Company are CARE AAA; Stable [Triple A; Outlook :Stable] and CARE A1+ [A One Plus], respectively.

CARE Ratings Limited has also given CARE AAA; Stable / CARE A1+ [Triple A; Outlook: Stable / A One Plus] for Fund Based/Non- Fund Based - Long term Bank Facilities/ Short term Bank Facilities, to the extent of ₹ 1000 crores.

For the Non-Convertible debentures (NCD) of ₹ 180 crores, CARE Ratings Limited has given a rating of CARE AAA Stable [Triple A Outlook: Stable] and ICRA Limited has given a rating of [ICRA] AAA [Stable] and for the proposed NCD issue of ₹ 100 crores, ICRA Limited has given a rating of [ICRA] AAA [Stable].

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

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

(o) There was no instance during the financial year 2020-2021, where the Board of Directors has not accepted the recommendation of any committee of the Board which it was mandatorily required to accept.

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

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

a. Maintaining Non-Executive Chairman's Office:

Not Applicable as the Chairman is an Executive Director.

b. Shareholder Rights:

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

c. Audit Qualification:

There are no qualifications in the Auditors' Report on the accounts for the financial year ended 31.03.2021.

d. The internal audit head presents the internal audit observations to the Audit Committee.

16. CEO / CFO Certification

Mr. Rahul Mammen Mappillai, Managing Director and Mr. Madhu P Nainan, Vice President Finance, have certified to the Board regarding the financial statements for the financial year ended 31st March, 2021 in accordance with Regulation 17(8) of Listing Regulations.

17. Equity shares in MRF - Unclaimed Suspense Account

As required by the provisions of Regulation 39 (4) read with Schedule V (F) of Listing Regulations, the Company has transferred the unclaimed shares lying in possession of the Company to MRF – Unclaimed Suspense Account. The status of unclaimed shares lying in MRF - Unclaimed Suspense Account as on 31.03.2021 are as under:

Particulars	Number of Members	Number of Shares
Aggregate number of shareholders and the outstanding shares lying in the suspense account at the beginning of the financial year.	260	6701
Number of shareholders who approached the Company for transfer of the shares from suspense account during the FY 2020-21	13	248
Shareholders to whom shares were transferred from the suspense account during the year	13	248
Shares transferred to Investor Education and Protection Fund Authority as required by Section 124 (6) of the Companies Act, 2013 read with rules thereunder.	17	476
Aggregate number of shareholders and the outstanding shares lying in the suspense account as on 31.03.2021	230	5977

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

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

Pursuant to the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter referred to as "IEPF Rules"), dividends that are unpaid or unclaimed for a period of seven (7) years from the date of their transfer are required to be transferred by the Company to the IEPF, administered by the Central

Government. Further, according to the said IEPF Rules, shares in respect of which dividend has not been claimed by the shareholders for 7 (seven) consecutive years or more shall also be transferred to the demat account of the IEPF Authority.

During the financial year 2020-2021 the Company has transferred to IEPF, the following unclaimed dividends and corresponding shares thereto:

Particulars	**Amount of Dividend (in ₹)**	**Number of Shares**
Final dividend for the year ended 30.09.2012	1539095	582
1st Interim Dividend for the year ended 30.09.2013	238110	363
2nd Interim Dividend for the year ended 30.09.2013	245307	613
Final dividend for the year ended 30.09.2013	1812984	128

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

19. Declaration

As required by Para D of Schedule V to the Listing Regulations, it is hereby confirmed and declared that all the members of the Board and senior management have affirmed compliance with the Code of Conduct of the Company for the financial year ended 31st March, 2021.

On behalf of the Board of Directors

Place: Chennai
Date: 7th June, 2021

K M MAMMEN
Chairman & Managing Director

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF MRF LIMITED

1. We, SCA AND ASSOCIATES & MAHESH, VIRENDER & SRIRAM, Chartered Accountants, the Statutory Auditors of MRF LIMITED ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended 31 March, 2021, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and Paras C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

MANAGEMENT'S RESPONSIBILITY

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

AUDITORS' RESPONSIBILITY

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

OPINION

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and Paras C and D of Schedule V of the Listing Regulations during the year ended 31 March, 2021.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

Shivratan Agarwal
Partner
Mem. No. 104180
UDIN: 21104180AAAAHR6702

Place : Mumbai
Date : 07th June, 2021

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

B R Mahesh
Partner
Mem. No. 18628
UDIN: 21018628AAAAFN2633

Place : Hyderabad
Date : 07th June, 2021

BUSINESS RESPONSIBILITY REPORT (BRR)

Section A: General information about the Company

1.	Corporate Identity Number (CIN)	L25111TN1960PLC004306
2.	Name of the Company	MRF LIMITED
3.	Registered address	114, Greams Road, Chennai 600006
4.	Website	www.mrftyres.com
5.	E-mail Id	mrfshare@mrfmail.com
6.	Financial year reported	1st April, 2020 to 31st March, 2021
7.	Your Company is engaged in (industrial activity code-wise)	
	Group*	Description
	221	Manufacture and sale of Automotive tyres, Tubes, Flaps etc.

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

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

   Automotive tyres, tubes, flaps etc.

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

   i. Number of International Locations – 3

   ii. Number of National Locations – 181

10. Markets served by your Company:

Local	State	National	International
✓	✓	✓	✓

Section B: Financial details of the Company

1. Paid up Capital : ₹ 4,24,11,430
2. Total Turnover (Revenue from operations) : ₹ 15921 crores.
3. Total profit after taxes : ₹ 1249 crores.
4. Total spending on corporate social responsibility (CSR) as percentage of profit after tax (PAT) (%): Your Company's total spending on CSR for the financial year April 2020 to March 2021 is ₹ 30.44 crores. The sum of ₹ 30.44 crores constitutes 2.44% of profit after tax for the year ended 31st March 2021. In addition to the above, the Company has during the year, transferred a sum of ₹ 59.77 towards shortfall in spending in earlier years.
5. Some of the areas for which expenditure in 4 above has been incurred: Sports Training, developing vocational skills, enhancement of livelihood, provide safe drinking water, disaster management, healthcare, promotion of education and rural development projects.

Section C: Other details

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

Section D: Business Responsibility Information

1. Details of Director/Directors responsible for BR

   a. Details of the Directors responsible for implementation of the BR policy

      a) Mr. K M Mammen (DIN : 00020202), Chairman & Managing Director, Tel. No. : +91 44 28292777, E-mail Id : mrfshare@mrfmail.com

      b) Mr. Arun Mammen (DIN : 00018558), Vice Chairman and Managing Director, Tel. No. : +91 44 28292777, E-mail Id : mrfshare@mrfmail.com

   b. Details of the BR head

      Same as above.

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

MRF has always adhered to good business practices in all facets of its operations. The Company adopts sound corporate governance processes and procedures. The Company has been an ISO certified organization for several years. All the manufacturing locations of MRF are certified for ISO 14000, OSHAS, ISO 9000 Certification, Quality Management System (TS16949) by TUV –Nord (certifying body) and AS9100D Aerospace certification for Medak and Arakonam plants.

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

(a) Details of compliance (Reply in Y/N)

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

Notes:

a. P1 - Ethics etc., P2 - Product Responsibility, P3 - Employee Wellbeing, P4 - Stakeholder Engagement, P5 - Human Rights, P6 - Environment, P7 - Public Policy, P8 - CSR, P9 - Customer Relations.

b. The policies have been formulated taking into consideration statutory requirements (which are modelled based on national and international conventions/standards) and applicable standards of ISO 9001, ISO 14001, OHSAS 18001.

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

3. Governance related to BR

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

The Board of Directors of the Company, annually reviews the various initiatives forming part of the BR performance of the Company. The CSR Committee reviews the implementation of the projects/ programmes/activities once in about 6 months.

The Chairman & Managing Director and the Vice Chairman & Managing Director deliberate on issues relating to the BR when the respective functional review is done (1-6 months).

- Does the Company publish a BR or a Sustainability Report?

  What is the hyperlink for viewing this report? How frequently it is published?

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

Section E: (Principle-wise Performance)

Principle 1

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

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

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

   During the financial year 2020-2021, 8 complaints were received from the shareholders, which have been attended to. The complaints are in the nature of non-receipt of dividends, share transmissions, demat requests etc. The Stakeholders' Relationship Committee at its meeting reviews the complaints and the status of their resolution.

Principle 2

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

   a) Your Company has adopted sustainability as our main goal and protecting the environment is key to meet the goal. To meet the emission norms under R117 and AIS 142, we have developed several low RR tyres which were approved by Indian and global passenger car OEMs.

   b) To improve sustainability of tyre manufacturing, MRF is working on a multipronged strategy, which includes tyres which can meet the low carbon footprint (low RR tyres). To further improve environmental friendly nature of our products, we made some changes in the raw material mix for two wheeler and passenger car tyres.

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

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

   Your Company believes in sustainable sourcing and most of our raw material suppliers have minimum ISO 9001 certification and around 97% of our manufactured raw materials are sourced from suppliers who have ISO 14001. Our vendors are committed to MRF Supplier Code of Conduct and Green procurement policy guidelines. We along with our supply chain, focus our activities to improve performance of our products and services including transportation which are environment friendly.

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

Your Company has developed some local vendors for execution of activities like servicing and maintenance of machines, mould repair, engineering correction jobs, etc and supplies of materials which are required in the operations (other than Raw materials)

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

   Cured Tube scrap is sent for recycling. Work-in-progress (WIP) compounds not meeting dimensional requirements are reworked with parent compound. Dust collector black and chemicals are used in non critical products. As regards rejected finished goods, Company sells scrap to authorised recyclers who converts them to usable materials (scrap fabric, trimmings, waste oil etc.).

Principle 3

1. Please indicate the total number of employees: 18180 permanent employees.
2. Please indicate the total number of employees hired on temporary/contractual/casual basis: 12551
3. Please indicate the number of permanent women employees: 42
4. Please indicate the number of permanent employees with disabilities: 48
5. Do you have an employee association that is recognized by management: Yes
6. What percentage of your permanent employees is members of this recognized employee association? 100% of workmen are members of Unions. 83.16% of the unionised employees are members of recognized unions.
7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

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

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year? (a) Permanent Employees – 57.5%; (b) Permanent Women Employees – 14.37%; (c) Casual/Temporary/Contractual Employees – 45.3%; (d) Employees with Disabilities – 42%.

Principle 4

1. Has the Company mapped its internal and external stakeholders?

   Yes

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

   The MRF Institute of Drivers development (MIDD), a pioneering institute providing driver training to Light and Heavy commercial vehicles has a track record of 3 decades. Right from its inception, the institute epitomized a mission far nobler than merely training drivers. The objective was of moulding rural youngsters who were deprived of opportunities, into competent and cultured professionals, contributing immensely to the road transport industry and the society at large. The institute has turned out 69 drivers during the year 2020-21, including 21 drivers who have done a refresher course. Immediately after training, placement assistance is provided for all needy drivers, with reputed transporters and fleet operators.

Principle 5

1. Does the policy of the Company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

   While the Company's human resource policies are intended to ensure adherence with applicable labour laws governing work place practices, contractual obligations are also stipulated in engagements with suppliers and contractors on compliance with applicable regulations.

2. How many stakeholder complaints have been received in the past financial year and what per cent was satisfactorily resolved by the management? Nil

Principle 6

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

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

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

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

3. Does the Company identify and assess potential environmental risks?

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

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

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

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

   Yes. Evaluating proposals for usage of solar energy, clean fuel usage for boilers and steps being taken for replacing steam curing media with alternate media are under consideration.

   Details of the initiatives taken are detailed in Annexure I to the Board's Report. The Annual Report is uploaded on the website of the Company – www.mrftyres.com/financial results.

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

   The Emissions/Waste generated by the company are within the permissible limits given by CPCB/SPCB. The reports are submitted periodically to the respective State PCBs. The same is being reviewed and verified during internal audits and external audits.

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

Principle 7

1. Is your Company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:

   (a) Automotive Tyre Manufacturers Association

(b) Confederation of Indian Industry

(c) Federation of Indian Chambers of Commerce and Industry

(d) The Madras Chamber of Commerce and Industry

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

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

Principle 8

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.

   The Company has constituted a Corporate Social Responsibility Committee. Based on the CSR Committee's recommendation, the Board has approved a CSR policy. Details of the policy and the programmes undertaken are given in the CSR Report. (Annexure II to the Board's Report).

2. Are the programmes/projects undertaken through in-house team/ own foundation/external NGO/government structures/any other organization?

   In-house team / Own Foundation/external NGO / government structures.

3. Have you done any impact assessment of your initiative? The CSR Committee reviews the implementation of the projects undertaken. Reports are sought from the implementing agencies to understand the impact of the initiatives. Likewise in case of in house projects, the same is reviewed and monitored.

4. What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken.

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

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

   The Company's CSR projects have been primarily focused on Sports Training, developing vocational skills, enhancement of livelihood, provide safe drinking water, disaster management, healthcare, promotion of education, and rural development projects. The project proponents interact with the implementing agency concerned to promote the adoption by the community concerned, wherever necessary.

Principle 9

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

   0.79% of customer complaints are pending as at the end of the financial year.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/N.A./Remarks (additional information) –

   No/NA as only passenger, some select motorcycle tyres and tubes carry labels.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.-

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

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

   Yes

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MRF LIMITED

1. Opinion

We have audited the Separate financial statements (also known as Standalone Financial Statements) of MRF Limited ("the Company"), which comprise the Balance Sheet as at 31st March 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	We have examined the key controls over the process involving member data, formulation of assumptions and the financial reporting process in arriving at the provision for retirement benefits. We tested the controls for determining the actuarial assumptions and the approval of those assumptions by senior management. We found these key controls were designed, implemented and operated effectively, and therefore determined that we could place reliance on these key controls for the purposes of our audit. We tested the employee data used in calculating the obligation and where material, we also considered the treatment of curtailments, settlements, past service costs, remeasurements, benefits paid, and any other amendments made to obligations during the year. From the evidence obtained, we found the data and assumptions used by management in the actuarial valuations for retirement benefit obligations to be appropriate.

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

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	For MAHESH, VIRENDER & SRIRAM
Chartered Accountants	Chartered Accountants
Firm Reg.No.101174W	Firm Reg.No.001939S
Shivratan Agarwal	B R Mahesh
Partner	Partner
Mem.No.104180	Mem.No.18628
UDIN: 21104180AAAAHP2000	UDIN: 21018628AAAAFJ2126
Place: Mumbai	Place : Hyderabad
Date : 07th June, 2021	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:

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 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	For MAHESH, VIRENDER & SRIRAM
Chartered Accountants	Chartered Accountants
Firm Reg.No.101174W	Firm Reg.No.001939S
Shivratan Agarwal	B R Mahesh
Partner	Partner
Mem. No.104180	Mem. No.18628
UDIN: 21104180AAAAHP2000	UDIN: 21018628AAAAFJ2126
Place: Mumbai	Place : Hyderabad
Date : 07th June, 2021	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

K M MAMMEN
Chairman & Managing Director

Chennai

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

K M MAMMEN
Chairman & Managing Director

Chennai

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
	Number	Amount	Amount
Authorised Share Capital	9000000	9.00	9.00
Issued Share Capital (Excludes 71 bonus shares not issued and not alloted on non-payment of call monies)	4241143	4.24	4.24
Subscribed Share Capital	4241143	4.24	4.24
Fully Paid-up Share Capital	4241143	4.24	4.24
Balance at the beginning of the 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	Remeasure-ments 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	Remeasure-ments 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
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Dated 07th June, 2021

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Chennai

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	1274.86	0.02	1037.50
	OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES		2975.13		2436.82
	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	2221.86	(89.04)	75.42
	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	Refer Note 9		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	Refer Note 9		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 Liabilties (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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Chairman & Managing Director

Chennai

Note 1 - Significant Accounting Policies under IND AS

A) General Information

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

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

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

The Company is the ultimate parent of MRF Group.

B) Basis of Preparation of Financial Statements

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

i. Statement of Compliance

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

ii. Basis of preparation and presentation

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

a) Certain financial assets/liabilities measured at fair value (Refer Note 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/ 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) <u>Intangible Assets:</u>

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) <u>Assets held for Sale:</u>

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) <u>Impairment of tangible (PPE) and intangible assets:</u>

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) **<u>Inventories:</u>**

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) **<u>Leases:</u>**

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) <u>Foreign Currency Transactions:</u>

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) <u>Share Capital and Securities Premium:</u>

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) <u>Dividend Distribution to Equity Shareholders:</u>

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) <u>Cash Flows and Cash and Cash Equivalents:</u>

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) <u>Revenue Recognition:</u>

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

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.

<u>Investments in subsidiaries</u>

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.

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

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.

<u>Initial recognition and measurement</u>

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.

<u>Subsequent measurement</u>

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

<u>Financial assets measured at amortized cost</u>

Financial assets are measured at amortized cost if the financials 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 financials 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.

<u>Financial assets at fair value through OCI (FVTOCI)</u>

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.

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

	As at 31.03.2021	As at 31.03.2020
NOTE 2 (b) : CAPITAL WORK-IN-PROGRESS	1001.03	1734.56

(₹ Crores)

NOTE 2 (a 1) : Owned Assets												NOTE 2 (c) INTANGIBLES	NOTE 2 (d) ASSETS CLASSIFIED AS HELD FOR SALE
Particulars	**Land Freehold**	**Buildings**	**Plant and equipment**	**Furniture and fixtures**	**Vehicles**	**Air Craft**	**Office equipment**	**Computers**	**Moulds**	**Other Assets**	**Total**	**Computer Software**	**Plant & Machinery**
GROSS BLOCK													
Carrying Value as at 31 March 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:

1. Freehold land includes agricultural land - ₹ 0.12 Crores (31st March, 2020 - ₹ 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, 2021 - ₹ 2.11 Crores (31st March, 2020 - ₹ 11.84 Crores.)
4. 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).

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 Transporation.

NOTE 3: INVESTMENTS

Particulars	Face Value ₹	No. of Shares / Units As at 31.03.2021	No. of Shares / Units As at 31.03.2020	(₹ Crores) As at 31.03.2021	(₹ Crores) 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

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

NOTE 11 : BORROWINGS

(₹ Crores)

	As at 31.03.2021	As at 31.03.2020
NON CURRENT		
Secured		
Debentures;		
10.09% Secured Redeemable Non Convertible Debentures of ₹ 1000000/- each	-	180.00
Soft loan from SIPCOT (At amortised cost)	63.13	61.50
Unsecured		
Term loans from Banks;		
- External Commercial Borrowings (ECB) (At amortised cost)	294.76	382.97
- Rupee Term Loan	450.00	150.00
Others		
Deferred payment liabilities	3.87	4.56
Sub Total	811.76	779.03
CURRENT		
Secured		
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

Reconciliation of Financing Liabilties

(₹ Crores)

	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

(₹ Crores)

	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 (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

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

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

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

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

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.

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: (₹ Crores)

	31.03.2021	31.03.2020
Financial Assets	174.23	221.64
Financial Liabilites	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)		INR
Forward Contract	USD	36.19	Million	267.06	Import purchase	
		(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

iii) The following table provides the reconciliation of cash flow hedge for the year ended 31st March, 2021:

(₹ Crores)

Particulars	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.

(₹ Crores)

Particulars	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	446.42	202.21	180.92
		(628.99)	(564.44)	(151.87)	(82.14)
Trade Payable	Note 15	4,244.86	-	-	-
		(2,340.14)	(-)	(-)	(-)
Other Financial Liabilities	Note 16	253.44	94.02	94.81	123.80
		(229.11)	(93.79)	(89.47)	(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

NOTE 25 :

A) Fair Values and Hierarchy

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

(₹ Crores)

Particulars	Hierarchy	Carrying Value/ Fair Value	
		As at 31.03.2021	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.

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

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. Details of investments made are given in Note 3.
2. Amount of Loans and advances in the nature of loans outstanding from /to subsidiaries - ₹ Nil (Previous year - ₹ Nil)
3. Loans to employees have been considered to be outside the purview of disclosure requirements.
4. 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	31.03.2021	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

c. 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	257.60	191.50	-	1.03	238.82
		(159.48)	(241.25)	(227.06)	(-)	(0.08)	(173.75)
(ii)	Employee Benefits	98.46	50.70	47.00	-	-	102.16
		(89.95)	(51.90)	(42.00)	(1.39)	(-)	(98.46)
(iii)	Litigation and related disputes	70.03	0.16	-	0.19	-	70.00
		(67.60)	(2.43)	(-)	(-)	(-)	(70.03)

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.

(c) Transactions with related parties (excluding reimbursements)

(₹ Crores)

	Nature of Transaction	Subsidiary Companies Year Ended 31 March 2021	KMP Year Ended 31 March 2021	Close member of the KMP Year Ended 31 March 2021	Companies in which Directors are interested Year Ended 31 March 2021	Other Related Parties Year Ended 31 March 2021
i)	Sale of Materials	0.02	-	-	4.25	-
		(0.01)	-	-	(0.04)	-
ii)	Purchase of Materials/Machinery	1180.97	-	-	136.48	-
		(1631.90)	-	-	(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	-	-	1.77	-
		(0.14)	-	-	(0.84)	-
viii)	Professional charges	-	-	-	-	0.22
		-	-	-	-	(0.14)
ix)	Contribution to Retirement Benefit fund /Others	-	-	-	-	180.71
		-	-	-	-	(113.74)
	Compensation*					
x)	Short term Employee benefit (including	-	85.78	2.27	-	-
	Commission payable to KMP)	-	(83.48)	(1.98)	-	-
xi)	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.

	Outstanding as at Year End	Subsidiary Companies	KMP	Close member of the KMP	Companies in which Directors are interested	Other Related Parties
xii)	Investments	21.65	-	-	-	-
		(21.65)	-	-	-	-
xiii)	Trade Receivables	0.03	-	-	-	-
		(0.03)	-	-	-	-
xiv)	Other Receivables	-	-	-	2.28	-
		(0.50)	-	-	(0.65)	-
xv)	Trade Payables	885.32	-	-	20.14	-
		(491.92)	-	-	(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

(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 interalia in the manufacture of Rubber Products such as Tyres, Tubes, Flaps, Tread Rubber. These in the context of IND AS - 108 - 'Operating Segment' are considered to constitute one single primary segment. The Company's operations outside India do not exceed the quantitative threshold for disclosure envisaged in the IND AS. Non-reportable segments has not been disclosed as unallocated reconciling item in view of its materiality. In view of the above, operating segment disclosures for business/geographical segment are not applicable to the Company.

Entity wide disclosure required by IND AS 108 are as detailed below:

(₹ Crores)

Particulars	Year Ended 31.03.2021	Year Ended 31.03.2020
(i) Products:		
Automobile Tyres	14364.03	14407.85
Automobile Tubes	1122.00	1147.83
Others	332.36	331.75
	15818.39	15887.43
(ii) Revenue from Customers:		
India	14485.11	14236.24
Outside India	1333.28	1651.19
	15818.39	15887.43
(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.

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

The details of liabilities to Micro and Small Enterprises, to the extent information available with the Company are given under:

(₹ Crores)

	Particulars	31.03.2021	31.03.2020
(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

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, 2021 and for the year ended 31st March 2020.

The details of fund and plan assets are given below :

(₹ Crores)

Particulars	Year Ended 31.03.2021	Year Ended 31.03.2020
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%)

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

(₹ Crores)

Particulars	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

(₹ Crores)

Particulars	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

(₹ Crores)

Particulars	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

iii) Expenses Recognised in the Income Statement

(₹ Crores)

Particulars	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

(₹ Crores)

Particulars	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	As at 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.

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:

(₹ Crores)

Particulars	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%)	479.45	395.33	426.32	351.38
(% change compared to base due to sensitivity)	10.40%	-8.90%	10.50%	-8.90%
Salary Growth Rate (- / + 1%)	394.49	479.65	350.45	426.71
(% change compared to base due to sensitivity)	-9.10%	10.50%	-9.20%	10.60%
Attrition Rate (- / + 50%)	432.99	435.14	385.10	386.66
(% change compared to base due to sensitivity)	-0.30%	0.20%	-0.20%	0.20%
Mortality Rate (- / + 10%)	433.46	434.79	385.25	386.58
(% change compared to base due to sensitivity)	-0.20%	0.20%	-0.20%	0.20%

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)

	31.03.2021	31.03.2020
- Expected Contribution during the next annual reporting period		
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:

(₹ Crores)

Particulars	As at 31.03.2021	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

h. (i) Revenue expenditure on Research and Development activities during the year ended 31st March, 2021:

(₹ Crores)

Particulars		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
		77.60	71.78

(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
	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.

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.

Amount spent during the year on:

(₹ Crores)

Particulars		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.

l. Events Occuring 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 - ₹ 1454.21Crores (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:

(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)

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

(₹ Crores)

	Particulars	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

(₹ 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

	Particulars	Year Ended 31.03.2021	Year Ended 31.03.2020
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

K M MAMMEN
Chairman & Managing Director

Chennai

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MRF LIMITED

1. Opinion

We have audited the accompanying Consolidated Financial Statements of MRF Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 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 upto the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 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	For MAHESH, VIRENDER & SRIRAM
Chartered Accountants	Chartered Accountants
Firm Reg. No. 101174W	Firm Reg. No. 001939S
Shivratan Agarwal	B R Mahesh
Partner	Partner
Mem. No. 104180	Mem. No. 18628
UDIN: 21104180AAAAHQ8837	UDIN: 21018628AAAAFK8431
Place : Mumbai	Place : Hyderabad
Date : 07th June, 2021	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

(₹ Crores)

	Note	As at 31.03.2021	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	1		

Accompanying Notes are an integral part of these Financial Statements.
This is the Consolidated Balance Sheet referred to in our report of even date.

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

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

K M MAMMEN
Chairman & Managing Director

Chennai

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

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
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MADHU P NAINAN
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Company Secretary

JACOB KURIAN
V SRIDHAR
Directors

K M MAMMEN
Chairman & Managing Director

Chennai

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SOCE) FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ Crores)

EQUITY SHARE CAPITAL

		As at 31.03.2021	As at 31.03.2020
	Number	Amount	Amount
Authorised Share Capital	9000000	9.00	9.00
Issued Share Capital (Excludes 71 bonus shares not issued and not alloted on non-payment of call monies)	4241143	4.24	4.24
Subscribed Share Capital	4241143	4.24	4.24
Fully Paid-up Share Capital	4241143	4.24	4.24
Balance at the beginning of the 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%

(₹ Crores)

OTHER EQUITY	Reserves and Surplus						Other Comprehensive Income				TOTAL
	Securities Premium	Capital Reserve	General Reserve	Capital Redemp-tion Reserve	Debenture Redemp-tion Reserve	Retained Earnings	Cash Flow Hedges through OCI	Debt In-struments through OCI	Remeasure-ments 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 transalation 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
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Chairman & Managing Director

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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	1282.30	0.05	1050.30
	OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES		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	1822.21	(72.37)	228.49
	CASH GENERATED FROM OPERATIONS		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)

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	Refer Note 9		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	Refer Note 9		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
Chartered Accountants
Firm Reg. No. 101174W

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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 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, 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. <u>Major Sources of Estimation Uncertainty</u>

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:

<u>Property, Plant and Equipment:</u>

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))

<u>Impairment of Non-financial Assets:</u>

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))

<u>Impairment of Financial Assets:</u>

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 – 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
Right of Use Assets (Leased Assets) :	
- Buildings-Other than factory buildings	1-21 Years
- Vehicles	2 Years
- Land – Leasehold	Primary period of lease
Intangible (Owned Assets):	
Software	5 Years

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

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

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

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

In respect of Property, Plant & Equipment of MRF Lanka Pvt. Ltd. and MRF SG PTE Ltd. depreciation is provided on straight line method based on management estimate of useful life of assets based on internal technical evaluation, except for certain Property, Plant and Equipment namely Building, Plant and Machinery, Moulds and Equipments of MRF Lanka Pvt Ltd, which are depreciated on Written Down Value method. The proportion of depreciation of the Subsidiaries to the total depreciation of the group is not material.

2) Intangible Assets:

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

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

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

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

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

3) Assets held for Sale:

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

4) Impairment of tangible (PPE) and intangible assets

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

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

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

5) <u>Inventories:</u>

Inventories consisting of stores and spares, raw materials, work in progress, stock in trade and finished goods are valued at lower of cost and net realisable value. However, materials held for use in production of inventories are not written down below cost, if the finished products are expected to be sold at or above cost. The cost is computed on FIFO basis except for stores and spares which are on daily moving Weighted Average Cost basis and is net of input tax credits under various tax laws.

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

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

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

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

6) <u>Leases:</u>

The Group has applied Ind AS 116 using the modified retrospective approach.

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) <u>Government Grants:</u>

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

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are determined based on management estimate of the amount required to settle the obligation at the balance sheet date. When the 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) <u>Foreign Currency Transactions:</u>

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) <u>Share Capital and Securities Premium:</u>

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) <u>Dividend Distribution to Equity Shareholders:</u>

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) <u>Cash Flows and Cash and Cash Equivalents</u>

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) <u>Defined Contribution Plans</u>

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) <u>Taxes on Income:</u>

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) <u>Current Tax:</u>

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) <u>Deferred Tax:</u>

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 financials 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.

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

	As at 31.03.2021	As at 31.03.2020
NOTE 2 (b) : CAPITAL WORK-IN-PROGRESS	1002.23	1740.94

(₹ Crores)

NOTE 2 (a 1) : Owned Assets

												NOTE 2 (c) INTANGIBLES	NOTE 2 (d) ASSETS CLASSIFIED AS HELD FOR SALE
Particulars	**Land Freehold**	**Buildings**	**Plant and equipment**	**Furniture and fixtures**	**Vehicles**	**Air Craft**	**Office equipment**	**Computers**	**Moulds**	**Other Assets**	**Total**	**Computer Software**	**Plant & Machinery**
GROSS BLOCK													
Carrying Value as at 31 March 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:

1. Freehold land includes agricultural land - ₹ 0.12 Crores (31st March, 2020 - ₹ 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, 2021 - ₹ 2.11 Crores (31st March, 2020 - ₹ 11.84 Crores.)
4. Capital expenditure on Research and Development (including Building) during the year - ₹ 31.88 Crores (31st March, 2020 - ₹ 34.65 Crores)

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 Group has adopted Ind AS 116 effective from 1st April, 2019.
2. 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).
3. 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 Transporation.

NOTE 3: INVESTMENTS

(₹ Crores)

Particulars	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

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

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

NOTE 11 : BORROWINGS

(₹ Crores)

	As at 31.03.2021	As at 31.03.2020
NON-CURRENT		
Secured		
Debentures:		
10.09% Secured Redeemable Non Convertible Debentures of ₹ 1000000/- each	-	180.00
Softloan from SIPCOT (At amortized cost)	63.13	61.50
Unsecured		
Term loans from Banks;		
- External Commercial Borrowings (ECB)	294.76	382.97
- Rupee Term Loan	450.00	150.00
Others		
Deferred payment liabilities	3.87	4.56
Sub Total	811.76	779.03
CURRENT		
Secured		
Loans repayable on demand		
- from banks	40.02	240.58
Interest accrued on above	0.80	1.41
Unsecured		
- 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.

Reconciliation of Financing Liabilties :

(₹ Crores)

	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

(₹ Crores)

	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

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

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

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
	1185.71	1539.96
Less: Opening Stock:		
Finished Goods	1266.42	1240.65
Stock-in-Trade	40.04	44.67
Work-in-Progress	233.50	272.04
	1539.96	1557.36
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

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

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 bussiness 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).

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	INR
		(87.00)	Million	(555.51)		
Forward Contract	USD	36.19	Million	267.06	Import purchase	
		(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.

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.

(₹ Crores)

Particulars	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.

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	Note11,14 & 16	1208.86	446.42	202.21	180.92
		(1118.03)	(564.44)	(151.87)	(82.14)
Trade Payable	Note 15	3441.44	-	-	-
		(1905.34)	(-)	(-)	(-)
Other Financial Liabilities	Note 16	258.32	94.02	94.81	123.80
		(230.81)	(93.79)	(89.47)	(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

(i) The Notes to these consolidated Ind AS financial statements are disclosed to the extent relevant and necessary for presenting a true and fair view of the consolidated Ind AS financial statements based on section 129(4) of The Companies Act, 2013 and as clarified vide Circular No.39/2014 dated 14th October, 2014.

(ii) Movement in Provisions as required by IND AS - 37 - "Provisions, Contingent Liabilities and Contingent Assets" are the same as disclosed in the Standalone Ind AS Financial Statements.

(iii) Consolidated Employee benefit disclosures are not materially different from the employee benefit disclosures of the standalone Ind AS financial statements of the Company.

b. Earnings Per Share

Particulars		Year ended 31.03.2021	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):

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.

(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).

(₹ 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.

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	-	-	-	-

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)

Particulars	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
	16059.93	16135.33
(ii) Revenue from Customers:		
India	14714.88	14472.77
Outside India	1345.05	1662.56
	16059.93	16135.33
(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.

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%)	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
	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.

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 - ₹ 1454.21Crores (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

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR
Directors

K M MAMMEN
Chairman & Managing Director

Chennai

FORM AOC-1

(Pursuant to first proviso to sub-section(3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement Containing salient features of the financial statements of subsidiaries/associate companies/joint ventures

SUBSIDIARIES

₹ Crores

Sr. No	Name of the Subsidiary	The Date since when subsidiary was acquired	Reporting Period of the Subsidiary	Reporting Currency	Exchange Rate as on 31.03.2021	Share Capital	Reserve & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Extent of Shareholding (in %)
1	MRF Corp Ltd	26.08.1985	1st April, 2020 to 31st March, 2021	INR	1	0.05	112.27	177.69	65.37	19.49	232.70	25.42	6.77	18.65	0.10*	100.00%
2	MRF International Ltd	23.10.1992	1st April, 2020 to 31st March, 2021	INR	1	0.56	2.00	2.57	0.01	-	0.15	0.14	0.04	0.10		94.66%
3	MRF Lanka (P) Ltd.	15.06.2005	1st April, 2020 to 31st March, 2021	LKR	0.37	15.01	9.15	25.51	1.35	-	11.80	1.76	0.36	1.40		100.00%
4	MRF SG PTE. LTD.	23.07.2014	1st April, 2020 to 31st March, 2021	USD	73.08	6.11	114.16	1025.69	905.42	-	1179.68	9.50	0.84	8.66		100.00%

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

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

Chennai, Dated 07th June, 2021

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