



Ten Year Financial Summary	2018	2017	2014-16	2014	2013	2012	2011	2010	2009	2008
₹ Crores										
Sales	15103.31	14651.24	22030.91	14640.94	13444.75	13054.03	10637.03	8080.45	6141.94	5715.52
Other Income	406.24	426.77	452.30	73.47	37.40	39.73	33.14	29.13	34.40	40.83
<b>Total Income</b>	<b>15509.55</b>	<b>15078.01</b>	<b>22483.21</b>	<b>14714.41</b>	<b>13482.15</b>	<b>13093.76</b>	<b>10670.17</b>	<b>8109.58</b>	<b>6176.34</b>	<b>5756.35</b>
Profit before Taxation	1601.91	2066.37	3605.95	1338.89	1226.80	833.12	893.65	534.66	398.48	211.39
Provision for Taxation	509.63	615.29	1132.05	441.00	424.59	260.76	274.23	180.68	145.45	66.83
<b>Profit after Taxation</b>	<b>1092.28</b>	<b>1451.08</b>	<b>2473.90</b>	<b>897.89</b>	<b>802.21</b>	<b>572.36</b>	<b>619.42</b>	<b>353.98</b>	<b>253.03</b>	<b>144.56</b>
Share Capital	4.24	4.24	4.24	4.24	4.24	4.24	4.24	4.24	4.24	4.24
Reserves	9599.96	8540.18	7156.97	4513.40	3640.90	2853.56	2293.53	1686.44	1357.18	1116.55
<b>Net Worth</b>	<b>9604.20</b>	<b>8544.42</b>	<b>7161.21</b>	<b>4517.64</b>	<b>3645.14</b>	<b>2857.80</b>	<b>2297.77</b>	<b>1690.68</b>	<b>1361.42</b>	<b>1120.79</b>
Fixed Assets Gross	9027.88	7560.09	6306.56	6954.43	5834.14	5477.16	4874.07	3865.62	3020.57	2866.24

## BOARD'S REPORT

Your Directors have pleasure in presenting to you the Fifty Seventh Annual Report and the Audited Financial Statements for the financial year ended 31st March, 2018.

### Financial Results

	₹ Crores	
	2017 - 2018	2016 - 2017
Total Income	15510	15078
Profit before tax	1602	2066
Provision for taxation	510	615
Profit for the year	1092	1451

### Performance Overview

During the financial year ended 31st March, 2018, your Company's total income was ₹ 15510 crore as against ₹ 15078 crore in the previous year. The net profit for the financial year was ₹ 1092 crore as against ₹ 1451 crore in the previous year.

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

The Company witnessed higher raw material prices in 2017-18 as compared with the previous year.

The Company's exports stood at ₹ 1353 crore for the financial year ended 31st March 2018, as against ₹ 1316 crore for the previous year.

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

### Dividend

Two interim dividends of ₹ 3/- each per share (30% each) for the financial year ended 31st March, 2018 were declared by the Board of Directors on 10th November 2017 and on 1st February 2018. The Board of Directors is now pleased to recommend a final dividend of ₹ 54/- per share (540%) on the paid up equity share capital of the Company, for consideration and approval of the shareholders at the forthcoming Annual General Meeting of the Company. With this, the total dividend for the financial year ended 31st March, 2018 works out to ₹ 60/- per share (600 %). The total amount of dividend aggregates to ₹ 25.45 crore.

The Directors recommend that after making provision for taxation, debenture redemption reserve and dividend, an amount of ₹ 1046.89 crore be transferred to general reserve. With this, the Company's Reserves and Surplus stands at ₹ 9599.96 crore.

### Industrial Relations

Overall, the Industrial Relations in all our manufacturing units had been harmonious as well as cordial, except in Thiruvottiyur unit wherein long term wage settlement case has been referred to Industrial Tribunal. Efforts are made to resolve it bilaterally. Both production and productivity were maintained at the desired satisfactory levels throughout the year under review.

---

### Prospects for the Current Year

A favourable economic outlook, expectation of greater stability in GST, likely recovery in investment levels and ongoing structural reforms, are a harbinger of higher growth (barring any unprecedented global events which could have a dampening effect on GDP growth).

Tyre companies are therefore expected to reap the benefits of the buoyant growth prospects for Auto OEMs, and consequently, in time, replacement demand will also be robust, given the steady growth in vehicle population that will be due for replacement in the years to come.

### Performance of Subsidiaries

The consolidated financial statements of the Company and its subsidiaries, 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.

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 also provides details of performance and financial position of the subsidiaries.

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

### 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 and loss of the Company for that period;

- 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. During the year, a "Risk Management Committee" was constituted as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee reviewed the risk management initiatives.

### Adequacy of Internal Financial Control

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

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

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



## Corporate Social Responsibility (CSR)

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

The details of the CSR initiatives undertaken during the financial year ended 31st March, 2018 and other details required to be given under section 135 of the Companies Act, 2013 read with rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in Annexure II forming part of this Report.

## Board

At the last Annual General Meeting held on 4th August 2017, Mr. Samir Thariyan Mappillai and Mr. Varun Mammen were inducted into the Board and appointed as Whole-time Directors of the Company.

The Board of Directors at its meeting held on 1st February, 2018, re-appointed Mr. Arun Mammen, Vice Chairman and Managing Director of the Company for a further period of 5 years w.e.f. 1st April, 2018, upon conclusion of his earlier tenure on 31st March, 2018.

As required vide Section 152 of the Companies Act, 2013, Dr. (Mrs) Cibi Mammen and Mrs. Ambika Mammen, Directors of the Company, retire by rotation at the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment.

The notice convening the Annual General Meeting includes the proposal for the above re-appointments.

The Company has received declaration 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.

## Performance evaluation of the Board, its Committees and Directors

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

prescribed by the regulatory framework, adequacy of board meetings, attendance and effectiveness of the deliberations etc.

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

## Corporate Governance

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

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

## Business Responsibility Report

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

## Particulars of Employees

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

---

and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished to the members.

During the financial year under review, the Company has not received any complaint under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### **Deposits**

Your Company has not accepted any deposits during the financial year ended 31st March, 2018. There were no deposits which remain unclaimed as at the close of the financial year ended 31st March, 2018.

There were no defaults in respect of repayment of any deposits or payment of interest thereon during the financial year under review.

#### **Awards received during the year**

Your Company has been awarded the Highest Export Award 2016-17, by All India Rubber Industries Association (AIRIA).

#### **Auditors**

Messrs. SCA AND ASSOCIATES (Firm Regn. No.101174W), and Messrs. Mahesh, Virender & Sriram (Firm Regn. No.001939S) were appointed joint statutory auditors of the Company for a term of 5 (five) consecutive years, at the Annual General Meeting of the company held on 11th August, 2016 and 4th August, 2017. They have confirmed that they are not disqualified from continuing as joint statutory auditors of the Company.

Auditors Report to the shareholders for the financial year ended 31st March, 2018, 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, 2019, 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, 2018. The Secretarial Audit Report (in Form MR-3) is attached as Annexure-III, to this Report. The Secretarial Auditor's Report to the shareholders does not contain any qualification.

#### **Extract of Annual Return**

An extract of Annual Return in Form MGT-9 as on 31st March, 2018 is attached as Annexure-IV to this Report.

#### **Other Matters**

There are no material changes and commitments affecting the financial position of the Company between the financial year ended 31st March, 2018 and the date of this report.

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

Details of loans, guarantees and investments as required under the Companies Act, 2013 are given in the Notes to the financial statements (Note 3 and 27).

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.

#### **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  
3rd May, 2018

K M MAMMEN  
Chairman & Managing Director