



INDEPENDENT AUDITOR'S REPORT

To the members of **MRF CORP LIMITED, CHENNAI**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of **MRF CORP LIMITED** ("The Company") which comprise the Balance Sheet as at 31st March 2023, the Statement of Profit and Loss (including other comprehensive income), the statement of changes in Equity and the Statement of Cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. (Herein after referred to as "the stand-alone financial statements")

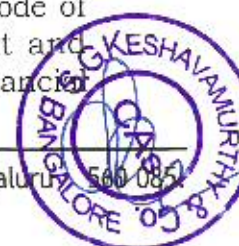
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian accounting standards prescribed U/s. 133 of the Act read with the Companies (Indian Accounting standards) Rules, 2015, as amended, (IND AS) and other accounting principles generally accepted in India:

In the case of:

- (i) the balance sheet, of the state of affairs of the Company as at 31 March 2023;
- (ii) the statement of profit and loss, of the '**PROFIT**' and the total comprehensive income, changes in equity and its cash flows for the year ended on that date;

Basis for Opinion

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



Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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



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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

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



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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.



e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. In our opinion and to the best our knowledge & belief, the management has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

v. In our opinion, the management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and



vi. Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under iv & v above, contain any material mis-statement.

vii. In our opinion, the dividend declared or paid during the year by the company is in compliance with section 123 of the Companies Act, 2013.

viii. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **S.G.KESHAVAMURTHY & CO.**
Chartered Accountants
FRN: 001779S


S K Nagachandra
Partner



Place: Chennai
Date: 02-05-2023

Membership Number: 022961
UDIN: 23022961BHABLV6514



ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of MRF Corp Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **MRF Corp Limited** ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material mis-statement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

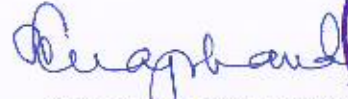
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal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



Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S. G. KESHAVAMURTHY & CO.**
Chartered Accountants
FRN: 001779S


S K Nagachandra
Partner



Place: Chennai
Date: 02-05-2023

Membership Number: 022961
UDIN: 23022961BHABLV6514



ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of MRF Corp Limited of even date)

- i.
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment of both tangible and intangible assets.
- (b) The Company has a program of verification to cover all the items of Property, plant and equipment in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- (d) According to the information and explanations given to us, revaluation has not been done of its property, plant and equipment during the year by the company.
- (e) As no revaluation was done by the company during the year of its property, plant and equipment, the question of giving values in excess of 10% does not arise.
- (f) According to the information and explanations given to us, the company is not holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder as on the balance sheet date.
- ii.
- (a) As explained to us, physical verification of inventories has been conducted by management at reasonable intervals during the year. In our opinion and according to the information and explanations given to us, no material discrepancies were noticed on physical verification of inventories by the management as compared to inventory records. However, the discrepancies noticed on such verification have been properly dealt in the books of account by the management.



- (b) As verified from the books & other records we hereby confirm that the company has not availed any working capital from banks or financial institutions. Hence, the question of submitting quarterly statements to the banks or financial institutions does not arise.
- iii. As explained to us no party has been listed in the Register maintained under section 189 of The Companies Act, 2013; The Company has not made any investments or granted/taken any loans secured or unsecured to/from companies/firms/LLP or other parties covered in the register maintained under section 189 of the companies Act 2013. As explained to us the company has not granted any loans or advances to Promoters, related parties as defined in clause (76) of section 2 of the Companies Act, 2013.
- iv. The Company has not granted any loans or provided any guarantee and security to persons specified under section 185 of the Companies Act 2013. The investments made by the company are in conformity with the provisions of section 186 of the companies Act 2013 and the same is not prejudicial to the interest of the company.
- v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2023.
- vi. The Central Government has prescribed the maintenance of cost records under section 148(1) of the Act. We have broadly reviewed the accounts & records of the company in this regard and we are of the opinion that accounts and records have been made and maintained. We have however not made a detailed examination of the same.
- vii. As informed to us there are no undisputed amounts payable in respect of Provident Fund, ESI, Income Tax, Sales tax, Service tax, Goods & Service tax, Value added Tax, duty of custom, duty of excise, cess and other statutory dues which were outstanding as at 31 March 2023 for a period of more than six months from the date on which the same became payable.
- viii. According to the information and explanations given to us, the company has not surrendered or disclosed any transactions as income during the tax assessments under the Income Tax Act 1961, which were not recorded in the books of accounts.
- ix. (a) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3 (ix) of the Order is not applicable to the Company.



- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (x) of the Order is not applicable to the Company.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi. (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (b) According to the information and explanation given to us, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. The company has transactions with its Holding company and the details of the same are shown in notes forming part of the financial statements as required by the applicable accounting standards.
- xiv. In our opinion the company has an internal audit system commensurate with its size and nature of business.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.



- xvii. The company has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- xviii. There has not been resignation of statutory auditors during the year.
- xix. In our opinion, there is no material uncertainty exists as on the date of the audit report that the company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
- xx. According to the information and explanations given to us, The Company has taken steps to spend/contribute amount towards CSR activity as required by subsection (5) of section 135 of the companies Act and the unspent amount has been transferred to Fund specified in Schedule VII to the Companies Act.
- xxi. The question of reporting on qualifications by the auditors in CARO does not arise as ours is a standalone financial statements with standalone auditors report and that we are not preparing consolidated financial statements.

For **S. G. KESHAVAMURTHY & CO.**
Chartered Accountants
FRN: 001779S


S K Nagachandra
Partner



Place: Chennai
Date: 02-05-2023

Membership Number: 022961
UDIN: 23022961BHABLV6514

MRF CORP LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2023

		(Rupees in Crores)	
		As at 31 MARCH 2023	As at 31 MARCH 2022
	Note		
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2 (a)	65.59	53.13
Capital Work-in-Progress	2 (b)	0.64	7.26
Other Intangible Assets	2 (c)	-	0.01
Financial Assets			
- Investments	3	1.00	1.14
- Loans	4	0.09	0.11
- Other financial assets	5	0.05	0.05
Other non-current assets	6	2.24	1.64
Current Assets			
Inventories	7	93.61	67.00
Financial Assets			
- Investments	3	-	11.75
- Trade Receivables	8	63.56	55.60
- Cash and cash equivalents	9	4.08	3.60
- Loans	4	0.02	0.02
- Other financial assets	5	-	-
Other current assets	6	7.55	7.78
TOTAL ASSETS		238.43	209.09
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	SOCE	0.05	0.05
Other Equity	SOCE	143.07	126.74
Total Equity		143.12	126.79

MRF CORP LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2023

	Note	As at 31 MARCH 2023	(Rupees in Crores) As at 31 MARCH 2022
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Provisions	12	-	-
Deferred Tax Liabilities (Net)	13	2.60	1.72
Other non-current liabilities	14	-	-
Current Liabilities			
Financial Liabilities			
- Trade Payables			
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	15	81.08	68.57
- Other Financial Liabilities	16	2.79	3.36
Other Current Liabilities	14	5.68	4.79
Provisions	12	0.60	0.74
Current Tax Liabilities (Net)		2.56	3.02
Total Liabilities		95.31	82.30
TOTAL EQUITY AND LIABILITIES			
		238.43	209.09

Significant Accounting Policies

Accompanying Notes are an integral part of these financial statements

This is the Balance Sheet referred to in our report of even date

For S.G.KESHAVAMURTHY & Co.,

Chartered Accountants,

FRN : 0017795


S.K.NAGACHANDRA

Partner

Membership No:22961

Chennai, Dated 02nd May 2023


K.M. MAMMEN

Director

DIN:00020202


ARUN MAMMEN

Director

DIN:00018558

MRF CORP LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2023

	Note	YEAR ENDED 31 MARCH 2023	YEAR ENDED 31 MARCH 2022
(Rupees in Crores)			
INCOME			
Revenue from Operations	17	421.03	318.16
Other Income	18	0.47	1.31
TOTAL INCOME		421.50	319.47
EXPENSES			
Cost of materials consumed	19	245.24	194.23
Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	20	(6.05)	(11.68)
Employee Benefits expense	21	32.75	26.34
Depreciation and Amortisation expense	2 (a) & (c)	4.34	3.50
Other expenses	23	122.51	86.38
TOTAL EXPENSES		398.79	298.77
PROFIT/ (LOSS) BEFORE TAX		22.71	20.70
TAX EXPENSE			
Current Tax		5.50	5.50
Deferred Tax		0.88	0.56
TOTAL TAX EXPENSE		6.38	6.06
PROFIT/ (LOSS) FOR THE YEAR		16.33	14.64

MRF CORP LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2023

	Note	YEAR ENDED 31 MARCH 2023	YEAR ENDED 31 MARCH 2022
OTHER COMPREHENSIVE INCOME(OCI)			
Items that will not be reclassified to Profit or Loss			
Remeasurements of Defined benefit plans		0.14	(0.09)
Income Tax relating to items that will not be reclassified to Profit or Loss		(0.04)	0.02
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		0.10	(0.07)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		16.43	14.57
EARNINGS PER EQUITY SHARE (in Rupees)			
Basic		3,279	2,907
Diluted		3,279	2,907

Significant Accounting Policies

Accompanying Notes are an integral part of these financial statements

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

For S.G.KESHAVAMURTHY & Co.,

Chartered Accountants,

ERN : 001779S

S.K.NARAYANAN

Partner

Membership No:22961



K.M.MAMMEN

Director

DIN:00020202



ARUN MAMMEN

Director

DIN:00018558

Chennai, Dated 02nd May 2023

MRF CORP LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

(Rupees in Crores)

YEAR ENDED 31 March 2023

YEAR ENDED 31 March 2022

A. CASH FLOW FROM OPERATING ACTIVITIES :			
NET PROFIT BEFORE TAX		22.71	20.70
Adjustment for :			
Depreciation	4.34		3.50
Interest Income	-		
Dividend Income	(0.01)		(0.01)
Fair Value changes in Investments	0.81		(0.55)
Fair Value changes in Financial Instruments	0.13		(0.06)
Loss / (Gain) on Sale of Investments	(0.95)		(0.44)
Other Adjustments	0.36	4.68	2.56
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES		27.39	23.26
Trade receivables	(8.32)		(22.65)
Other receivables	0.23		1.16
Inventories	(26.61)		(10.71)
Trade Payable and Provisions	12.41		14.90
Other liabilities	0.32	(21.97)	1.09
CASH GENERATED FROM OPERATIONS		5.42	7.05
Direct Taxes paid		(5.99)	(5.20)
NET CASH FROM OPERATING ACTIVITIES		(0.57)	1.85
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property Plant and Equipment	(10.77)		(16.19)
(Purchase of Investments)/Sale of Investment	10.94		7.23
Gain on Sale of Investments	0.95		
Fixed Deposits with Banks matured	-		
Loans (Financial assets) given	0.02		(0.10)
Interest Income	-		0.44
Dividend income	0.01		0.010
NET CASH USED IN INVESTING ACTIVITIES		1.15	(8.61)

MRF CORP LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

	YEAR ENDED 31 March 2023	YEAR ENDED 31 March 2022
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend	(0.10)	(0.10)
NET CASH FROM FINANCING ACTIVITIES	(0.10)	(0.10)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH, 2022	0.48	(6.86)
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH, 2023	3.60	10.46
	4.08	3.60

Refer Note 9

Note to Cash Flow Statement:

1. The above Cash Flow Statement has been prepared under the Indirect Method.

	31.03.2023	31.03.2022
2.Reconciliation of Financing Liabilities		
Opening Balance	3.36	2.34
Other Changes	(0.57)	1.02
Closing Balance	2.79	3.36

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

For S.G.KESHAVAMURTHY & Co.,

Chartered Accountants,

FRN : 0017795


 S.K.NAGACHANDRA

Partner

Membership No:22961


 K.M.MAMMEN

Director

DIN:00020202


 ARUN MAMMEN

Director

DIN:00018558

Chennai, Dated 02nd May 2023

MRF CORP LIMITED

STATEMENT OF CHANGES IN EQUITY (SOCE) FOR THE YEAR ENDED 31ST MARCH, 2023

(Rupees in Crores)

	As at		As at	
	31 MARCH 2023		31 MARCH 2022	
	Number	Amount	Amount	Amount
EQUITY SHARE CAPITAL				
Authorised Share Capital	5000000	5.00	5.00	5.00
Issued Share Capital	50100	0.05	0.05	0.05
Subscribed Share Capital	50100	0.05	0.05	0.05
Fully Paid-up Share Capital	50100	0.05	0.05	0.05
Balance at the beginning of the year		-	-	-
Changes in equity share capital due to prior period errors		-	-	-
Restated balance at the beginning of the reporting year		-	-	-
Changes in equity share capital during the year		-	-	-
Balance at the end of the reporting year	50100	0.05	0.05	0.05

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

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

The company has not declared any interim dividend and declared only final dividend of Rs. 20/- per share aggregating to Rs. 0.10 Crore (Previous Year - Rs. 0.10 Crore) which has already been distributed during the Financial Year 2022-23

	As at		As at	
	31 MARCH 2023		31 MARCH 2022	
	No.	%	No.	%
Shares in the Company held by each shareholder holding more than five percent shares	50100	100.00%	50100	100.00%

Equity Capital is held by MRF LIMITED(100%) - Holding Company

MRF CORP LIMITED

STATEMENT OF CHANGES IN EQUITY (SOCE) FOR THE YEAR ENDED 31ST MARCH, 2023

(Rupees in Crores)

OTHER EQUITY	Reserves and Surplus			TOTAL
	General Reserve	Remeasurements of Defined Benefit Plans	Retained Earnings	
Balance at the beginning of the reporting year 1st April 2021	4.18	0.63	107.46	112.27
Changes in Accounting Policy or Correction of Prior Period Errors	-	-	-	-
Restated balance as at 1st April 2021	4.18	0.63	107.46	112.27
Profit for the reporting year ending 31st March 2022	-	-	14.64	14.64
Other Comprehensive (Loss) / Income *	-	(0.07)	-	(0.07)
Total Comprehensive Income for the Reporting year	-	(0.07)	14.64	14.57
Transactions with owners in their capacity as owners:	-	-	-	-
Dividends	-	-	-	-
- Final Dividend (Rs. 20 per share)	-	-	(0.10)	(0.10)
Balance at the end of the reporting year ending 31st March 2022	4.18	0.56	122.00	126.74
Changes in Accounting Policy or Correction of Prior Period Errors	-	-	-	-
Restated balance as at 1st April 2021	4.18	0.56	122.00	126.74
Profit for the reporting year ending 31st March 2022	-	-	16.33	16.33
Other Comprehensive (Loss) / Income *	-	0.10	-	0.10
Total Comprehensive Income for the Reporting year	-	0.10	16.33	16.43
Transactions with owners in their capacity as owners:	-	-	-	-
Dividends	-	-	-	-
- Final Dividend (Rs. 20 per share)	-	-	(0.10)	(0.10)
Balance at the end of the reporting year ending 31st March 2023	4.18	0.66	138.23	143.07

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

For S.G.KESHAVAMMURTHY & Co.,

Chartered Accountants,

FRN : 0017795


S.K. NAGACHANDRA
Partner

Membership No:22961

Chennai, Dated 02nd May 2023


K.M. MAMMEN
Director

DIN:00020202


ARUN MAMMEN
Director

DIN:00018558

INTANGIBLES

NOTE 2 (a): PROPERTY, PLANT AND EQUIPMENT

Particulars	Land		Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Other Assets	Total
	Freehold	Leased								
Gross Block										
Carrying Value as at 31 MARCH 2021	2.23	-	21.93	24.01	2.23	0.62	0.43	0.62	5.45	57.52
Additions	-	-	3.90	4.19	0.20	0.13	0.32	0.72	0.50	9.96
Disposals	-	-	-	-	-	-	-	-	-	-
Carrying Value as at 31 MARCH 2022	2.23	-	25.83	28.10	2.43	0.75	0.45	1.34	5.95	67.08
Additions	-	-	1.21	14.27	0.21	0.19	0.17	0.15	0.88	16.80
Disposals	-	-	-	-	-	-	-	-	-	-
Carrying Value as at 31 MARCH 2023	2.23	-	27.04	42.37	2.64	0.94	0.52	1.49	6.83	83.88
Depreciation Block										
Accumulated depreciation / Amortisation as at the 31 MARCH 2021	-	-	0.39	5.23	1.39	0.46	0.33	0.44	2.20	10.45
Depreciation / Amortisation for the year	-	-	0.75	1.75	0.74	0.06	0.03	0.19	0.50	3.50
Disposals	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation / Amortisation as at the 31 MARCH 2022	-	-	1.12	6.98	1.63	0.52	0.36	0.63	2.70	13.95
Depreciation / Amortisation for the year	-	-	0.85	2.26	0.27	0.07	0.03	0.32	0.54	4.34
Disposals	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation / Amortisation as at the 31 MARCH 2023	-	-	1.97	9.24	1.90	0.59	0.39	0.95	3.24	18.29
Net Block										
As at 31 MARCH 2022	2.23	-	24.71	21.12	0.80	0.23	0.09	0.71	3.25	53.13
As at 31 MARCH 2023	2.23	-	25.09	33.13	0.74	0.35	0.13	0.54	3.39	65.59

Note 2 (b). Capital Work-in-Progress

As at 31 MARCH 2022
As at 31 MARCH 2023

7.26
0.64

Capital Work-in-Progress schedule as at 31.03.2023 (Rupees in Crores.)

	Amount in CWIP for a period of			Total
	Less than 1 year	1 - 2 Years	More than 2-3 Years 3 years	
CWIP	0.64			0.64
Projects in progress*	(6.54)	(0.72)		(7.26)

* Figures in brackets are in respect of Previous year

MRF CORP LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

NOTE 3: INVESTMENTS

Particulars	No. of Shares / Units		(Rupees in Crores)	
	Face Value Rs.	As at 31 MARCH 2023	As at 31 MARCH 2022	As at 31 MARCH 2022
Non-Current Investments				
Fully Paid-up				
Quoted				
Equity Shares (at fair value through Profit or Loss)		1.00		1.14
Total		1.00		1.14
Aggregate Market Value of Quoted Investments				
Current Investments				
Fully paid up -Unquoted				
In Mutual Fund Units: (at fair value through Profit or Loss)				
Income Plan: Growth Option				11.75
Aggregate Amount of Unquoted Investments				11.75

MRF CORP LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

NOTE 4 LOANS (Unsecured, considered good)	(Rupees in Crores)			
	Non-Current		Current	
	As at 31 MARCH 2023	As at 31 MARCH 2022	As at 31 MARCH 2023	As at 31 MARCH 2022
Loans to employees	0.09	0.11	0.02	0.02
Total	0.09	0.11	0.02	0.02

NOTE 5 OTHER FINANCIAL ASSETS	(Rupees in Crores)			
	Non-Current		Current	
	As at 31 MARCH 2023	As at 31 MARCH 2022	As at 31 MARCH 2023	As at 31 MARCH 2022
Bank deposits with more than 12 months maturity	0.05	0.05	-	-
Total	0.05	0.05	-	-

MRF CORP LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

NOTE 6

OTHER ASSETS

	(Rupees in Crores)			
	Non-Current		Current	
	As at 31 MARCH 2023	As at 31 MARCH 2022	As at 31 MARCH 2023	As at 31 MARCH 2022
Capital Advances	2.15	1.56		
Advances other than capital advances;				
Security Deposits	0.09	0.08	-	-
Sub Total	2.24	1.64	-	-
Others				
Balance with Statutory authorities	-	-	1.18	1.34
Advances recoverable in cash or kind	-	-	4.73	5.23
Prepaid Expenses	-	-	1.64	1.21
Sub Total	-	-	7.55	7.78
Total	2.24	1.64	7.55	7.78

MRF CORP LIMITED**NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023****NOTE 7****INVENTORIES**

	(Rupees in Crores)	
	As at 31 MARCH 2023	As at 31 MARCH 2022
Raw Materials	31.46	17.81
Raw Materials in transit	3.19	-
Work-in-progress	0.68	0.30
Finished goods	53.52	42.28
Stock-in-trade	0.41	5.98
Stores and spares	4.35	0.63
Total	93.61	67.00

MRF CORP LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

NOTE 8

TRADE RECEIVABLES

	(Rupees in Crores)	
	As at 31 MARCH 2023	As at 31 MARCH 2022
Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	63.56	55.60
Trade Receivables - credit impaired	1.08	0.77
Less: Impairment provision on Expected Credit Loss Model	(1.08)	(0.77)
Total	63.56	55.60

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

Trade Receivable ageing schedule as at 31.03.2023

Particulars	Outstanding for following periods from due date of payment					Total	(Rupees in Crores)
	Less than 6 months	6 months - 1 year	1-2 Years	2-3 years	More than 3 years		
Uncisured Trade receivables -- considered good*	58.86	4.90	-	-	-	63.56	
	(51.89)	(3.71)	-	-	-	(55.60)	

*Figures in brackets are in respect of Previous year

MRF CORP LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

NOTE 9

CASH AND CASH EQUIVALENTS (as per Cash Flow Statement)

	(Rupees in Crores)	
	As at 31 MARCH 2023	As at 31 MARCH 2022
Balances with Banks	4.05	3.58
Cash on hand	0.03	0.02
Total	4.08	3.60

MRF CORP LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

NOTE 12

PROVISIONS

	(Rupees in Crores)			
	Non-Current		Current	
	As at 31 MARCH 2023	As at 31 MARCH 2022	As at 31 MARCH 2023	As at 31 MARCH 2022
Provision for employee benefits	-	-	0.60	0.74
Total	-	-	0.60	0.74

NOTE 13

DEFERRED TAX LIABILITIES - (NET)

	(Rupees in Crores)			
	Non-Current		Current	
	As at 31 MARCH 2023	As at 31 MARCH 2022	As at 31 MARCH 2023	As at 31 MARCH 2022
Deferred Tax Liabilities :				
- Arising on account of difference in carrying amount and tax base of PPE and Intangibles	2.60	1.72	-	-
Total	2.60	1.72	-	-
Deferred Tax Asset:				
Total	-	-	-	-
Total	2.60	1.72	-	-

MRF CORP LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

NOTE 14

OTHER LIABILITIES

	(Rupees in Crores)			
	Non-Current		Current	
	As at 31 MARCH 2023	As at 31 MARCH 2022	As at 31 MARCH 2023	As at 31 MARCH 2022
Contract Liabilities	-	-	2.27	1.59
Others;				
Dealers' Security Deposit	-	-	2.76	2.76
Statutory Dues	-	-	0.64	0.43
Others	-	-	0.01	0.01
Total	-	-	5.68	4.79

During the year ended 31st March, 2023, the Company recognised revenue of Rs. 0.30 Crore as revenue from contracts with customers, the corresponding value for Previous year - Rs. 0.56 Crore.

Movement of contract liabilities is as under

	As at 31 MARCH 2023	As at 31 MARCH 2022
Balance as at beginning of the year	1.59	1.62
Recognised as revenue from contracts with customers	(0.30)	(0.56)
Advance from customers received during	0.98	0.53
Balance at the close of the year	2.27	1.59

MRF CORP LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

NOTE 15

TRADE PAYABLES

	(Rupees in Crores)	
	As at 31 MARCH 2023	As at 31 MARCH 2022

81.08

Outstanding dues of Creditors other than Micro and Small Enterprises

68.67

Total	81.08	68.67
--------------	--------------	--------------

Trade Payables ageing schedule as at 31.03.2023

Particulars	Outstanding for following periods from due date of payment				(Rupees in Crores)
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(ii) Others*	80.08	0.50	0.47	0.03	81.08
	(67.21)	(1.39)	(0.04)	(0.03)	(68.67)

*Figures in brackets are in respect of Previous year

MRF CORP LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

NOTE 16

OTHER FINANCIAL LIABILITIES

	(Rupees in Crores)	
	As at 31 MARCH 2023	As at 31 MARCH 2022
Others :		
Employee benefits	0.41	0.18
Liabilities for expenses	0.17	1.14
Others	2.21	2.04
Total	2.79	3.36

MRF CORP LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

	(Rupees in Crores)	
	As at 31 MARCH 2023	As at 31 MARCH 2022
Current Tax Liabilities (Net)		
Income Tax payable(Net of Adv. Tax/TDS)	2.56	3.02
Total	2.56	3.02

MRF CORP LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

NOTE 17

REVENUE FROM CONTRACTS WITH CUSTOMERS :

	YEAR ENDED 31 MARCH 2023	YEAR ENDED 31 MARCH 2022
	(Rupees in Crores)	
Revenue from Operations :		
Sale Of Goods (Refer note 27(f))	419.70	317.92
Other Operating Revenues:		
Scrap Sales	1.33	0.24
	421.03	318.16

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.

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

	YEAR ENDED 31 MARCH 2023	YEAR ENDED 31 MARCH 2022
	(Rupees)	
Gross Sales (Contracted Price)	438.52	332.36
Reductions towards variable consideration (Product Turnover and Prompt payment discount)	(17.49)	(14.20)
Claims preferred against obligation	-	-
Revenue recognised	421.03	318.16

MRF CORP LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

NOTE 18

OTHER INCOME

	(Rupees in Crores)	
	YEAR ENDED 31 MARCH 2023	YEAR ENDED 31 MARCH 2022
Profit on sale of Investments (Short Term Capital Gain)	0.14	0.44
Dividend Income	0.01	0.01
Net gain on sale of Investments classified as FVTPL	-	0.55
Net gains on fair value changes on financial assets classified as FVTPL	-	0.06
Doubtful Debt provision written back	0.05	0.13
Miscellaneous Income	0.27	0.12
Total	0.47	1.31

NOTE 19

COST OF MATERIALS CONSUMED

	(Rupees in Crores)	
	YEAR ENDED 31 MARCH 2023	YEAR ENDED 31 MARCH 2022
Opening Stock of Raw Materials	17.81	18.99
Purchases during the year	262.08	193.05
Closing Stock of Raw Materials	(34.65)	(17.81)
Total	245.24	194.23

NOTE 20

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

(Rupees in Crores)

MRF CORP LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

	YEAR ENDED 31 MARCH 2023	YEAR ENDED 31 MARCH 2022
Closing Stock:		
Finished Goods	53.52	42.28
Stock-in-Trade	0.41	5.98
Work-in-Progress	0.68	0.30
	54.61	48.56
Less: Opening Stock:		
Finished Goods	42.28	32.29
Stock-in-Trade	5.98	4.21
Work-in-Progress	0.30	0.38
	48.56	36.88
	Total	(6.05)
		(11.68)

NOTE 21

EMPLOYEE BENEFITS EXPENSE

	YEAR ENDED 31 MARCH 2023	YEAR ENDED 31 MARCH 2022
		(Rupees in Crores)
Salaries and Wages	28.65	23.25
Contribution to provident and other funds	1.86	1.46
Staff welfare expenses	2.24	1.63
	Total	32.75
		26.34

MRF CORP LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2023

NOTE 23 OTHER EXPENSES	YEAR ENDED 31 MARCH 2023	YEAR ENDED 31 MARCH 2022
		(Rupees in Crores)
Stores and Spares Consumed	2.97	1.25
Power and Fuel	0.91	0.60
Processing Expenses	6.50	4.44
Rent	4.97	3.25
Rates and Taxes	0.47	0.84
Insurance	1.20	1.20
Printing and Stationery	0.34	0.29
Repairs and Renewals:		
Buildings	0.06	0.05
Plant and Machinery	0.25	0.34
Other Assets	0.84	0.64
Travelling and Conveyance	4.28	2.02
Communication Expenses	0.33	0.35
Vehicle Expenses	0.44	0.33
Auditors' Remuneration:		
As Auditors:		
Audit fee	0.01	0.01
Tax Audit fee	0.01	0.01
Other Services	-	-
Reimbursement of Expenses	0.01	0.01
	0.03	0.03
Cost Auditors Remuneration:		
Audit fee		
Directors' Fees		
Directors' Travelling Expenses	35.02	26.96
Advertisement	0.07	0.05
Sales tax absorbed by the company	26.10	16.89
Commission	25.31	18.98
Freight and Forwarding (Net)	0.13	-
Net Loss on fair value changes on financial assets classified as FVTPL	0.49	0.41
Corporate Social Responsibility Expenses	0.11	0.09
Bank Charges	0.36	0.12
Bad Debt (Impairment of Financial Assets)	11.33	7.25
Miscellaneous Expenses	122.51	86.38
Total	122.51	86.38

MRF Corp Limited

Background and Significant Accounting Policies

1) Background:

MRF Corp Limited is a company limited by shares, incorporated and domiciled in India. The company is engaged in manufacturing of paints and thinners. The company operates through a network of exclusive and non-exclusive dealers.

2) Significant Accounting Policies:

This note provides a list of the significant accounting policies adopted in the preparation of financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for MRF Corp Limited (the 'Company').

2.1 BASIS OF PREPARATION:

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(ii) Historical cost convention

(a) The financial statements have been prepared on a historical cost basis, except for the following:

- (i) certain financial assets and liabilities (including derivative instruments) and contingent consideration that is measured at fair value;
- (ii) assets held for sale – measured at fair value less cost to sell;
- (iii) defined benefit plans – plan assets measured at fair value;

2.2 USE OF ESTIMATES:

The preparation of financial statements require estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period. Difference between the actual results and estimates are recognised in the period in which the results are known or materialise.

2.3 SEGMENT REPORTING:

The Company operates mainly in one business segment, i.e. Paints; accordingly sales and stock in trade represent paints.

2.4 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 translate 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.

2.5 REVENUE RECOGNITION:

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, GST, and amounts collected on behalf of third parties.

Revenue from contract with customers is recognised upon transfer of control of promised products or services to customer 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 recognised the liability based on its estimate of the customer's future purchases. The Company recognise changes in the estimated amounts of obligations for discounts in the period in which the change occurs. Revenue also excludes taxes from customers.

Exports are accounted at FOB value.

2.6 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.

2.7 RESEARCH AND DEVELOPMENT:

Revenue expenditure on Research and Development is charged to the Statement of Profit and Loss, the year in which it is incurred. Capital expenditure on Research and Development is included as additions to Fixed Assets.

Background and Significant Accounting Policies

2.8 DIVIDEND:

Under Ind AS, dividend to equity shareholders is recognized as liability in the period in which obligation to pay is established.

2.9 EMPLOYEE BENEFITS:

a) **Short term Employee Benefits:**

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

b) **Long Term Employee Benefits:**

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

c) **Post Employment Benefits:**

The Company provides the following post employment benefits:

- i) Defined benefit plans such as gratuity, trust managed Provident Fund and post-retirement medical benefit (PRMB); and
- ii) Defined contribution plans such as provident fund, pension fund and superannuation fund.

d) **Defined benefits Plans:**

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

Background and Significant Accounting Policies

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.¹

2.10 LEASES:

Lease payments under operating leases are recognised as expenses on straight line basis over the lease term in accordance with the period specified in respective agreements.

2.11 IMPAIRMENT OF ASSETS:

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

Background and Significant Accounting Policies

2.12 CASH AND CASH EQUIVALENTS:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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.

2.13 INVENTORY:

Inventory consisting of stores & spares, raw material, work-in-progress and finished goods are valued at lower of cost and net realisable value.

The cost is computed on FIFO basis and is net of credit under GST Laws.

Work-in-Progress and Finished Goods inventory include materials, labour cost and other related overheads.

2.14 INVESTMENTS:

Under Ind AS, investment in debt securities have been measured at fair value with changes in fair value accounted in other comprehensive income. All other investments other than Debt securities have been measured at fair value to profit and loss.

2.15 Property, Plant and Equipment (PPE)

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

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses except for freehold land which is not depreciated. Cost includes purchase price after deducting trade discount / rebate, import duties, non-refundable taxes, cost of replacing the component parts, borrowing costs (Refer Note C (15)) and other costs that are directly attributable and necessary to bring the asset to its working condition in the manner intended by the management, and the initial estimates of the cost of dismantling /removing the item and restoring the site on which it is located

Spare parts procured along with the Plant and Equipment or subsequently which has a useful life of more than 1 year and considering the concept of materiality evaluated by management are capitalised and added to the carrying amount of such items. The carrying amount of items of PPE and spare parts that are replaced is derecognised when no future economic benefits are expected from their use or upon disposal. Other machinery spares are treated as 'stores and spares'

Background and Significant Accounting Policies

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.

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.

Description of the Asset	Estimated Useful life(On Single shift working)
Tangible (Owned Assets) :	
Building - Factory	30 Years
- Other than factory buildings	60 Years

Background and Significant Accounting Policies

Description of the Asset	Estimated Useful life(On Single shift working)
Tangible (Owned Assets) :	
Plant and Equipment	5-21 Years
Moulds	6 Years
Furniture and Fixtures	5 Years
Computers	3 Years
Office Equipment	5 Years
Other Assets, viz., Electrical Fittings, Fire Fighting/Other Equipments and Canteen Utensils	10 Years
Vehicles	5 Years
Intangible(Owned Assets):	
Software	5 Years

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.

Assets acquired/purchased costing less than Rupees five thousand have been depreciated at the rate of 100%.

Intangible Assets are amortised over 5 years commencing from the year in which the expenditure is incurred.

2.16 BORROWING COSTS:

Borrowing Costs that are attributable to the acquisition of or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to statement of profit and loss.

2.17 PROVISIONS AND CONTINGENT LIABILITIES:

A provision is recognised when there is a present obligation as a result of a past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Contingent Liability is disclosed for

- (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligations or reliable estimate of the amount of the obligation cannot be made. Contingent Assets are not recognised in the financial (subject to fair valuation assets as required by Ind AS) since this may result in the recognition of income that may never be realised.

2.15 Recent accounting pronouncements

The Ministry of Corporate Affairs (MCA) on 31st March 2023 through Companies (Indian Accounting Standards) Amendment Rules, 2023 has notified the following amendments to IND AS which are applicable for the annual periods beginning on or after 1st April, 2023.

- a) **IND AS 1 – Presentation of Financial Statements** – This amendment requires the Company to disclose its material accounting policies rather than their significant accounting policies.

The Company will carry out a detailed review of accounting policies to determine material accounting policy information to be disclosed going forward.

The Company does not expect this amendment to have any material impact in its financial statements.

Background and Significant Accounting Policies

- b) **IND AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors** - This amendment has changed the definition of a “change in accounting estimates” to a definition of “accounting estimates”. The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates.

The Company does not expect this amendment to have any material impact in its financial statements.

- c) **IND AS 12 – Income Taxes** - This amendment has done away with the recognition exemption on initial recognition of assets and liabilities that give rise to equal and offsetting temporary differences.

The Company does not expect this amendment to have any material impact in its financial statements.

3. NOTE - OTHER ADDITIONAL INFORMATION.

- a) The Company has adopted as per IndAS 12 “Income Taxes”; and the net deferred tax liability amounting to Rs. 2,60,17,759/- pertaining to the current year has been recognized. Deferred Tax has been calculated @ 25.168% (Current year)

	<u>Current Year</u> <u>31/03/2023</u> (Rs.)	<u>Year ended</u> <u>31/03/2022</u> (Rs.)
Liability:		
Taxable Temporary Difference:		
Property, Plant, Equipment & Intangible	2,59,95,605	1,74,99,722
Asset:		
Deductible Temporary Difference:		
Expenses allowable on payment basis	22,154	-3,41,177
Intangible Assets	----	----
	-----	-----
Net Deferred Tax Liability	2,60,17,759	1,71,58,545
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4. RELATED PARTY DISCLOSURES:

- (i) Names of related parties and nature of relationship where control exists are as under:

Holding Company: **MRF Limited**

- (ii) Transactions with related parties:

<u>Nature of transactions</u>	<u>Current Year</u> <u>31/03/2023</u> (Rs.)	<u>Year ended</u> <u>31/03/2022</u> (Rs.)
Sale of Finished Goods (Paints & Thinners)	1,27,87,504	1,32,05,327
Lease Rent paid	15,12,000	15,12,000
Expenditure reimbursed	95,960	2,54,719

Outstanding:

Trade Receivable	22,57,760	23,42,433
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5. EMPLOYEE BENEFITS:

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss:

	<u>Current Year</u> <u>31/03/2023</u> (Rs.)	<u>Year ended</u> <u>31/03/2022</u> (Rs)
i) Employer's contribution to Provident Fund & Family Pension Fund	1,27,61,858	98,18,309
ii) Employer's contribution to Superannuation Fund *	57,46,393	46,05,571
*(Included in 'Contribution to Provident and Other Funds')		
iii) Leave Encashment – Unfunded	8,975,331	90,63,346
iv) Defined benefit obligation:		

MRF Corp Limited

Background and Significant Accounting Policies

a) The valuation results for the defined benefit gratuity plan as at 31/03/2023, are produced in the tables below:

i) Changes in the Present Value of Obligation:

<u>Particulars</u>	<u>Year Ended</u> <u>31.03.2023</u>	<u>Year Ended</u> <u>31.03.2022</u>
Present Value of Obligation as at the beginning	4,37,86,532	3,86,37,411
Current Service Cost	42,17,712	38,03,408
Interest Expense or Cost	31,94,151	26,25,486
Re-measurement (or Actuarial) (gain) / loss arising from:	-	-
- change in financial assumptions	(9,30,052)	(21,85,342)
- experience variance (i.e.Actual experience vs assumptions)	(4,62,327)	31,51,997
Past Service Cost	-	-
Benefits Paid	(23,91,626)	(22,46,428)
	<hr/>	<hr/>
Present Value of the Obligation as at the end	4,74,14,390	4,37,86,532

ii) Changes in the Fair Value of Plan Assets

<u>Particulars</u>	<u>Year Ended</u> <u>31.03.2023</u>	<u>Year Ended</u> <u>31.03.2022</u>
Fair Value of Plan Assets as at the beginning	-	-
Investment Income	-	-
Employer's Contribution	-	-
Benefits paid	-	-
Return on plan assets, excluding amount recognised in net interest expense	-	-
	<hr/>	<hr/>
Fair Value of Plan Assets as at the end	-	-

iii) Expenses Recognised in the Income Statement

<u>Particulars</u>	<u>Year Ended</u> <u>31.03.2023</u>	<u>Year Ended</u> <u>31.03.2022</u>
Current Service Cost	42,17,712	38,03,408
Past Service Cost	-	-
Net Interest Cost/Income on the Net Defined Benefit Liability/(Asset)	31,94,151	26,25,486
	<hr/>	<hr/>
Expenses Recognised in the Income Statement	74,11,863	64,28,894

Background and Significant Accounting Policies

iv) Other Comprehensive Income

<u>Particulars</u>	<u>Year Ended</u> <u>31.03.2023</u>	<u>Year Ended</u> <u>31.03.2022</u>
Actuarial (gains) / losses		
- Change in demographic assumption	-	-
- change in financial assumptions	(9,30,052)	(21,85,342)
- experience variance (i.e. Actual experience vs assumptions)	(4,62,327)	31,51,997
Return on plan assets, excluding amount recognised in net interest expense	-	-
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Components of defined benefit costs recognised in other Comprehensive income	(13,92,379)	9,66,655
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v) Major categories of Plan Assets (as percentage of Total Plan Assets)

	<u>As at</u> <u>31.03.2023</u>	<u>As at</u> <u>31.03.2022</u>
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 Ltd., Holding Company.

vi) Actuarial Assumptions

a. Financial Assumptions

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

	<u>As at</u> <u>31.03.2023</u>	<u>As at</u> <u>31.03.2022</u>
Discount rate (per annum)	7.50%	7.30%
Salary growth rate (per annum)	5.50%	5.50%

b. Demographic Assumptions

	<u>As at</u> <u>31.03.2023</u>	<u>As at</u> <u>31.03.2022</u>
Mortality Rate (% of IALM 12-147)	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%

Background and Significant Accounting Policies

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.

	As at 31.03.2023	As at 31.03.2022
Defined Benefit Obligation (Base)	4,74,14,390	4,37,86,532

	31.03.2023		31.03.2022	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	5,23,74,384	4,31,68,331	4,83,47,242	3,98,72,251
(% change compared to base due to sensitivity)	10.4%	-8.9%	10.3%	-8.9%
Salary Growth Rate (- / + 1%)	4,30,50,211	5,24,31,314	3,97,70,126	4,83,90,287
(% change compared to base due to sensitivity)	-9.1%	10.5%	-9.1%	10.4%
Attrition Rate (- / + 50%)	4,82,10,852	4,67,13,866	4,44,32,327	4,32,14,740
(% change compared to base due to sensitivity)	1.7%	-1.5%	1.5%	-1.3%
Mortality Rate (- / + 10%)	4,68,67,527	4,79,57,181	4,33,79,946	4,41,90,060
(% change compared to base due to sensitivity)	-1.2%	1.2%	-0.9%	0.9%

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.

Expected Contribution during the next annual reporting period	<u>31.03.2023</u>	<u>31.03.2022</u>
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The Company's best estimate of Contribution during the next year (Since the scheme is managed on funded basis, the next year contribution is taken as nil.)	--	--
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Maturity Profile of Defined Benefit Obligation

Weighted average duration(based on discounted cash flows)	10 years	10 years
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MRF Corp Limited

Background and Significant Accounting Policies

- Expected cash flows over the next (valued on undiscounted basis):

	<u>31.03.2023</u>	<u>31.03.2022</u>
1 year	19,27,614	12,21,962
2 to 5 years	2,38,71,800	1,93,88,345
6 to 10 years	1,04,74,484	1,69,60,702
More than 10 years	8,19,64,337	6,75,92,569

6. Key Financial Ratio

Key Financial Ratios	2022-23	2021-22	Change
Current Ratio	1.83	1.81	1%
Return on Equity (%)	12.10%	12.25%	(1%)
Inventory Turnover Ratio	3.04	2.96	3%
Trade Receivables Turnover Ratio	6.90	7.17	(4%)
Trade Payables Turnover Ratio	3.53	3.14	13%
Net Capital Turnover Ratio	5.53	4.88	13%
Net Profit Margin (%)	3.87%	4.58%	(15%)
Return on Capital Employed (%)	15.58%	16.11%	(3%)
Return on Investment	10.02%	10.03%	(0%)
Operating Profit Margin (%)	5.31%	6.10%	(13%)
Return on Net Worth %	12.10%	12.25%	(1%)

7. The Current year and Previous year figures have been shown as Rupees in Crores.

8. Fixed Deposit with Indian Bank, Anna Salai Branch, Chennai-2, to the tune of Rs.4,00,000/- is pledged at Indian Bank, Anna Salai Branch, Chennai-2, for issue of Bank Guarantees in favour of 'Asst. Commissioner of Central Tax, Chennai' for GST bond purpose.

Vide our Report of even date
For S.G.KESHAVAMURTHY & Co.,
Chartered Accountants
FRN: 0017795


S.K.NAGACHANDRA
Partner
Membership No:22961


K.M.MAMMEN
Director
DIN:00020202


ARUN MAMMEN
Director
DIN:00018558

Place: Chennai
Dated: 02nd May 2023