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 1C)20) and

b) Any other item as specifically stated in the accounting policy.(refer Note 27g)

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

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

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

iii. Major Sources of Estimation Uncertainty

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

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

Property, Plant and Equipment:

Useful life of Property, Plant and Equipment and Intangible Assets are as specified in Schedule II to the Companies Act, 2013 and on certain assets based on technical advice which considered the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support. The Company reviews the useful life of Property, Plant and Equipment at the end of each reporting period. This reassessment may result in change in depreciation charge in future periods. (refer Note 1(C1))

Impairment of Non-financial Assets:

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

Impairment of Financial Assets:

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

Defined Benefit Plans:

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.(refer Note 27g)

Fair Value Measurement of Financial Instruments:

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

Income Taxes

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

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

Leases

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

Allowance for credit losses on receivables :

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

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

The company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables and Investments. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts . The company based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

C) Summary of Significant Accounting Policies:

1) Property, Plant and Equipment (PPE)

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

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

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

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

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

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

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

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

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

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

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

2) **Intangible Assets:**

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

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

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

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

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

3) **Assets held for Sale:**

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

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

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

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

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

5) **Inventories:**

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

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

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

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

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

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

6) **Leases:**

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

The Company as a lessee

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

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

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

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

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

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

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

The Company as a lessor

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

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

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

7) **Government Grants:**

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

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

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

8) **Provisions, Contingent Liabilities and Contingent Assets:**

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

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

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist when a contract under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received from it. Unavoidable cost are determined based on cost that are directly attributable to having and executing the contracts.

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

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

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

9) **Foreign Currency Transactions:**

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

10) **Share Capital and Securities Premium:**

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

11) **Dividend Distribution to equity shareholders:**

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

12) **Cash Flows and Cash and Cash Equivalents:**

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

13) **Revenue Recognition:**

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

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

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

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

Revenue is measured based on the transaction price, which is the consideration, adjusted for turnover/product/prompt payment discounts to customer as specified in the contract with the customers. When the level of discount varies with increase in levels of revenue transactions, the Company recognises the liability based on its estimate of the customer's future purchases. The Company recognises changes in the estimated amount of obligations for discounts in the period in which the change occurs. Revenue also excludes taxes collected from customers.

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

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

Use of significant judgements in revenue recognition.

- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of consideration or variable consideration with elements such as turnover/product/prompt payment discounts. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

14) **Other Income :**

Dividend Income

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

Interest Income

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

15) **Borrowing costs:**

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

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

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

16) **Employee Benefits:**

a) Short term Employee Benefits

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

b) Long Term Employee Benefits

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

c) Post Employment Benefits

The Company provides the following post employment benefits:

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

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

d) Defined benefits Plans

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

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

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

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

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

e) Defined Contribution Plans

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

17) **Taxes on Income:**

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

a) Current Tax

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

b) Deferred Tax

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

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

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

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

18) **Earnings per Share:**

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

19) **Current versus non-current classification:**

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

a) An asset is current when it is:

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

All other assets are classified as non-current.

b) A liability is current when:

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

All other liabilities are classified as non-current.

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

20) **Fair value measurement:**

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

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

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

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

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

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

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

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

21) **Financial Instruments:**

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

a) **Financial Assets**

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

Investments in subsidiaries

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

Financial assets other than investment in subsidiaries

Financial assets of the Company comprise trade receivable, cash and cash equivalents, Bank balances, Investments in equity shares of companies other than in subsidiaries, Investment in units of Mutual Funds, loans/ advances to employee / related parties / others, security deposit, claims recoverable etc.

Initial recognition and measurement

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

Subsequent measurement

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

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

Financial assets measured at amortized cost

Financial assets are measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are amortized using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss in finance costs.

Financial assets at fair value through OCI (FVTOCI)

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

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

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

Any financial asset that does not meet the criteria for classification as at 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 2020.

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

NOTE 2 (a) : PROPERTY, PLANT AND EQUIPMENT

(₹ Crores)

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

NOTE 2 (b). CAPITAL WORK-IN-PROGRESS	1734.56	1403.19

(₹ Crores)

NOTE 2 (a 1) : Owned Assets												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 2018	**526.09**	**1769.89**	**4741.42**	**16.83**	**28.41**	**-**	**27.22**	**32.19**	**400.18**	**291.38**	**7833.61**	**30.90**	**-**
Additions	-	153.71	1021.53	4.14	15.29	82.99	8.16	12.75	116.43	72.15	1487.15	4.80	-
Disposals	-	(4.62)	(36.87)	(0.71)	(1.31)	-	(2.09)	(9.53)	(16.33)	(9.65)	(81.11)	(0.24)	
Carrying Value as at 31 March 2019	**526.09**	**1918.98**	**5726.08**	**20.26**	**42.39**	**82.99**	**33.29**	**35.41**	**500.28**	**353.88**	**9239.65**	**35.46**	**3.91**
Additions	44.49	767.43	1589.73	5.70	9.34	0.99	5.70	10.65	141.97	64.58	2640.58	19.83	-
Disposals	-	(0.11)	(15.97)	(1.50)	(2.25)	-	(3.27)	(0.56)	(6.00)	(8.91)	(38.57)	-	(3.91)
Carrying Value as at 31 March 2020	**570.58**	**2686.30**	**7299.84**	**24.46**	**49.48**	**83.98**	**35.72**	**45.50**	**636.25**	**409.55**	**11841.66**	**55.29**	**-**
Accumulated depreciation / Amortisation as at 31 March 2018	**-**	**133.95**	**1432.00**	**8.65**	**11.43**	**-**	**13.51**	**17.15**	**149.61**	**92.71**	**1859.01**	**13.43**	**-**
Depreciation / Amortisation for the year	-	59.91	586.72	3.31	6.94	4.40	5.94	8.31	77.42	46.20	799.15	6.07	-
Disposals	-	(0.67)	(34.97)	(0.65)	(1.23)	-	(2.05)	(9.52)	(16.29)	(9.21)	(74.59)	(0.24)	-
Accumulated depreciation / Amortisation as at 31 March 2019	**-**	**193.19**	**1983.75**	**11.31**	**17.14**	**4.40**	**17.40**	**15.94**	**210.74**	**129.70**	**2583.57**	**19.26**	**3.71**
Depreciation / Amortisation for the year	-	73.01	657.19	3.57	7.75	5.91	6.30	9.38	90.29	51.78	905.18	7.57	-
Disposals	-	-	(15.66)	(1.41)	(2.12)	-	(3.26)	(0.55)	(5.60)	(8.27)	(36.87)	-	(3.71)
Accumulated depreciation / Amortisation as at 31 March 2020	**-**	**266.20**	**2625.28**	**13.47**	**22.77**	**10.31**	**20.44**	**24.77**	**295.43**	**173.21**	**3451.88**	**26.83**	**-**
Net Block													
As at 31 March 2019	**526.09**	**1725.79**	**3742.33**	**8.95**	**25.25**	**78.59**	**15.89**	**19.47**	**289.54**	**224.18**	**6656.08**	**16.20**	**0.20**
As at 31 March 2020	**570.58**	**2420.10**	**4674.56**	**10.99**	**26.71**	**73.67**	**15.28**	**20.73**	**340.82**	**236.34**	**8389.78**	**28.46**	**-**

Note:

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

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

NOTE 2 (a 2): Leased Assets

(₹ Crores)

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

Note:

1. The Company has adopted Ind AS 116 effective from 1st April, 2019 using modified retrospective method, and recognising the cumulative impact on the date of initial application i.e. 1st April, 2019. Accordingly, the comparative figures relating to the previous year have not been restated. This new IND AS 116 has resulted in recognising right of use assets of ₹ 284.08 Crores and corresponding lease liability of ₹ 315.34 Crores. The difference of ₹ 20.58 Crores (net of deferred tax assets created of ₹ 10.68 Crores) has been adjusted in retained earnings as at 1st April, 2019. In the statement of Profit & Loss Account for the Year ended 31st March 2020, the lease expenses, which was recognized under Other Expenditure in previous year is now recognized as Depreciation and Amortisation expenses for the right of use assets and Finance cost for the interest accrued on lease liability. Consequently, the expenditure in the above three heads of accounts are not comparable with the previous year. The net impact of adoption of this standard on the Profit After Tax is not material.

2. The Company has incurred ₹ 16.70 crores for the year ended 31st March, 2020 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹ 102.28 crores for the year ended 31st March, 2020, including cash outflow of short-term leases and leases of low-value assets. Interest on lease liabilities is ₹ 32.97 crores for the year ended 31st March, 2020.

3. The Company's leases mainly comprise of land, buildings and Vehicles. The Company mainly leases land and buildings for manufacturing, warehouse facilities and sales offices. The Company also has leased vehicles for Goods transportation.

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

NOTE 3: INVESTMENTS

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

Particulars	As at 31.03.2020	As at 31.03.2019
Current Investments		
Fully paid up -Unquoted		
In Mutual Fund Units: (at fair value through Profit or Loss)		
Income Plan: Growth Option	1513.65	2770.39
Aggregate Amount of Unquoted Investments	1513.65	2770.39

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

NOTE 4 : LOANS (Unsecured, considered good)

(₹ Crores)

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

NOTE 5 : OTHER FINANCIAL ASSETS

(₹ Crores)

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

NOTE 6 : OTHER ASSETS

(₹ Crores)

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

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

NOTE 7 : INVENTORIES

(₹ Crores)

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

NOTE 8 : TRADE RECEIVABLES

(₹ Crores)

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

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

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

(₹ Crores)

	As at 31.03.2020	As at 31.03.2019
Balances with Banks		
- In Current accounts	31.11	8.49
- In Term deposits with original maturity of less than 3 months	1072.09	-
Cheques, drafts on hand; and	0.22	48.14
Cash on hand	0.81	0.89
Total	1104.23	57.52

NOTE 10 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ Crores)

	As at 31.03.2020	As at 31.03.2019
Unclaimed Dividend Account	2.62	2.55
Total	2.62	2.55

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

NOTE 11 : BORROWINGS

(₹ Crores)

	As at 31.03.2020	As at 31.03.2019
NON CURRENT		
Secured		
Debentures;		
- 10.09% Secured Redeemable Non Convertible Debentures of ₹10,00,000/- each	180.00	340.00
- Soft loan from SIPCOT (Measured at fair value)	61.50	-
Unsecured		
Term loans from Banks;		
- External Commercial Borrowings (ECB)	382.97	559.55
- Rupee Term Loan	150.00	150.00
Others		
Deferred payment liabilities	4.56	5.18
Sub Total	779.03	1054.73
CURRENT		
Secured		
Loans repayable on demand		
- from banks	240.58	407.05
Interest accrued on above	1.41	1.81
Sub Total	241.99	408.86
Total	1021.02	1463.59

Note: Security and terms of repayment in respect of above borrowings are detailed in Note 27 i

NOTE 12 : PROVISIONS

(₹ Crores)

	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Provision for employee benefits (refer Note 27 c)	45.33	41.62	53.13	48.33
Others:				
- Warranty and others (refer Note 27 c)	143.83	126.18	99.95	100.90
Total	189.16	167.80	153.08	149.23

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

NOTE 13 : DEFERRED TAX LIABILITIES - (NET)

(₹ Crores)

	As at 31.03.2020	As at 31.03.2019
Deferred Tax Liabilities :		
- Arising on account of difference in carrying amount and tax base of PPE and Intangibles	438.41	613.61
- Unrealised gain/(loss) on FVTPL debt Mutual Funds	55.93	282.87
- Other adjustments	1.72	6.76
	496.06	903.24
Deferred Tax Asset:		
- Accrued Expenses allowable on Actual Payments	(26.04)	(35.77)
- On remeasurements of defined benefit plans	(27.95)	(19.67)
- On revaluation of designated cash flow hedges	(3.56)	(8.60)
-Transition impact of IND AS 116 - Lease	(10.68)	-
	(68.23)	(64.04)
Total	427.83	839.20

NOTE 14 : OTHER LIABILITIES

(₹ Crores)

	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Contract Liabilities	-	-	83.68	37.98
Others:				
Dealers' Security Deposit	-	-	1450.30	1410.71
Retention Money	92.99	32.58	-	-
Statutory Dues	-	-	70.52	260.07
Liabilities for expenses	-	-	37.91	41.18
Deferred Income	154.14	40.02	-	-
Others	3.51	3.69	67.37	31.19
Total	250.64	76.29	1709.78	1781.13

During the year ended 31st March, 2020, the Company recognised revenue of ₹ 31.02 Crores (Previous year ₹ 19.57 Crores) arising from opening unearned revenue (contract liabilities).

Movement of contract liabilities is as under:

(₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
As at beginning of the year	37.98	24.14
Recognised as revenue from contracts with customers	(31.02)	(19.57)
Advance from customers received during the year	76.72	33.41
Balance at the close of the year	83.68	37.98

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

NOTE 15 : TRADE PAYABLES

(₹ Crores)

	As at 31.03.2020	As at 31.03.2019
Outstanding dues of Micro and Small Enterprises (refer Note 27 f)	17.02	21.25
Outstanding dues of Creditors other than Micro and Small Enterprises	2323.12	2306.39
Total	2340.14	2327.64
Of the above:		
- Acceptances	438.81	325.20
- Payable to Subsidiary Companies (net of receivables of - ₹ 0.50 Crores, Previous year - ₹ 0.28 Crores) (refer Note 27 d)	491.42	658.79

NOTE 16 : OTHER FINANCIAL LIABILITIES

(₹ Crores)

	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Current maturities of long-term debt	-	-	344.08	403.92
Interest accrued on above	-	-	42.92	62.90
Unclaimed dividends	-	-	2.62	2.55
Others:				
Employee benefits	-	-	111.90	119.72
Liabilities for expenses	-	-	164.26	127.01
Fair Value of Derivatives (Net)	-	-	-	35.94
Lease Liability	327.48	-	54.73	-
Others	-	-	10.12	9.61
Total	327.48	-	730.63	761.65

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

NOTE 17 : REVENUE FROM OPERATIONS

(₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
Revenue from Contracts with Customers :		
Sale of Goods (refer Note 27e)	15887.43	15734.50
Sale of Services	26.82	34.50
Other Operating Revenues:		
Scrap Sales	76.89	68.00
Total	15991.14	15837.00

The Management determines that the segment information reported is sufficient to meet the disclosure objective with respect to disaggregation of revenue under IND AS 115 "Revenue from contracts with customers". Hence no separate disclosure of disaggregate revenues are reported.(refer note 27e)

Reconciliation of revenue recognised with the contracted price is as follows:

(₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
Gross Sales (Contracted Price)	16550.58	16321.92
Reductions towards variable consideration (Product, Turnover and Prompt payment discount)	(332.38)	(299.53)
Claims preferred against obligation (Note 1 C13)	(227.06)	(185.39)
Revenue recognised	15991.14	15837.00

NOTE 18 : OTHER INCOME

(₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
Interest Income	15.27	10.39
Dividend Income from Non Current Investment		
- From a Subsidiary	0.10	0.10
- Others	0.02	0.03
Government Grant :		
- Export Incentives	44.09	77.75
- Subsidy from State Government	1.80	-
- Others	5.23	2.93
Net gain on sale of Investments classified as FVTPL	13.28	9.13
Net gain on fair value changes on financial assets classified as FVTPL	239.43	294.86
Refund of Purchase Tax	-	13.19
Profit on Sale of Fixed Asset (Net)	0.54	-
Impairment provision written back	-	0.10
Miscellaneous Income	10.74	8.99
Total	330.50	417.47

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

NOTE 19 : COST OF MATERIALS CONSUMED

(₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
Opening Stock of Raw Materials	1098.67	950.15
Purchases during the year	9371.66	10368.92
Closing Stock of Raw Materials	(1008.60)	(1098.67)
Total	9461.73	10220.40

NOTE 20 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

(₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
Closing Stock:		
Finished Goods	1238.79	1218.45
Stock-in-Trade	34.85	41.29
Work-in-Progress	232.70	271.48
	1506.34	1531.22
Less: Opening Stock:		
Finished Goods	1218.45	670.53
Stock-in-Trade	41.29	41.95
Work-in-Progress	271.48	210.14
	1531.22	922.62
Total	24.88	(608.60)

NOTE 21 : EMPLOYEE BENEFITS EXPENSE

(₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
Salaries and Wages	1099.78	945.30
Contribution to provident and other funds	101.63	90.03
Staff welfare expenses	119.10	108.95
Total	1320.51	1144.28

NOTE 22 : FINANCE COSTS

(₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
Interest on Loans and Deposits	201.05	193.37
Interest on Debentures	36.78	50.45
Interest on Deferred Payment Credit	0.64	0.70
Interest on Lease liabilities	32.97	-
Other Borrowing Costs:		
Unwinding of discount relating to Long Term Liabilities	2.53	3.13
Other Charges	0.29	0.14
Total	274.26	247.79

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

NOTE 23 : OTHER EXPENSES

(₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
Stores and Consumables	372.24	357.34
Power and Fuel	720.79	762.93
Processing Expenses	224.85	235.48
Rent	16.70	72.05
Rates and Taxes	12.24	13.62
Insurance	51.58	20.68
Printing and Stationery	9.48	8.55
Repairs and Renewals:		
Buildings	22.79	23.91
Plant and Machinery	134.33	143.16
Other Assets	77.16	61.57
Travelling and Conveyance	47.50	47.31
Communication Expenses	6.00	5.65
Vehicle Expenses	12.04	11.02
Auditors' Remuneration:		
As Auditors:		
Audit fee	0.61	0.53
Tax Audit fee	0.10	0.09
Other Services	0.07	0.07
Reimbursement of Expenses	0.01	0.01
	0.79	0.70
Cost Auditors Remuneration:		
Audit fee	0.08	0.07
Directors' Fees	0.10	0.10
Directors' Travelling Expenses	6.69	6.53
Advertisement	300.35	303.95
Warranty	11.91	8.94
VAT absorbed by the company	1.87	0.60
Bad debts written off	0.02	0.25
Commission	4.12	3.14
Freight and Forwarding (Net)	528.55	522.29
Loss on Sale of Fixed Asset (Net)	-	5.90
Net Loss on Foreign Currency Transactions	29.01	40.45
Bank Charges	6.71	4.96
Provision for Impairment of Financial Assets	0.14	-
Corporate Social Responsibility Expenditure (refer Note 27 I)	66.35	26.39
Miscellaneous Expenses	173.63	118.04
Total	2838.02	2805.58

NOTE 24 :

A. Capital Management

For the purpose of Company's Capital Management, capital includes Issued Equity Capital, Securities Premium and all other Equity Reserves attributable to the Equity Holders of the Company. The primary objective of the Company's Capital Management is to maximise the Share Holder Value.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and requirements of the financial covenants and to continue as a going concern. The Company monitors using a gearing ratio which is net debts divided by total capital plus net debt. The company includes within net debt, interest bearing loans and borrowings, less cash and short term deposit.

(₹ Crores)

Particulars	31.03.2020	31.03.2019
Interest bearing Loans and Borrowings	1372.18	1860.84
Less: Cash and Short Term Deposits	(1104.23)	(57.52)
Net Debt	267.95	1803.32
Equity	4.24	4.24
Other Equity	12000.11	10649.06
Total Capital	12004.35	10653.30
Capital and Net Debt	12272.30	12456.62
Gearing Ratio %	2.18	14.48

B. Financial Risk Management

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the operations of the Company. The principal financial assets include trade and other receivables, investments in mutual funds and cash and short term deposits.

The Company has assessed market risk, credit risk and liquidity risk to its financial instruments.

i) Market Risk

Is the risk of loss of future earnings, fair values or cash flows that may result from a change in the price of a financial instrument, as a result of interest rates, foreign exchange rates and other price risks. Financial instruments affected by market risks, primarily include loans & borrowings, investments and foreign currency receivables, payables and borrowings.

a) Interest Rate Risk :

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

If the interest rates had been 1% higher / lower and all other variables held constant, the company's profit for the year ended 31st March, 2020 would have been decreased/increased by - ₹ 5.03 Crores. (Previous year - ₹ 2.48 Crores).

b) **Currency Risk :**

Foreign currency risks from financial instruments at the end of the reporting period expressed in INR :

Unhedged Short Term Exposures: (₹ Crores)

	31.03.2020	31.03.2019
Financial Assets	221.64	194.42
Financial Liabilites	141.07	150.53

The company is mainly exposed to changes in US Dollar. The sensitivity to a 5% (Previous year 3%) increase or decrease in US Dollar against INR with all other variables held constant will be +/(-) - ₹ 1.70 Crores (Previous year - ₹ 0.75 Crores)

The Sensitivity analysis is prepared on the net unhedged exposure of the company at the reporting date.

Hedged Foreign Currency exposures:

Foreign Exchange forward Contracts on External Commercial borrowings and certain highly probable forecast transactions, are measured at fair value through OCI on being designated as Cash Flow Hedges.

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

The outstanding position and exposures are as under :

i) Foreign Currency forward contracts designated as Hedge Instruments :

	Currency	Amount		₹ Crores	Nature	Cross Currency
Currency/Interest Rate Swap	USD	87.00	Million	555.51	ECB Loan	
		(125.67)	Million	(798.07)		INR
Forward Contract	USD	122.84	Million	909.11	Import purchase	
		(111.92)	Million	(816.86)		

The terms of the foreign currency forward contracts match the terms of the transactions. As a result, no hedge ineffectiveness arises requiring recognition through profit or loss.

ii) Other Forward Contract Outstanding :

	Currency	Amount		₹ Crores	Nature	Cross Currency
Forward Contract	USD	8.92	Million	64.80	Import purchase	INR
		(48.06)	Million	(341.51)		

Figures in brackets are in respect of Previous year

iii) The following table provides the reconciliation of cash flow hedge for the year ended 31st March, 2020:

(₹ Crores)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Balance at the beginning of the year	(16.03)	(5.26)
Gain / (Loss) recognized in other comprehensive income during the year	13.98	(16.56)
Tax impact on above	(3.52)	5.79
Hedged Transaction resulting in recognition of Non Financial Asset (also referred to as "Basis Adjustment")	16.92	-
Balance at the end of the year	11.35	(16.03)

c) **Price Risk :**

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

The Company's investments in Quoted and Unquoted Securities are susceptible to market price risk arising from uncertainties about future values of investment securities. The company manages the securities price risk through investments in debt funds and diversification by placing limits on individual and total investments. Reports on Investment Portfolio are reviewed on regular basis and all approvals of investment decisions are done in concurrence with the senior management.

As at 31st March, 2020 the investments in debt mutual funds amounts to - ₹ 1513.65 Crores (Previous year - ₹ 3820.67 Crores). A 1% point increase or decrease in the NAV with all other variables held constant would have lead to approximately an additional - ₹ 15 Crores (Previous year - ₹ 38 Crores) on either side in the statement of profit and loss.

ii) **Credit Risk**

Is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. It arises from credit exposure to customers, financial instruments viz., Investments in Equity Shares, Debt Funds and Balances with Banks.

The Company's marketing policies are well structured and all replacement sales are predominantly through dealers and the outstanding are secured by dealer deposits. As regards sales to Original Equipment (O.E.), and other institutional sales, the Company carries out periodic credit checks and also limits the exposure by establishing maximum payment period for customers and by offering prompt payment discounts. The outstanding trade receivables due for a period exceeding 180 days as at the year ended 31st March, 2020 is - 0.32% (31st March, 2019 - 0.28%) of the total trade receivables.

There are no transactions with single customer which amounts to 10% or more of the Company's revenue.

The Company uses Expected Credit Loss (ECL) Model to assess the impairment loss or gain. The allowance for lifetime ECL on customer balances for the year ended 31 March, 2020 was - ₹ 2.31 Crores and for the year ended 31 March, 2019 was - ₹ 2.17 Crores.

(₹ Crores)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Balance at the beginning	2.17	2.27
Impairment loss recognised	0.14	-
Impairment loss reversed	-	(0.10)
Balance at the end	2.31	2.17

The Company holds cash and deposits with banks which are having highest safety rankings and hence has a low credit risk.

Investments in mutual funds are primarily debt funds, which have high safety ratings and are monitored on a monthly basis and the Company is of the opinion that its mutual fund investments have low credit risk.

iii) Liquidity Risk

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

The Company has a system of forecasting rolling three months cash inflow and outflow and all liquidity requirements are planned.

All Long term borrowings are for a fixed tenor and generally these cannot be foreclosed.

The Company has access to various source of Short term funding and debt maturing within 12 months can be rolled over with existing lenders/new lenders, or repaid based on short term requirements.

Trade and other payables are plugged into the three months rolling cash flow forecast to ensure timely funding, if required.

All payments are made along due dates and requests for early payments are entertained after due approval and availing early payment discounts.

The details of the contractual maturities of significant financial liabilities as at 31st March, 2020 are as under:

(₹ Crores)

	Refer Note	Less than 1 year	1-3 years	3-5 years	More than 5 years
Borrowings	Note 11, 14 and 16	628.99	564.44	151.87	82.14
		(875.68)	(901.62)	(151.87)	(1.24)
Trade Payable	Note 15	2340.14	-	-	-
		(2327.64)	(-)	(-)	(-)
Other Financial Liabilities	Note 16	229.11	93.79	89.47	144.22
		(172.56)	(-)	(-)	(-)
Employee Benefit liabilities	Note 16	111.90	-	-	-
		(119.72)	(-)	(-)	(-)
Unclaimed dividends	Note 16	2.62	-	-	-
		(2.55)	(-)	(-)	(-)

Figures in brackets are in respect of Previous year

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 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Financial Assets					
- Investments	Level One	1279.03	3531.81	1518.46	3826.67
Financial Liabilities					
- Borrowings	Level Two	1159.96	1524.74	1166.03	1521.55

B) Fair Value changes in Financial Instruments

(₹ Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
- Employee Benefits Expense	0.97	0.37
- Foreign Currency Transactions	53.92	40.44
- Others	4.73	1.15
	59.62	41.96

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The Fair Value of financial assets and liabilities included is the amount at which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair value.

1. The Fair values of Mutual Funds and Quoted Equities are based on NAV / Quoted Price at the reporting date. Further, the Company had invested in Co-operative Societies and in certain other companies towards the corpus. These are non participative shares and normally no dividend is accrued. The Company has carried these investments at its transaction value considering it to be its fair value.

2. The Company enters into Derivative financial instruments with counterparties principally with Banks with investment grade credit ratings. The Interest Rate swaps, foreign exchange forward contracts are valued using valuation techniques which employs the use of market observable inputs namely, Marked-to-Market.

NOTE 26 : Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

(₹ Crores)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Accounting Profit before Income Tax	1,399.32	1,608.89
At statutory income tax rate of 25.168% (31 March 2019: 34.944%)	352.18	562.21
Rate reduction Impact and reversal of temporary differences	(304.23)	(41.52)
Additional deduction on Research and Development expense	(3.67)	(37.90)
Difference in Capital Gains tax payable	(26.62)	36.90
Effect of non-deductible expenses/other adjustments	(13.32)	(7.67)
Total	4.34	512.02

The Company elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognized provision for Income Tax for the year ended 31st March, 2020 and re-measured the Deferred Tax Liabilities / Assets on the rates prescribed in the said section the full impact of this change has been recognised in the statement of profit and loss for the year.

NOTE 27 ADDITIONAL/EXPLANATORY INFORMATION :

a. Disclosure required by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 186(4) of the Companies Act, 2013:

1. Amount of Loans and advances in the nature of loans outstanding from /to subsidiaries - ₹ Nil (Previous year - ₹ Nil)
2. Loans to employees have been considered to be outside the purview of disclosure requirements.
3. Investment by Loanee in the shares of the Parent company - Nil (Previous year - Nil)

b. Lease Disclosure:

Maturity analysis of lease liabilities (₹ Crores)

Maturity Analysis - Contractual undiscounted cash flows	31.03.2020	31.03.2019
Less than 1 year	84.18	59.31
1-5 Years	316.34	167.75
More than 5 Years	170.55	79.52
Total undiscounted lease liabilities as at 31st March, 2020	571.07	306.58

c. Movement in provisions as required by IND AS - 37 - "Provisions, Contingent Liabilities and Contingent Asset". (₹ Crores)

	As at 31.03.2019	Provided during the year	Used during the year	Reversed during the year	Unwinding discounts	As at 31.03.2020
(i) Warranty	159.48	241.25	227.06	-	(0.08)	173.75
	(148.92)	(196.04)	(185.39)	-	(0.09)	(159.48)
(ii) Employee Benefits	89.95	51.90	42.00	1.39	-	98.46
	(79.65)	(33.30)	(23.00)	-	-	(89.95)
(iii) Litigation and related disputes	67.60	2.43	-	-	-	70.03
	(67.00)	(0.60)	-	-	-	(67.60)

Notes :

(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.

Other Related Parties: Mr. Jacob Kurian- Director, MRF Ltd Executives Provident Fund Trust, MRF Management Staff Gratuity Scheme, MRF Employees Gratuity Scheme, MRF Managers' Superannuation Scheme, MRF Foundation.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(c) Transactions with related parties (excluding reimbursements) (₹ Crores)

Nature of Transaction	Subsidiary Companies	KMP	Close member of the KMP	Companies in which Directors are interested	Other Related Parties
	Year Ended 31 March 2020	Year Ended 31 March 2020	Year Ended 31 March 2020	Year Ended 31 March 2020	Year Ended 31 March 2020
i) Sale of Materials	0.01	-	-	0.04	-
	(0.48)	-	-	(0.07)	-
ii) Purchase of Materials/Machinery	1,631.90	-	-	180.40	-
	(1,590.76)	-	-	(176.27)	-
iii) Sale of Finished Goods	1.05	-	-	-	-
	(1.17)	-	-	-	-
iv) Payment towards Service	-	-	-	14.59	-
	-	-	-	(9.10)	-
v) Selling and Distribution Expenses	-	-	-	1.38	-
	-	-	-	(1.41)	-
vi) Dividend Received	0.10	-	-	-	-
	(0.10)	-	-	-	-
vii) Other Receipts	0.14	-	-	0.84	-
	(0.14)	-	-	(0.78)	-
viii) Professional charges	-	-	-	-	0.14
	-	-	-	-	(0.10)
ix) Contribution to Retirement Benefit fund /Others	-	-	-	-	113.74
	-	-	-	-	(49.98)
Compensation*					
x) Short term Employee benefit (including Commission payable to KMP)	-	83.48	1.98	-	-
	-	(79.11)	(1.80)	-	-
xi) Sitting fees	-	-	-	0.02	-
	-	-	-	(0.02)	-
Outstanding as at Year End					
xii) Investments	21.12	-	-	-	-
	(21.12)	-	-	-	-
xiii) Trade Receivables	0.03	-	-	-	-
	(0.29)	-	-	-	-
xiv) Other Receivables	0.50	-	-	0.65	-
	(0.28)	-	-	(0.16)	-
xv) Trade Payables	491.92	-	-	14.06	-
	(659.07)	-	-	(13.61)	-
xvi) Commission Payable	-	35.47	-	-	-
	-	(33.67)	-	-	-
xvii) Contribution payable to Retirement Benefit fund /Others	-	-	-	-	63.83
	-	-	-	-	(42.65)

Figures in brackets are in respect of Previous year

(d) Terms and conditions of transactions with related parties;

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31st March 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (Previous Year - ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

e. Disclosures under Ind AS 108 - "Operating Segment":

The Company is engaged 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 31.03.2020	Year Ended 31.03.2019
(i) Products:		
Automobile Tyres	14407.85	14160.44
Automobile Tubes	1147.83	1152.49
Others	331.75	421.57
	15887.43	15734.50
(ii) Revenue from Customers:		
India	14236.24	14168.57
Outside India	1651.19	1565.93
	15887.43	15734.50
(iii) Non Current Assets:		
India	11196.23	9907.11
Outside India	0.07	0.07

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	31.03.2020	31.03.2019
(i)	Principal amounts remaining unpaid to suppliers as at the end of the accounting year	17.02	21.25
(ii)	Interest accrued and due to suppliers on above amount, unpaid	0.07	0.07
(iii)	The amount of interest paid by the buyer in terms of Section16 of the MSMED Act, 2006, along with the amounts of the payment made to the Supplier beyond the appointed day during the accounting year	0.01	0.22
(iv)	The amount of interest due and payable for the period of delay in making payment(which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	0.01	0.01
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year	0.08	0.08
(vi)	The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act, 2006	0.62	0.55

g. Disclosures as per IND AS - 19 - Employee Benefits

1) The contributions to MRF Limited Executives Provident Fund Trust is a defined benefit plan in terms of the definition mentioned in para 7 of IND AS -19 the accounting for which is to be done on an actuarial basis. The actuary has provided a valuation of provident fund liability based on the assumptions listed below and determined that there is no shortfall as at 31st March, 2020 and for the year ended 31st March 2019.

The details of fund and plan assets are given below :

(₹ Crores)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Fair value of plan assets	261.06	219.30
Present value of defined benefit obligations	260.89	216.93
Net excess/(Shortfall)	0.17	2.37

The plan assets have been primarily invested in Government securities, Corporate bonds and Exchange Traded Funds.

The principal assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

Projection is restricted to five years or earlier, if retirement occurs.

Expected guaranteed interest rate - 8.65% (Previous Year - 8.55%)

Discount rate - 6.63% (Previous Year - 7.62%)

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

(₹ Crores)

Particulars		Year Ended 31.03.2020	Year Ended 31.03.2019
i)	Employer's contribution to Provident Fund and Family Pension Fund	57.90	50.66
ii)	Employer's contribution to Superannuation Fund	17.42	15.43
iii)	Leave Encashment - Unfunded	11.18	12.41
iv)	Defined benefit obligation:		
	a) Post Retirement Medical Benefit - Unfunded	1.00	0.05

b) The valuation results for the defined benefit gratuity plan as at 31-3-2020 are produced in the tables below:

i) Changes in the Present Value of Obligation

(₹ Crores)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Present Value of Obligation as at the beginning	329.99	296.81
Current Service Cost	18.09	15.85
Interest Expense or Cost	25.63	23.13
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in demographic assumptions	(0.50)	-
- change in financial assumptions	13.86	1.52
- experience variance (i.e. Actual experience vs assumptions)	13.34	7.93
Past Service Cost	-	-
Benefits Paid	(14.48)	(15.25)
Present Value of Obligation as at the end	385.93	329.99

ii) Changes in the Fair Value of Plan Assets

(₹ Crores)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Fair Value of Plan Assets as at the beginning	288.30	260.44
Investment Income	22.39	20.30
Employer's Contribution	42.00	23.00
Benefits Paid	(14.48)	(15.25)
Return on plan assets, excluding amount recognised in net interest expense	(0.05)	(0.19)
Fair Value of Plan Assets as at the end	338.16	288.30

iii) Expenses Recognised in the Income Statement

(₹ Crores)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Current Service Cost	18.09	15.85
Past Service Cost	-	-
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	3.24	2.83
Payable/(Recoverable) to/ from a subsidiary company	(0.52)	(0.46)
Expenses Recognised in the Income Statement	20.81	18.22

iv) Other Comprehensive Income

(₹ Crores)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Actuarial (gains) / losses		
- change in demographic assumptions	(0.50)	-
- change in financial assumptions	13.86	1.52
- experience variance (i.e. Actual experience vs assumptions)	13.34	7.93
Return on plan assets, excluding amount recognised in net interest expense	0.05	0.19
Payable/(Recoverable) from a subsidiary company	0.07	0.10
Components of defined benefit costs recognised in other comprehensive income	26.82	9.74

v) Major categories of Plan Assets (as percentage of Total Plan Assets)

Particulars	As at 31.03.2020	As at 31.03.2019
Funds managed by Insurer	100%	100%

- In the absence of detailed information regarding Plan assets which is funded with Insurance Company, the composition of each major category of Plan assets, the percentage or amount for each category to the fair value of Plan assets has not been disclosed.

- The group gratuity Policy with LIC includes employees of MRF Corp Ltd, a Subsidiary Company.

vi) Actuarial Assumptions

a. Financial Assumptions

The principal financial assumptions used in the valuation are shown in the table below:

Particulars	As at 31.03.2020	As at 31.03.2019
Discount rate (per annum)	6.80%	7.75%
Salary growth rate (per annum)	0% for First year and 5.50% thereafter	5.50%

b. Demographic Assumptions

Particulars	As at 31.03.2020	As at 31.03.2019
Mortality Rate % of IALM 2012-14 (% of IALM 2006-08)	100%	100%
Withdrawal rates, based on age: (per annum)		
Up to 30 years	3.00%	3.00%
31 - 44 years	2.00%	2.00%
Above 44 years	1.00%	1.00%

vii) Amount, Timing and Uncertainty of Future Cash Flows

a. Sensitivity Analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

(₹ Crores)

	As at 31.03.2020	As at 31.03.2019
Defined Benefit Obligation (Base)	385.93	329.99

Particulars	31.03.2020		31.03.2019	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	426.32	351.38	363.15	301.51
(% change compared to base due to sensitivity)	10.50%	-8.90%	10.10%	-8.60%
Salary Growth Rate (- / + 1%)	350.45	426.71	300.65	363.61
(% change compared to base due to sensitivity)	-9.20%	10.60%	-8.90%	10.20%
Attrition Rate (- / + 50%)	385.10	386.66	327.44	332.28
(% change compared to base due to sensitivity)	-0.20%	0.20%	-0.80%	0.70%
Mortality Rate (- / + 10%)	385.25	386.58	329.31	330.65

There is no change in the method of valuation for the prior period. For change in assumptions please refer to section 5 above, where assumptions for prior period, if applicable, are given.

b. Asset Liability Matching Strategies

The scheme is managed on funded basis.

c. Effect of Plan on Entity's Future Cash Flows

- Funding arrangements and Funding Policy

  The scheme is managed on funded basis.

(₹ Crores)

- Expected Contribution during the next annual reporting period	31.03.2020	31.03.2019
The Company's best estimate of Contribution during the next year	32.56	38.04

- Maturity Profile of Defined Benefit Obligation		
Weighted average duration (based on discounted cash flows)	10 years	10 years

(₹ Crores)

- Expected cash flows over the next (valued on undiscounted basis):	31.03.2020	31.03.2019
1 year	40.93	38.10
2 to 5 years	105.88	95.67
6 to 10 years	178.14	164.55
More than 10 years	545.35	529.72

v) Other Long Term Employee Benefits:

(₹ Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
Present value of obligation as at 31st March, 2020		
Leave Encashment	44.40	41.56
Post Retirement Medical Benefits	6.30	5.32

h. (i) Revenue expenditure on Research and Development activities during the year ended 31st March, 2020:

(₹ Crores)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
1) Salaries, Wages and Other Benefits	39.00	28.93
2) Repairs and Maintenance	11.57	5.15
3) Power	6.30	4.69
4) Travelling and Vehicle Running	3.34	4.74
5) Cost of Materials/Tyres used for Rallies / Test Purpose	7.46	4.55
6) Other Research and Development Expenses	4.11	7.18
	71.78	55.24

(ii) Capital Expenditure on Research and Development (excluding Building) during the year, as certified by the management is - ₹ 14.33 Crores (Previous year - ₹ 50.05 Crores).

This information complies with the terms of the Research and Development recognition granted upto 31st March, 2020 for the Company's in-house Research and Development activities by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India, vide their Letter No.TU/IV-RD/118/2018 dated 13th July, 2018.

i. Terms of Repayment and Security Description of Borrowings: (refer note 11)

a) Current Borrowings

Loans repayable on demand from banks are secured by hypothecation of Inventories and book debts, equivalent to the outstanding amount and carries interest rates at the rate of - 7.4% to 8.45% (Previous year - 7.85% to 8.45%)

b) Non Current Borrowings

i) The principal amount of Debentures, interest, remuneration to Debenture Trustees and all other costs, charges and expenses payable by the Company in respect of Debentures are secured by way of a legal mortgage of Company's land at Taluka Kadi, District Mehsana, Gujarat and hypothecation by way of a first charge on Plant and Machinery at the Company's plants at Perambalur, near Trichy, Tamil Nadu, equivalent to the outstanding amount.

3400 (Previous year 5000), 10.09% Non convertible Debentures of ₹10,00,000 each are to be redeemed at par in three instalments as stated below:

Particulars	As at 31.03.2020		As at 31.03.2019	
	10.09% NCD's (Previous year 10.09%)	Dates of Redemption	10.09% NCD's (Previous year 10.09%)	Dates of Redemption
	(₹ Crores)		(₹ Crores)	
Series I	-	-	160.00	27/05/2019
Series II	160.00	27/05/2020	160.00	27/05/2020
Series III	180.00	27/05/2021	180.00	27/05/2021
	340.00		500.00	

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 Mizuho Bank, Ltd USD 25 Million availed in February, 2015 is for capital expenditure. Interest is payable at a rate equal to the six months USD LIBOR plus margin of 1.00% (Previous year- six months USD LIBOR plus margin of 1.00%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning February, 2019.

iv) ECB (Unsecured) from the CITI Bank availed in January, 2015 amounting to USD 20 Million is for capital expenditure. Interest is payable at a rate equal to the six months BBA LIBOR plus margin of 1.30% (Previous year- six months BBA LIBOR plus margin of 1.30%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning January, 2019.

v) ECB (Unsecured) from the HSBC Bank.

a) USD 20 Million availed in October, 2015 is for capital expenditure. Interest is payable at a rate equal to the six months BBA LIBOR plus margin of 1.25% (Previous year- six months BBA LIBOR plus margin of 1.25%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning October, 2019.

b) USD 45 Million availed in December, 2017 is for capital expenditure. Interest is payable at a rate equal to the six months BBA LIBOR plus margin of 0.80% payable half yearly (Previous year- six months BBA LIBOR plus margin of 0.80%). The said Loan is fully hedged and is repayable in one full instalment in December, 2022.

vi) Indian Rupee Term Loan of ₹ 150 Crores availed in February, 2019 is for capital expenditure. Interest is payable at a rate equal to the three months T-Bill rate plus a margin of 1.49% (Previous year- 1.49%) payable monthly. The said Loan is repayable in one full installment in February, 2024.

vii) Secured Loan availed under SIPCOT soft loan during the financial year ended 31st March 2020, Interest is payable at a rate of 0.10% (Previous year - Nil) payable quartely are secured by way of second charge on the Fixed Assets created at the company's plants at Perambalur, near Trichy,Tamil Nadu. This loan will be repaid in full in April 2033.

viii) Deferred payment credit is repayable along with interest (at varying rates) in 240 consecutive monthly instalments ending in March 2026.

j. Events Occuring after the Balance Sheet date

i) The proposed final dividend for FY 2019-20 amounting to ₹39.87 Crores will be recognised as distribution to owners during the financial year 2020-21 on its approval by Shareholders. The proposed final dividend per share amounts to ₹94/-

ii) COVID 19 pandemic has severely affected the business environment and the economy. In order to reduce the impact of the pandemic, a nationwide lockdown was announced by the Government on 24th March 2020 and consequently, the Company's Plants, offices and godowns were closed. Post lifting of lockdown, most of the Company's operations have resumed. As on the date of the approval of the financial statements, the Company has a strong Net Worth and has serviced all its debt obligations in a timely manner. It does not foresee any incremental risk regarding recoverability of assets and ability to service financial obligations.

k. (i) Estimated amount of contracts remaining to be executed on Capital Account, net of advances and not provided for - ₹ 1617.36 Crores (Previous Year - ₹3989.78 Crores)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

l. Corporate Social Responsibility

As per Section 135 of the Companies Act,2013, a Company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceeding three financial years on corporate social responsibility (CSR) Activities,which for the financial year ended 31st March 2020 amounts to - ₹ 31.22 crores (Previous year - ₹ 43.04 crores). A CSR Committee has been formed by the Company as per the Act. During the financial year ended 31st March 2020, the Company has incurred an amount of ₹ 66.35 crores representing ₹ 31.22 crores for the current financial year and ₹ 35.13 crores towards shortfall in CSR spending of earlier years.

Amount spent during the year on:

(₹ Crores)

Particulars		In cash	yet to be paid in cash	Total
1	Construction/acquisition of any asset	43.57	15.00	58.57
		(7.87)	(-)	(7.87)
2	On purposes other than (1) above	7.78	-	7.78
		(18.48)	(0.04)	(18.52)

Previous year figures are in brackets

m. Contingent Liabilities not provided for:

(i) Guarantees given by the Banks - ₹ 45.03 Crores (Previous Year - ₹ 51.14 Crores)

(ii) Letters of Credit issued by the Banks - ₹ 93.06 Crores (Previous Year - ₹ 450.41 Crores)

(iii) Claims not acknowledged as debts:

(a) Disputed Sales Tax demands pending before the Appellate Authorities - ₹ 37.51 Crores (Previous Year- ₹ 46.20 Crores)

(b) Disputed Excise/Customs Duty demands pending before the Appellate Authorities/High Court - ₹ 318.97 Crores (Previous Year - ₹ 335.51 Crores)

(c) Disputed Income Tax Demands - ₹ 93.38 Crores (Previous Year - ₹ 85.58 Crores). Against the said demand the company has deposited an amount of ₹ 49.55 Crores (Previous Year ₹ 37.51 Crores)

(d) Contested EPF Demands pending before Appellate Tribunal - ₹ 1.10 Crores (Previous year - ₹ 1.10 Crores)

n. The amount due and paid during the year to "Investor Education and Protection Fund" is ₹ 0.05 Crores (Previous year - ₹ 0.21 Crores).

o. Earnings Per Share

Particulars		Year Ended 31.03.2020	Year Ended 31.03.2019
Profit after taxation	₹ Crores	1394.98	1096.87
Number of equity shares (Face Value ₹ 10/-)	Nos.	4241143	4241143
Earnings per share	₹	3289.16	2586.26

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

p. Other Notes:

Particulars	Year Ended 31.03.2020 % of total Consumption	Year Ended 31.03.2020 Value ₹ Crores	Year Ended 31.03.2019 % of total Consumption	Year Ended 31.03.2019 Value ₹ Crores
1) Value of imported/indigenous raw material/ stores and spares consumed :				
Raw Materials				
Imported at landed cost	40.67	3847.81	37.06	3787.25
Indigenous	59.33	5613.92	62.94	6433.15
	100.00	9461.73	100.00	10220.40
Stores and Spares				
Imported at landed cost	8.88	33.05	10.17	36.34
Indigenous	91.12	339.19	89.83	321.00
	100.00	372.24	100.00	357.34

(₹ Crores)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
2) Details of Purchase of Traded Goods under broad heads:		
T and S Equipments	6.83	19.07
Sports Goods	9.36	8.37
Tyres and Tubes	3.43	-
Others	2.68	2.42
	22.30	29.86

(₹ Crores)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
3) CIF Value of Imports:		
a. Raw Materials	3016.15	3472.74
b. Components and Spare Parts	55.99	68.98
c. Capital Goods	1160.67	321.23

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ Crores)

	Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
4)	Earnings in Foreign Exchange:		
	FOB Value of Exports	1384.45	1330.30
	Freight and Insurance	15.51	14.37
	Others	-	0.21

Note: FOB Value of Exports excludes export sales in Indian Rupee

	Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
5)	Expenditure in Foreign Currency paid or payable by the Company:		
a.	Interest and Finance Charges	3.10	2.61
b.	Professional and Consultation Fees	9.38	10.03
c.	Travelling	8.52	1.91
d.	Advertisements	69.50	75.76
e.	Traded goods	3.49	4.82
f.	Insurance	3.62	3.32
g.	Product warranty claims	2.77	2.15
h.	Others	19.49	11.36

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

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

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

B R Mahesh
Partner
Mem. No. 18628
Hyderabad

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR
Directors

K M MAMMEN
Chairman & Managing Director

Chennai