



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

BOARD'S REPORT

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

Financial Results

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

Performance Overview

During the financial year ended 31st March, 2020, your Company's total income is ₹ 16322 crores as against ₹ 16254 crores in the previous year. The profit before tax stood at ₹ 1399 crores for the year as against ₹ 1609 crores for the previous financial year. The net provision for tax (current tax and deferred tax) for the year is ₹ 4 crores (previous year ₹ 512 crores) because the Company elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by

the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognized provision for Income Tax for the year ended 31st March, 2020 and re-measured the deferred tax liabilities / assets on the rates prescribed in the said section. After making provision for income tax, the net profit for the year ended 31st March 2020 is ₹ 1395 crores as against ₹ 1097 crores for the previous financial year. During the year, depreciation was higher at ₹ 981 Crores (Previous year ₹ 806 crores) due to higher capitalisation.

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

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

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

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

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

Dividend

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

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

Industrial Relations

Overall, the Industrial Relations in all our Manufacturing Units have been harmonious and cordial. Long Term Settlement has been concluded in Medak Plant. Both production & productivity maintained at the desired satisfactory levels throughout the year in all Plants.

Performance of Subsidiaries

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

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

The Company has four subsidiaries viz. MRF Corp Limited, MRF International Limited, MRF Lanka (P) Ltd and MRF SG PTE. LTD The aggregate turnover of all four subsidiaries in equivalent Indian Rupees

during the financial year ended 31st March, 2020 was ₹ 1881.32 crores and the aggregate profit after tax was ₹ 26.89 crores.

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

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

During the year under review, your Company has entered into transactions with MRF SG PTE. LTD, a wholly owned subsidiary of your Company for purchase of raw materials and the total value of transactions executed during financial year 2019-2020, exceeded the materiality threshold adopted by the Company. These transactions were in the ordinary course of business and were on an arms length basis, details of which are provided in Annexure V of the Board's Report as required under section 134(3) (b) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014.

Directors' Responsibility Statement

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

- a) In the preparation of the annual accounts, the applicable Accounting Standards have been followed and that there are no material departures;
- b) They have, in selection of the accounting policies, consulted the Statutory Auditors and applied them consistently, making judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended 31st March, 2020;
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) Annual accounts have been prepared on a going concern basis;
- e) Internal financial controls had been laid down and followed by the Company and such internal financial controls are adequate and were operating effectively; and



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

Risk Management

The Company has developed and implemented a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company. The "Risk Management Committee" which was constituted as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 met on 29th May, 2020. The Committee reviewed the risk management initiatives taken by the Company.

Adequacy of Internal Financial Control

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

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

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

Corporate Social Responsibility (CSR)

As required under section 135 of the Companies Act, 2013, the CSR Policy was formulated by the CSR Committee and thereafter approved by the Board. CSR Policy is available on the Company's website-<http://www.mrityres.com/downloads/download.php?filename=Corporate-Social-Responsibility-policy.pdf>. The details of the CSR initiatives undertaken during the financial year ended 31st March, 2020 and other details required to be given under section 135 of the Companies Act, 2013 read with Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in Annexure II forming part of this Report.

Board and Key Management Personnel

The Board of Directors at its meeting held on 2nd May, 2019, based on the recommendation of Nomination and Remuneration Committee and performance evaluation report had recommended the re-appointment of Mr. Vijay R Kirloskar, Mr. V Sridhar, Mr. Ranjit I Jesudasen, Dr. Salim Joseph Thomas, Mr. Jacob Kurian and Mr. Ashok Jacob as Independent Directors of the Company for a second term of 5 (Five) consecutive years commencing from 29th September, 2019. The aforesaid appointments were approved by the shareholders at the Annual General Meeting of the Company held on 9th August, 2019.

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

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

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

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

proficiency test within a period of one year have confirmed that they will appear for the proficiency test within the statutory timelines.

Performance evaluation of the Board, its Committees and Directors

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

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

Corporate Governance

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

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

- a) Number of Board meetings held - Para 2(c) of the Corporate Governance Report.
- b) Constitution of the Audit Committee - Para 3(ii) of the Corporate Governance Report.
- c) Remuneration Policy of the Company (including directors remuneration)- Para 7a of the Corporate Governance Report
- d) Company's policy on directors' appointment including criteria for determining qualifications, positive attributes, independence of a

director and other matters provided under sub-section (3) of section 178 - Para 5, 6 of the Corporate Governance Report

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

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

Business Responsibility Report

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

Particulars of Employees

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

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

Deposits

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



Awards received during the year

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

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

Auditors

Messrs SCA AND ASSOCIATES, Mumbai (Firm Regn. No.101174W) and Messrs Mahesh, Virender & Sriram, Hyderabad (Firm Regn. No.001939S) were appointed joint statutory auditors of the Company for a term of 5 (five) consecutive years, at the Annual General Meeting of the company held on 11th August, 2016 and 4th August, 2017. Auditors Report to the shareholders for the financial year ended 31st March, 2020, does not contain any qualification.

Cost Audit

The Board of Directors, on the recommendations of the Audit Committee, has approved the re-appointment of Mr. C. Govindan Kutty, Cost Accountant (Mem. No. 2881), as Cost Auditor of the Company for the financial year ending 31st March, 2021, under section 148 of the Companies Act, 2013, and recommends ratification of his remuneration by the shareholders at the forthcoming Annual General Meeting of the Company.

Secretarial Audit

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company engaged the services of Mr K Elangovan, Elangovan Associates, Company Secretaries, Chennai to conduct the Secretarial Audit of the Company for the financial year ended 31st March, 2020. The Secretarial Audit Report (in Form MR-3) is attached as Annexure-III, to this Report. The Secretarial Auditor’s Report to the shareholders does not contain any qualification.

Extract of Annual Return

An extract of Annual Return in Form MGT-9 as on 31st March, 2020 is attached as Annexure-IV to this Report.

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

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

Other Matters

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

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

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

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

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

Appreciation

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

On behalf of the Board of Directors

Chennai
29th June, 2020.

K M MAMMEN
Chairman & Managing Director