



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 2019, 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 2019;
- (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 we have obtained 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **S.G.KESHAVAMURTHY & CO.**

Chartered Accountants

Firm's registration number: 001779S



S K Nagachandra

Partner

Membership Number: 022961

Place: Chennai

Date: 08/07/2019





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, 2019 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.

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

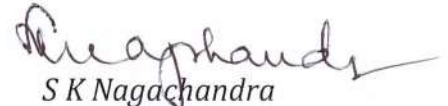


financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal 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

Firm's registration number: 001779S



S K Nagachandra

Partner

Membership Number: 022961

Place: Chennai

Date: 08/07/2019





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. In respect of the Company's fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification to cover all the items of fixed assets 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. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the standalone financial statements, the lease agreements are in the name of the Company.

ii. 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.

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 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.

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.

v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.



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. A) 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 2019 for a period of more than six months from the date on which the same became payable.

B) There is a disputed liability of Rs. 9.57 lakhs towards Income Tax for the Assessment Year 2013-14 and the appeal is pending before the first appellate authority viz., Commissioner of Income Tax (Appeals)-Chennai.

viii. 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 (viii) of the Order is not applicable to the Company.

ix. 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 (ix) of the Order is not applicable to the Company.

x. 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.

xi. In our opinion and according to the information and explanations given to us, the Company has not paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. The Company is not a Nidhi Company and 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. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.



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-IA of the Reserve Bank of India Act, 1934.

For **S. G. KESHAVAMURTHY & CO.**
Chartered Accountants
Firm's registration number: 001779S


S K Nagachandra
Partner

Membership Number: 022961

Place: Chennai
Date: 08/07/2019



MRF Corp Limited

Balance Sheet as at 31 March 2019

(Rs.)

| Particulars | Note Reference | 31.03.2019 | 31.03.2018 |
|---|----------------|-------------------|------------------|
| ASSETS | | | |
| (1) Non-Current Assets | | | |
| (a) Property, Plant and Equipment | 1 | 155364631 | 136743263 |
| (b) Capital Work-in-Progress | 1 | 2848284 | 725547 |
| (c) Other Intangible Assets | 2 | 202118 | 1 |
| (d) Financial Assets | | | |
| (i) Investments | 3 | 6425147 | 5028707 |
| (ii) Loans | 4 | 455260 | 640300 |
| (iii) Others financial assets | 5 | 416628 | 400000 |
| (e) Other non-current assets | 6 | 3375041 | 2411595 |
| (2) Current Assets | | | |
| (a) Inventories | 7 | 423736370 | 293397844 |
| (b) Financial Assets | | | |
| (i) Investments | 3 | 272877562 | 197090810 |
| (ii) Trade Receivables | 8 | 209634913 | 138312306 |
| (iii) Cash and cash Equivalents | 9 | 46106681 | 38412088 |
| (iv) Others financial assets | 5 | (128000) | (196000) |
| (c) Other current assets | 6 | 24435299 | 14908040 |
| TOTAL ASSETS | | 1145749934 | 827874501 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share Capital | SOCE | 501000 | 501000 |
| (b) Retained Earnings | SOCE | - | - |
| (c) Other Equity | SOCE | 773692166 | 595302545 |
| Total Equity | | 774193166 | 595803545 |
| Liabilities | | | |
| (1) Non-Current Liabilities | | | |
| (a) Deferred Tax Liabilities (Net) | 10 | 10044894 | 8221999 |
| (2) Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (1) Trade Payables | | | |
| (i) total outstanding dues of micro enterprises and small enterprises; and | 11 | - | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 11 | 300343170 | 178772693 |
| (2) Other Financial Liabilities | 12 | 16639605 | 16009745 |
| (b) Other Current Liabilities | 13 | 23345690 | 13935966 |
| (c) Provisions | 14 | 2468673 | (1034554) |
| (d) Current Tax Liabilities (Net) | 15 | 18714736 | 16165107 |
| Total Liabilities | | 371556768 | 232070956 |
| TOTAL EQUITY AND LIABILITIES | | 1145749934 | 827874501 |

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

For S.G.KESHAVAMURTHY & Co.,
Chartered Accountants,
ERN : 0017795

S.K.NAGACHANDRA
Partner
Membership No:22961
Place : Chennai

Dated: 02 MAY 2019



K.M. Mammen
K.M.MAMMEN
Director
DIN:00020202

Arun Mammen
ARUN MAMMEN
Director
DIN:00018558

| MRF Corp Limited | | | |
|--|----------------|-------------------|-------------------|
| Statement of Profit and Loss for the year ended 31 March 2019 | | | |
| (Rs.) | | | |
| Particulars | Note Reference | 31.03.2019 | 31.03.2018 |
| I INCOME | | | |
| (1) Revenue from Contracts with Customers | 16 | 2201938080 | 1779711064 |
| (2) Other Income | 17 | 18036854 | 10358280 |
| TOTAL INCOME | | 2219974934 | 1790069344 |
| II EXPENSES | | | |
| (1) Cost of materials consumed | 18 | 1257294366 | 945132256 |
| (2) Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress | 19 | (46766306) | 14027606 |
| (3) Employee Benefits expense | 20 | 177098554 | 144698941 |
| (4) Finance Costs | 21 | 68000 | 30547 |
| (5) Depreciation and Amortisation expenses | 1, 2 | 10286205 | 9665499 |
| (6) Excise Duty | | 0 | 54424068 |
| (7) Other Expenses | 22 | 561334228 | 398776276 |
| TOTAL EXPENSES | | 1959315047 | 1566755193 |
| PROFIT / LOSS BEFORE TAX | | 260659887 | 223314151 |
| III TAX EXPENSE | | | |
| (1) Current Tax | 23 | 80000000 | 80000000 |
| (2) Deferred Tax | 23 | 1822895 | (101420) |
| TOTAL TAX EXPENSE | | 81822895 | 79898580 |
| PROFIT / LOSS FOR THE YEAR | | 178836992 | 143415571 |
| IV OTHER COMPREHENSIVE INCOME | | | |
| A (i) Items that will not be reclassified to Profit or Loss | | | |
| (a) Remeasurements of Defined benefit plans | 24 | 1073074 | 5315757 |
| (b) Income Tax relating to items that will not be re-classified to Profit and Loss | 24 | (312480) | (1839677) |
| TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR | | 760594 | 3476080 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 179597586 | 146891651 |
| V EARNINGS PER EQUITY SHARE | | | |
| (a) Basic | | 3585 | 2932 |
| (b) Diluted | | 3585 | 2932 |

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

For S.G.KESHAVAMURTHY & Co.,
Chartered Accountants,
FRN : 0017795

S.K. NAGACHANDRA
S.K.NAGACHANDRA
Partner
Membership No:22961



Place : Chennai
Dated: 02 MAY 2019

K.M. MAMMEN
K.M.MAMMEN
Director
DIN:00020202

ARUN MAMMEN
ARUN MAMMEN
Director
DIN:00018558

| | Year 2018-19 | | Year 2017-18 | |
|--|--------------|--------------------|--------------|--------------------|
| | (Rs.) | (Rs.) | (Rs.) | (Rs.) |
| (A) CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Profit before Taxation and Exceptional items | 260659887 | | 223314151 | |
| Adjustments for: | | | | |
| Depreciation | 10286205 | | 9665499 | |
| Loss / Gain on Sale of Investments | - | | - | |
| Gain on Investments Fair Value Adjustments | - | | - | |
| Bad Debts written back | (383008) | | (144634) | |
| Finance Cost | 68000 | | (196000) | |
| Dividend Income | (39491) | | (43182) | |
| Insurance Claims | - | | - | |
| Profit on Sale of Assets | (5176) | | (595397) | |
| Interest Income | (18476) | | | |
| Operating Profit before Working Capital Changes | | 270567941 | | 232000437 |
| Adjustments for changes in Working Capital: | | | | |
| Trade receivables | (70939599) | | (55073828) | |
| Inventories | (130338526) | | 26202230 | |
| Prepaid expenses & accrued interest | (2261805) | | 638135 | |
| Other current assets | (7265454) | | 19657042 | |
| Others financial assets | (68000) | | 810000 | |
| Other non-current assets | (963446) | | (340446) | |
| Others financial assets | (16628) | | (400000) | |
| Loans & advances | 185040 | | 1253500 | |
| Trade Payable | 121570477 | | 3617798 | |
| Financial Liabilities | 629860 | | 141074 | |
| Other Current Liabilities | 9409723 | | (38479352) | |
| Provisions | 4576301 | | (4926377) | |
| | | (75482057) | | (46900224) |
| CASH GENERATED FROM OPERATIONS | | 195085884 | | 185100213 |
| Direct Taxes paid | (77762848) | | (72201359) | |
| | | (77762848) | | (72201359) |
| NET CASH FROM OPERATING ACTIVITIES | | 117323036 | | 112898854 |
| (B) CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| (Purchase)/Sale of Investment | (60000000) | | (100000000) | |
| Purchase of/additions to Fixed Assets | (31232429) | | (20742152) | |
| Interest Income | 18476 | | - | |
| Gain on Sale of Investments | - | | (3438703) | |
| Gain on Fair Value of Investments | (17183192) | | (4646360) | |
| Dividend Income | 39491 | | 43182 | |
| Proceeds from Sale of Assets | 5176 | | 595397 | |
| NET CASH FROM INVESTING ACTIVITIES | | (108352478) | | (134188636) |
| (C) CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Dividend & Corporate Dividend Tax paid | (1207965) | | (1205984) | |
| Interest | (68000) | | 196000 | |
| NET CASH FROM FINANCING ACTIVITIES | | (1275965) | | (1009984) |
| NET DECREASE/INCREASE IN CASH (A+B+C) | | 7694593 | | (22299766) |
| Opening balance of Cash & Cash Equivalents | | 38412088 | | 60711854 |
| Closing balance of Cash & Cash Equivalents | | 46106681 | | 38412088 |

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

2. Reconciliation of Financing Liabilities

| | | |
|---|-----------------|-----------------|
| Opening Balance | 16009745 | 15868671 |
| Cash inflow / (outflow) of non-current borrowings | - | - |
| Cash inflow / (outflow) of current borrowings | - | - |
| Changes in fair values | - | - |
| Other Changes | 629860 | 141074 |
| Closing Balance | 16639605 | 16009745 |

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

Place :Chennai

Dated: 02 MAY 2019



K.M. Mammen
K.M.MAMMEN
Director
DIN: 00020202

Arun Mammen
ARUN MAMMEN
Director
DIN:00018558

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.

MRF Corp Limited

Background and Significant Accounting Policies

2.4 FOREIGN CURRENCY TRANSACTIONS:

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.

Monetary items, denominated in foreign currencies at the year end are re-stated at year end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the yearend rate and the contracted rate is recognized as exchange difference. Premium paid on forward contracts has been recognized over the life of the contract. Non-monetary foreign currency items are carried at cost.

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. However, for the immediately preceding previous year viz 2017-18, sales includes excise duty for the first quarter.

Sale of goods and services are recognised when risks and rewards of ownership are passed on to the customers which generally coincide with delivery and when the services are rendered.

Exports are accounted at FOB value.

2.6 INCOME TAX:

Provision for Current Tax is made on the basis of estimated taxable income for the current accounting period and in accordance with the provisions of the Income Tax Act. 1961.

Tax adjustments are also made for deferred tax impact on account of differences between Indian GAAP and Ind AS after taking into account, deductible and taxable temporary differences.

2.7 GST:

GST has come into effect w.e.f. 01.07.2017 and the company has complied with the provisions of the same.

2.8 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.

MRF Corp Limited

Background and Significant Accounting Policies

2.9 DIVIDEND:

Under Ind AS, dividend to equity shareholders is recognized as liability in the period in which obligation to pay is established. In Indian GAAP, dividend payable is recorded as liability in the period to which it relates.

2.10 EMPLOYEE BENEFITS:

The Company's contribution to the Provident Fund is remitted to a Trust established for this purpose based on fixed percentage of the eligible employees' salary and charged to the Statement of Profit and Loss. The company is liable for annual contributions and any shortfall in the fund assets, based on the Government specified minimum rate of return, and recognises such contributions and shortfall, if any, as an expense in the year incurred. The Company also contributes to Regional Provident Fund on behalf of some of its employees who are not part of the above Trust and such contributions are charged to the Statement of Profit and Loss.

The Company also contributes to a Government administered Pension Fund on behalf of its employees, which are charged to the Statement of Profit and Loss.

In Indian GAAP, actuarial gains and losses are recognized in profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of net defined benefit liability/asset which is recognized as Other comprehensive Income in Profit & loss.

2.11 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.

2.12 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.

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MRF Corp Limited

Background and Significant Accounting Policies

2.13 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.

2.14 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.

2.15 INVESTMENTS:

In Indian GAAP, current investments were measured at lower of cost or fair value and long term investments were measured at cost less Diminution in value. 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.

2.16 PROPERTY, PLANT AND EQUIPMENT:

- a. Fixed Assets are stated at cost net of input tax credits under GST Laws. All costs relating to the acquisition including freight and installation of Fixed Assets are capitalised.
 - b. Plant, Equipment and property valued at cost less Depreciation as per earlier Indian GAAP. Ind AS 101 allows entity to elect to measure Property, Plant and Equipment on the transition date at its fair value or previous GAAP carrying value (Book value) as deemed cost.
 - c. Depreciation:
 - i) Effective 1st April 2014, depreciation on Buildings has been provided on straight line method as specified in Schedule II to the Companies Act, 2013.
 - ii) The estimate of the useful life of other class of assets has been assessed 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, etc.
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MRF Corp Limited

Background and Significant Accounting Policies

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

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

2.17 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.

2.18 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.

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.1,00,44,894/- pertaining to the current year has been recognized.

| | <u>Current Year</u> <u>31/03/2019</u> (Rs.) | <u>Year ended</u> <u>31/03/2018</u> (Rs.) |
|---|---|---|
| Liability: | | |
| Taxable Temporary Difference: | | |
| Property, Plant, Equipment & Intangible | 1,02,09,683 | 1,01,00,940 |
| Asset: | | |
| Deductible Temporary Difference: | | |
| Expenses allowable on payment basis | 1,64,789 | 18,78,175 |
| Intangible Assets | --- | 766 |
| | ----- | ----- |
| Net Deferred Tax Liability | 1,00,44,894 | 82,21,999 |
| | ----- | ----- |

MRF Corp Limited

Background and Significant Accounting Policies

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>31/03/2019</u> (Rs.) | <u>Year ended</u> <u>31/03/2018</u> (Rs.) |
|--|---|---|
| Sale of Finished Goods (Paints & Thinners) | 2,48,12,936 | 2,47,80,436 |
| Dividend paid | 10,02,000 | 10,02,000 |
| Lease Rent paid | 12,70,500 | 14,91,000 |
| Expenditure reimbursed | 3,82,079 | 4,47,987 |
| Licence fee((software) | --- | 10,05,000 |

Outstanding:

| | | |
|------------------|-----------|-----------|
| Trade Receivable | 32,20,286 | 40,98,902 |
|------------------|-----------|-----------|

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>31/03/2019</u> (Rs.) | <u>Year ended</u> <u>31/03/2018</u> (Rs) |
|--|---|--|
| i) Employer's contribution to Provident Fund & Family Pension Fund | 67,95,895 | 61,67,079 |
| ii) Employer's contribution to Superannuation Fund * *(Included in 'Contribution to Provident and Other Funds') | 36,89,077 | 30,74,645 |
| iii) Leave Encashment – Unfunded | 65,31,723 | 59,65,826 |
| iv) Defined benefit obligation: | | |

a) The valuation results for the defined benefit gratuity plan as at 31/03/2019, are produced in the tables below:

MRF Corp Limited

Background and Significant Accounting Policies

i) Changes in the Present Value of Obligation:

| <u>Particulars</u> | <u>Year Ended</u> <u>31.03.2019</u> | <u>Year Ended</u> <u>31.03.2018</u> |
|--|--|--|
| Present Value of Obligation as at the beginning | 3,08,60,563 | 3,18,95,117 |
| Current Service Cost | 21,70,887 | 18,58,894 |
| Interest Expense or Cost | 24,05,414 | 24,22,309 |
| Re-measurement (or Actuarial) (gain) / loss arising from: | | |
| - change in financial assumptions | 1,62,183 | (6,10,931) |
| - experience variance (i.e.Actual experience vs assumptions) | (12,35,257) | (47,04,826) |
| Past Service Cost | - | - |
| Benefits Paid | - | - |
| | ----- | ----- |
| Present Value of the Obligation as at the end | 3,43,63,790 | 3,08,60,563 |

ii) Changes in the Fair Value of Plan Assets

| <u>Particulars</u> | <u>Year Ended</u> <u>31.03.2019</u> | <u>Year Ended</u> <u>31.03.2018</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 | - | - |
| | ----- | ----- |
| Fair Value of Plan Assets as at the end | - | - |

iii) Expenses Recognised in the Income Statement

| <u>Particulars</u> | <u>Year Ended</u> <u>31.03.2019</u> | <u>Year Ended</u> <u>31.03.2018</u> |
|---|--|--|
| Current Service Cost | 21,70,887 | 18,58,894 |
| Past Service Cost | 24,05,414 | 24,22,309 |
| Net Interest Cost/Income on the Net Defined Benefit Liability/(Asset) | - | - |
| | ----- | ----- |
| Expenses Recognised in the Income Statement | 45,76,301 | 42,81,203 |

MRF Corp Limited

Background and Significant Accounting Policies

iv) Other Comprehensive Income

| <u>Particulars</u> | <u>Year Ended</u> <u>31.03.2019</u> | <u>Year Ended</u> <u>31.03.2018</u> |
|--|--|--|
| Actuarial (gains) / losses | | |
| - change in financial assumptions | 1,62,183 | (6,10,931) |
| - experience variance (i.e. Actual experience vs assumptions) | (12,35,257) | (47,04,826) |
| Return on plan assets, excluding amount recognised in net interest expense | - | - |
| | ----- | ----- |
| Components of defined benefit costs recognised in other Comprehensive income | (10,73,074) | (53,15,757) |
| | ----- | ----- |

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

| | <u>As at</u> <u>31.03.2019</u> | <u>As at</u> <u>31.03.2018</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>31.03.2019</u> | <u>As at</u> <u>31.03.2018</u> |
|--------------------------------|-----------------------------------|-----------------------------------|
| Discount rate (per annum) | 7.75% | 7.80% |
| Salary growth rate (per annum) | 5.50% | 5.50% |

b. Demographic Assumptions

| | <u>As at</u> <u>31.03.2019</u> | <u>As at</u> <u>31.03.2018</u> |
|---|-----------------------------------|-----------------------------------|
| Mortality Rate (% of IALM 06-08) | 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% |

MRF Corp Limited

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 <u>31.03.2019</u> | As at <u>31.03.2018</u> |
| <u>Defined Benefit Obligation (Base)</u> | 3,43,63,790 | 3,08,60,563 |

| | 31.03.2019 | | 31.03.2018 | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Decrease | Increase | Decrease | Increase |
| Discount Rate (- / + 1%) (% change compared to base due to sensitivity) | 3,78,73,185 10.2% | 3,13,15,625 -8.9% | 3,41,09,039 10.5% | 2,80,46,461 -9.1% |
| Salary Growth Rate (- / + 1%) (% change compared to base due to sensitivity) | 3,12,23,423 -9.1% | 3,79,22,163 10.4% | 2,79,63,852 -9.4% | 3,41,51,718 10.7% |
| Attrition Rate (- / + 50%) (% change compared to base due to sensitivity) | 3,46,08,665 0.7% | 3,41,45,373 -0.6% | 3,10,20,421 0.5% | 3,07,17,289 -0.5% |
| Mortality Rate (- / + 10%) (% change compared to base due to sensitivity) | 3,41,40,997 -0.6% | 3,45,84,915 0.6% | 3,06,79,515 -0.6% | 3,10,40,293 0.6% |

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>31.03.2019</u> | <u>31.03.2018</u> |
|---|-------------------|-------------------|

| | | |
|---|----|----|
| 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.) | -- | -- |
|---|----|----|

Maturity Profile of Defined Benefit Obligation

| | | |
|--|----------|----------|
| Weighted average duration(based on discounted cash flows) | 10 years | 10 years |
|--|----------|----------|

MRF Corp Limited

Background and Significant Accounting Policies

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

| | <u>31.03.2019</u> | <u>31.03.2018</u> |
|--------------------|-------------------|-------------------|
| 1 year | 17,02,823 | 19,10,152 |
| 2 to 5 years | 77,09,370 | 55,74,996 |
| 6 to 10 years | 2,80,03,542 | 2,72,86,651 |
| More than 10 years | 4,65,65,361 | 4,29,35,864 |

6. Contingent liability not provided for:

(i) Income Tax demand for AY 2013-14 Rs. 9,57,840/-

7. The Previous year figures have been regrouped wherever necessary to make them comparable with current year figures.

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: 02 MAY 2019



| MRF Corp Limited | | | | |
|---|------------|------------|------------|------------|
| Statement of Changes in Equity for the year ended 31 March 2019 | | | | |
| (Rs.) | | | | |
| A. EQUITY SHARE CAPITAL | 31.03.2019 | | 31.03.2018 | |
| | No. | Amount | No. | Amount |
| Authorised Share Capital | 5,000,000 | 50,000,000 | 5,000,000 | 50,000,000 |
| Issued Share Capital | 50,100 | 501,000 | 50,100 | 501,000 |
| Subscribed Share Capital | 50,100 | 501,000 | 50,100 | 501,000 |
| Fully Paid-up Share Capital | 50,100 | 501,000 | 50,100 | 501,000 |
| Subscribed but not fully paid-up | | | | |
| Balance at the beginning of the year | 50,100 | 501,000 | 50,100 | 501,000 |
| Balance at the end of the reporting Year | 50,100 | 501,000 | 50,100 | 501,000 |

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. 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.

| Shares held by Holding, Ultimate Holding, Subsidiaries and Associates of Holding, Subsidiaries and Associates of Ultimate Holding | 31.03.2019 | | 31.03.2018 | |
|---|------------|---------|------------|---------|
| | No. | Amount | No. | Amount |
| Shares held by holding company | 50,100 | 501,000 | 50,100 | 501,000 |
| Total | 50,100 | 501,000 | 50,100 | 501,000 |

| Shares in the Company held by each shareholder holding more than five per cent shares | 31.03.2018 | | 31.03.2017 | |
|---|------------|---------|------------|---------|
| | No. | Amount | No. | Amount |
| Entire capital is held by MRF Limited (100%) - Holding Company | 50,100 | 501,000 | 50,100 | 501,000 |
| Total | 50,100 | 501,000 | 50,100 | 501,000 |

(Rs.)

| B. OTHER EQUITY | Reserves and Surplus | | Other Comprehensive Income | TOTAL |
|--|----------------------|-------------------|---|-----------|
| | General Reserve | Retained Earnings | Remeasurements of Defined Benefit Plans | |
| Balance at the beginning of the comparative reporting Year-01/04/2017 | 41785823 | 406885627 | 952696 | 449624146 |
| Profit for the Comparative Year | - | 147281177 | (3865606) | 143415971 |
| Other Comprehensive Income for the Comparative Year ending 31/03/2018 | - | - | 3476080 | 3476080 |
| Total Comprehensive Income for the Comparative Year ending 31/03/2018 | - | 146328481 | 563170 | 146891651 |
| Transactions with owners in their capacity as owners: | | | | |
| - Final Dividend (Rs. 20/- per share) | - | (1002000) | - | (1002000) |
| - Dividend Distribution Tax | - | (211252) | - | (211252) |
| Transfer to General Reserve | - | - | - | - |
| Transfer from Retained Earnings | - | - | - | - |
| Balance at the end of the comparative reporting Year ending 31/03/2018 | 41785823 | 552953552 | 563170 | 599302945 |
| Profit for the Current Reporting Year ending 31/03/2019 | - | 178836992 | - | 178836992 |
| Other Comprehensive Income for the Current Reporting Year ending 31/03/2019 | - | - | 760594 | 760594 |
| Total Comprehensive Income for the Current Reporting Year ending 31/03/2019 | - | 178836992 | 760594 | 179597586 |
| Transactions with owners in their capacity as owners: | | | | |
| - Final Dividend (Rs. 20/- per share) | - | (1002000) | - | (1002000) |
| - Dividend Distribution Tax | - | (205965) | - | (205965) |
| Transfer to General Reserve | - | - | - | - |
| Transfer from Retained Earnings | - | - | - | - |
| Balance at the end of the Reporting Year ending 31/03/2019 | 41785823 | 730582579 | 1323764 | 773692166 |

| Nature and Purpose of each component of equity | |
|--|--|
| General Reserve | General Reserve represents accumulated profits and is created by transfer of profits from Retained Earnings and it is not an item of Other Comprehensive Income and the same shall not be subsequently reclassified to Statement of Profit and Loss. |
| Remeasurements of Defined Benefit Plans | Gains / Losses arising on Remeasurements of Defined Benefit Plans are recognised in the Other Comprehensive Income as per IND AS-19 and shall not be reclassified to the Statement of Profit or Loss in the subsequent years. |

Note 1
Property, Plant and Equipment

(Rs)

| Particulars | Land | | Buildings | | Plant & Equipment | | Office Equipment | | Furniture & Fixtures | | Vehicles | | Computers | | Other Assets | | Total | |
|--|----------|--|-----------|--|-------------------|--|------------------|--|----------------------|--|----------|--|-----------|--|--------------|--|-----------|--|
| | Owned | | Owned | | Owned | | Owned | | Owned | | Owned | | Owned | | Owned | | | |
| Gross Block: | | | | | | | | | | | | | | | | | | |
| At cost or fair value as at 31.03.2017 | 22169015 | | 2590895 | | 83530190 | | 3040146 | | 11965213 | | 4058578 | | 2999464 | | 25675968 | | 156029469 | |
| Additions | - | | 16592199 | | 7064902 | | 320660 | | 193739 | | 1025615 | | 268496 | | 696917 | | 26162528 | |
| At cost or fair value as at 31.03.2018 | 22169015 | | 19183094 | | 90595092 | | 3360806 | | 12158952 | | 5084193 | | 3267960 | | 26372885 | | 182191997 | |
| Additions | - | | 2591250 | | 21782667 | | 31695 | | 308365 | | - | | 612211 | | 3574502 | | 28900690 | |
| At cost or fair value as at 31.03.2019 | 22169015 | | 21774344 | | 112377759 | | 3392501 | | 12467317 | | 5084193 | | 3880171 | | 29947387 | | 211092687 | |
| Depreciation Block: | | | | | | | | | | | | | | | | | | |
| Accumulated depreciation and impairment as at the 31.03.2017 | - | | 380298 | | 10797370 | | 1601859 | | 9518812 | | 2368656 | | 2351599 | | 8764641 | | 35783235 | |
| Depreciation for the Previous Year | - | | 389317 | | 3891615 | | 519113 | | 1056321 | | 610197 | | 430289 | | 2768647 | | 9665499 | |
| Accumulated depreciation and impairment as at the 31.03.2018 | - | | 769615 | | 14688985 | | 2120972 | | 10575133 | | 2978853 | | 2781888 | | 11533288 | | 45448734 | |
| Depreciation for the year | - | | 643657 | | 4339537 | | 512760 | | 714109 | | 566037 | | 417847 | | 3085375 | | 10279322 | |
| Accumulated depreciation and impairment as at the 31.03.2019 | - | | 1413272 | | 19028522 | | 2633732 | | 11289242 | | 3544890 | | 3199735 | | 14618663 | | 55728056 | |
| Net Block: | | | | | | | | | | | | | | | | | | |
| As at 31.03.2017 | 22169015 | | 2210597 | | 72732820 | | 1438287 | | 2446401 | | 1689922 | | 647865 | | 16911327 | | 120246234 | |
| As at 31.03.2018 | 22169015 | | 18413479 | | 75906107 | | 1239834 | | 1583819 | | 2105340 | | 486072 | | 14839597 | | 136743263 | |
| As at 31.03.2019 | 22169015 | | 20361072 | | 93349237 | | 758769 | | 1178075 | | 1539303 | | 680436 | | 15328724 | | 155364631 | |
| Capital Work-in-Progress: | | | | | | | | | | | | | | | | | | |
| As at 31.03.2017 | | | | | 145923 | | | | | | | | | | | | 145923 | |
| As at 31.03.2018 | | | | | 725547 | | | | | | | | | | | | 725547 | |
| As at 31.03.2019 | | | | | 2848284 | | | | | | | | | | | | 2848284 | |

Note : Other assets represents Electrical Fittings, Fire Fighting/Other Equipments

Note 2

Other Intangible Assets

(Rs)

| Particulars | Computer software | Total |
|---|-------------------|---------------|
| Gross Block: | | |
| <i>At cost or fair value as at 31.03.2017</i> | 772100 | 772100 |
| <i>Additions</i> | - | - |
| <i>At cost or fair value as at 31.03.2018</i> | 772100 | 772100 |
| <i>Additions</i> | 209000 | 209000 |
| Amortisation Block: | | |
| <i>Accumulated Amortisation and impairment as at the 31.03.2017</i> | 772099 | 772099 |
| Amortisation for the period | - | - |
| <i>Accumulated Amortisation and impairment as at the 31.03.2018</i> | 772099 | 772099 |
| Amortisation for the period | 6883 | 6883 |
| <i>Accumulated Amortisation and impairment as at the 31.03.2019</i> | 778982 | 778982 |
| Net Block: | | |
| <i>As at 31.03.2017</i> | 1 | 1 |
| <i>As at 31.03.2018</i> | 1 | 1 |
| <i>As at 31.03.2019</i> | 202118 | 202118 |
| Intangible Assets under Development | | |
| As at 31.03.2017 | - | - |
| As at 31.03.2018 | - | - |
| As at 31.03.2019 | - | - |

Note 3**Financial Assets**

(Rs)

| | Non-Current | | Current | |
|--|----------------|----------------|------------------|------------------|
| | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 |
| Equity Shares (at fair value through Profit or Loss) | | | | |
| Equity Investments Quoted at Market Value | 6425147 | 5028707 | | |
| Unquoted in Mutual Funds units at fair value through Profit or Loss | | | | |
| Mutual Fund Units UNQuoted at Fair Value | | | 272877562 | 197090810 |
| Total | 6425147 | 5028707 | 272877562 | 197090810 |

Note 4**Loans**

(Rs)

| Loans | Non-Current | | Current | |
|----------------------------|---------------|---------------|------------|------------|
| | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 |
| Loans to Employees: | | | | |
| Secured, considered good | 455260 | 640300 | - | - |
| Total | 455260 | 640300 | - | - |

Note 5**Other Financial Assets**

(Rs)

| Particulars | Non-Current | | Current | |
|---|---------------|---------------|-----------------|-----------------|
| | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 |
| Bank deposits with more than 12 months maturity | 416628 | 400000 | - | - |
| Deferred Staff Cost - IND AS | - | - | (128000) | (196000) |
| Total | 416628 | 400000 | (128000) | (196000) |

Note 6**Other Assets (Non-Current / Current)**

(Rs)

| Other Assets | Non-Current | | Current | |
|---|----------------|----------------|-----------------|-----------------|
| | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 |
| (i) Capital Advances | 2891749 | 1961303 | 2149280 | 280412 |
| (ii) Advances other than capital advances: | | | | |
| Security Deposits(Electricity & Others) | 483292 | 450292 | - | - |
| (iii) Others | | | | |
| (i) Advances - Sales Tax | - | - | 230298 | 230298 |
| (ii) Advances - Employees | - | - | 677329 | 951405 |
| (iii) Advances - Raw materials | - | - | 1521468 | 4253798 |
| (iv) Advances - Rent | - | - | 7802300 | 5694800 |
| (v) Prepaid Insurance | - | - | 4600586 | 2336761 |
| (vi) Other Advances | - | - | 7454038 | 1158546 |
| Total | 3375041 | 2411595 | 24435299 | 14908040 |

Note 7**Inventories****(Rs)**

| Particulars | 31.03.2019 | 31.03.2018 |
|--|------------------|------------------|
| | Amount | Amount |
| (i) Raw materials | | |
| - in possession | 171406442 | 89628570 |
| (ii) Work-in-progress | 3468057 | 2138386 |
| (iii) Finished goods | | |
| - in possession | 215399107 | 173886348 |
| (iv) Stock-in-trade (in respect of goods acquired for trading) | | |
| - in possession | 29424982 | 25501106 |
| (v) Stores and spares | | |
| - in possession | 508700 | 145348 |
| (vi) Production consumables | | |
| - in possession | 2738938 | 1805482 |
| (vii) Fuel | | |
| - in possession | 362961 | 159196 |
| (viii) Engineering consumables | | |
| - in possession | 427183 | 133408 |
| Total | 423736370 | 293397844 |

Note 8**Trade Receivables****(Rs)**

| Particulars | 31.03.2019 | 31.03.2018 |
|--|------------------|------------------|
| | Amount | Amount |
| Current trade receivables: | | |
| Unsecured, considered good | 209634913 | 138312306 |
| Unsecured, considered doubtful | 3898823 | 3194928 |
| Less: Impairment provision on Expected Credit Loss Model | (3898823) | (3194928) |
| Total | 209634913 | 138312306 |

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)****(Rs)**

| Particulars | 31.03.2019 | 31.03.2018 |
|---|-----------------|-----------------|
| | Amount | Amount |
| (i) Cheques, drafts on hand | 13869835 | 23984139 |
| (ii) Cash on hand | 84110 | 146146 |
| (iii) Balance at Bank (In Current Account) | 23096469 | 10278644 |
| (iv) Funds in Transit (In Collection account) | 8943767 | 3855659 |
| (v) Imprest account | 112500 | 147500 |
| Total | 46106681 | 38412088 |

Note 10**Deferred Tax Liabilities / (Assets) - Net****(Rs.)**

| Particulars | 31.03.2019 | 31.03.2018 |
|---|-------------------|-------------------|
| (i) Deferred Tax Assets | | |
| -Deductible Temporary Difference: | | |
| -Expenses allowable on payment basis | (164789) | (1878175) |
| -Intangible Assets | - | (766) |
| (ii) Deferred Tax Liabilities | | |
| -Taxable Temporary Difference: | | |
| -Property, Plant&Equipment, Intangible Assets | 10209683 | 10100940 |
| | | |
| Total | 10044894 | 8221999 |

Note 11**Trade Payables****(Rs.)**

| Particulars | 31.03.2019 | 31.03.2018 |
|---|-------------------|-------------------|
| Outstanding due of Micro and Small Enterprises | - | - |
| Outstanding due of Creditors other than Micro and Small Enterprises | 300343170 | 178772693 |
| Total | 300343170 | 178772693 |

Note 12**Financial Liabilities - Other Financial Liabilities****(Rs)**

| Particulars | Current | |
|-----------------------------------|-------------------|-------------------|
| | 31.03.2019 | 31.03.2018 |
| (i) Liabilities for Expenses | 202392 | (185899) |
| (ii) Payables - Employee Benefits | 267876 | 244021 |
| (iii) Other Liabilities | 16169337 | 15951623 |
| Total | 16639605 | 16009745 |

Note 13**Other Current Liabilities****(Rs.)**



| Particulars | Current | |
|-------------------------------|-----------------|-----------------|
| | 31.03.2019 | 31.03.2018 |
| (i) GST / Others | (4600165) | (1535510) |
| (ii) TDS payable | 2472498 | 1925431 |
| (iii) Contract Liabilities | 13630699 | 13483388 |
| (iv) Other Liabilities | 1317657 | 57657 |
| (v) Dealers' Security Deposit | 10525001 | 5000 |
| Total | 23345690 | 13935966 |

Note 14**Provisions****(Rs.)**

| Particulars | Current | |
|---------------------------------|----------------|------------------|
| | 31.03.2019 | 31.03.2018 |
| Provision for employee benefits | 2468673 | (1034554) |
| Total | 2468673 | (1034554) |

Note 15**Current Tax Liabilities-Net**

| Particulars | Current | |
|---|-----------------|-----------------|
| | 31.03.2019 | 31.03.2018 |
| Income Tax payable(Net of Adv. Tax / TDS) | 18714736 | 16165107 |
| Total | 18714736 | 16165107 |

Note 16**Revenue from Operations****(Rs.)**

| Particulars | 31.03.2019 | 31.03.2018 |
|---|-------------------|-------------------|
| Revenue from Contracts with Customers :- | | |
| Sale Of Products (Including Excise Duty) | 2199621639 | 1776667939 |
| <u>Other Operating Revenues:</u> | | |
| - Scrap Sales | 2316441 | 3043125 |
| Total | 2201938080 | 1779711064 |

Note 17**Other Income****(Rs.)**

| Particulars | 31.03.2019 | 31.03.2018 |
|--------------------------------------|-----------------|-----------------|
| (i) Gain on Investments - Fair Value | 17183192 | 4646360 |
| (ii) Gain on Sale of Investments | - | 3438703 |
| (iii) Interest Income | 18476 | - |
| (iv) Staff Loan - IND AS Adj. | - | 196000 |
| (v) Dividend Income | 39491 | 43182 |
| (vi) Profit on Sale of Assets | 5176 | 595397 |
| (vii) Insurance Claims | - | 584256 |
| (viii) Miscellaneous Income | 407511 | 709748 |
| (ix) Bad Debts writtten back | 383008 | 144634 |
| Total | 18036854 | 10358280 |

Note 18**Cost of Materials consumed****(Rs.)**

| Particulars | 31.03.2019 | 31.03.2018 |
|---|-------------------|------------------|
| Opening Stock of Raw Materials | 89628570 | 102094674 |
| Add: Purchases during the period | 1339072238 | 932666152 |
| Less; Closing Stock of Raw Materials | 171406442 | 89628570 |
| Total | 1257294366 | 945132256 |

Note 19**Changes in inventories of finished goods, stock-in-trade and work-in-process****(Rs.)**

| Particulars | 31.03.2019 | 31.03.2018 |
|---------------------------------|-------------------|-----------------|
| A. Stock-in-Trade | | |
| Opening Stock of Stock-in-Trade | 25501106 | 18673445 |
| Closing Stock of Stock-in-Trade | 29424982 | 25501106 |
| B. Work-in-Process | | |
| Opening Work-in-Process | 2138386 | 5737418 |
| Closing Work-in-Process | 3468057 | 2138386 |
| C. Finished Goods | | |
| Opening Stock of Finished Goods | 173886348 | 191142583 |
| Closing Stock of Finished Goods | 215399107 | 173886348 |
| Total | (46766306) | 14027606 |

Note 20**Employee Benefits Expense**

(Rs.)

| Particulars | 31.03.2019 | 31.03.2018 |
|---|------------------|------------------|
| Salaries and Wages | 156356839 | 125304019 |
| Contribution to provident and other funds | 10631083 | 9373100 |
| Staff welfare expenses | 10110632 | 10021822 |
| Total | 177098554 | 144698941 |

Note 21**Finance Costs**

(Rs.)

| Particulars | 31.03.2019 | 31.03.2018 |
|--------------|--------------|--------------|
| Interest | 68000 | 30547 |
| Total | 68000 | 30547 |

Note 22**Other Expenses**

(Rs.)

| Particulars | 31.03.2019 | 31.03.2018 |
|--|------------------|------------------|
| Stores and Spares Consumed | 10064935 | 10592264 |
| Power and Fuel | 2429417 | 2092392 |
| Processing Expenses | 41099563 | 35846820 |
| Rent | 22635478 | 19861631 |
| Rates and Taxes | 790556 | 2698139 |
| Insurance | 2739614 | 3500068 |
| Printing and Stationery | 1915905 | 2287967 |
| Repairs & Maintenance - Building | 455234 | 402099 |
| Repairs & Maintenance - Plant and Machinery | 2057774 | 1180547 |
| Repairs & Maintenance - Other Assets | 2569698 | 1953541 |
| Travelling & Conveyance | 18091854 | 12465971 |
| Communication Expenses | 2728656 | 2922429 |
| Vehicle Expenses | 3312669 | 3075618 |
| Auditor's Remuneration: | | |
| (i) For audit | 100000 | 100000 |
| (ii) For taxation matters | 25000 | 25000 |
| (iii) For reimbursement of expenses | 125000 | 125000 |
| Advertisement | 66260250 | 86188723 |
| Sales Promotion Expenses | 125213977 | 35811822 |
| Sales Tax absorbed | 43424 | 391324 |
| Bad Debts written off | 1086903 | 1086849 |
| Commission & Discount | 105768779 | 62086906 |
| Freight and Forwarding | 125666728 | 95355522 |
| Net Loss / (Gain) on Foreign Currency transactions | 565,460 | - |
| Miscellaneous Expenses | 24811700 | 18033815 |
| Bank Charges | 775654 | 691830 |
| Total | 561334228 | 398776276 |

Note 23**Tax Expense**

(Rs.)

| Particulars | 31.03.2019 | 31.03.2018 |
|--|-----------------|-----------------|
| Current Tax relating to current reporting period | 80000000 | 80000000 |
| Deferred Tax- Ind AS Adjustments | - | - |
| Deferred Tax relating to previous period | 1822895 | (101420) |
| Total | 81822895 | 79898580 |

Note 24

Other Comprehensive Income

| Items of OCI | 2019 | | | 2018 | | |
|--|-------------|---|--------------------|-------------|---|--------------------|
| | Gain / Loss | OCI before Tax as presented in the Statement of Profit and Loss | OCI for the period | Gain / Loss | OCI before Tax as presented in the Statement of Profit and Loss | OCI for the period |
| (a) Remeasurements of Defined benefit plans | 1073074 | 1073074 | 1073074 | 5315757 | 5315757 | 5315757 |
| (b) Income Tax relating to items that will not be re-classified to Profit and Loss | (312480) | (312480) | (312480) | (1839677) | (1839677) | (1839677) |
| Total Other Comprehensive Income | 760594 | 760594 | 760594 | 3476080 | 3476080 | 3476080 |