

**M.M. NISSIM & CO.(Regd)**  
**CHARTERED ACCOUNTANTS**

**Independent Auditor's Report**  
**To the Members of MRF International Limited**

**Report on the Standalone Financial Statements**

1. We have audited the accompanying standalone financial statements of **MRF International Limited** ("the Company"), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss and the cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone Financial Statements**

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
6. 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.

### **Opinion**

7. 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows for the period ended on that date.

### **Report on Other Legal and Regulatory Requirements**

8. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the annexure, a statement on the matters specified in the paragraph 3 and 4 of the order.
9. As required by Section 143 (3) of the Act, 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 and the cash flow statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards 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 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) 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, in our opinion and to the best of our information and according to the explanations given to us:
  - i. There are no pending litigations which will have an impact on its financial position in its financial statements as at the end of the year;
  - ii. There are no long-term contracts including derivative contracts and hence no provision is required under the applicable laws or accounting standards for any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **M. M. NISSIM & CO.**  
Chartered Accountants  
(Firm Regn. No. 107122W)

(Dhiren Mehta)  
Partner  
Mem. No. 109883  
Chennai, April 11, 2016

## **Annexure to the Auditors' Report**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the period ended 31 March 2016, we report that:

1. The company had no fixed asset at any time during the period and accordingly Para 3 (i) (a) to (c) of the order are not applicable.
2. The company had not carried any inventories at any time during the period. Accordingly, the Para 3 (ii) of the order are not applicable.
3. The Company has not granted any loans to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the Para 3 (iii) (a) to (c) of the order are not applicable.
4. The Company has not granted any loan, neither made any investments, nor given any guarantee or security, during the year, covered by the provisions of Sections 185 and 186 of the Act.
5. According to the information and explanations given to us, the Company has not accepted any deposit during the year and accordingly the question of complying with Section 73 to 76 of the Act does not arise. We are informed by the management that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal on the Company.
6. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
7.
  - a) The company is regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales-Tax, Service Tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with appropriate authorities, where applicable. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2016 for a period of more than six months from the date they became payable.
  - b) According to the information and explanations given to us, there are no dues of income tax and other statutory dues which have not been deposited on account of any dispute.
8. The company has not taken any loans from a financial institution, bank or by way of debentures and accordingly Para 3 (viii) of the order is not applicable.
9. The Company has not raised any moneys by way of Initial public offer or further Public offer (Including debt instruments) or by way of Term loans. Accordingly Para 3 (ix) of the order is not applicable.

10. On the basis of our examination and according to the information and explanations given to us, no fraud by the Company or any fraud on the company by its officers or employees has been noticed or reported during the year.
11. During the period, the company has not paid any managerial remuneration requiring approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. The company is not a nidhi Company and accordingly provisions of clause (xii) of Para 3 of the order are not applicable to the Company.
13. On the basis of our examination and according to the information and explanations given to us, we report that all the transaction with the related parties are in compliance with Section 177 and 188 of the Act, and the details have been disclosed in the Financial statements in Note no. 9-C as required by the applicable accounting standards.
14. The company has not made any preferential allotment or private placement of share or fully or partly convertible debentures during the year and accordingly provisions of clause (xiv) of Para 3 of the Order are not applicable to the Company.
15. According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly provisions of clause (xv) of Para 3 of the Order are not applicable to the company.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, provisions clause (xvi) of Para 3 of the Order are not applicable to the Company.

For **M. M. NISSIM & CO.**  
Chartered Accountants  
(Firm Regn. No. 107122W)

(Dhiren Mehta)  
Partner  
Mem. No. 109883  
Chennai, April 11, 2016

**MRF INTERNATIONAL LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2016**

	Note	Mar 31, 2016	Sept 30, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	56,25,000	56,25,000
Reserves & Surplus	3	<u>1,50,05,124</u>	<u>1,34,74,255</u>
		<b>2,06,30,124</b>	<b>1,90,99,255</b>
<b>Current Liabilities</b>			
Trade Payables	4	22,900	22,472
Short Term Provisions	5	<u>4,059</u>	<u>60,629</u>
		<b>26,959</b>	<b>83,101</b>
<b>TOTAL</b>		<b><u>2,06,57,083</u></b>	<b><u>1,91,82,356</u></b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Long-Term Loans & Advances	6	<u>-</u>	<u>3,03,287</u>
		<b>-</b>	<b>3,03,287</b>
<b>Current Assets</b>			
Cash & Bank Balances	7	2,05,41,121	1,86,57,268
Other Current Assets	8	<u>1,15,962</u>	<u>2,21,801</u>
		<b>2,06,57,083</b>	<b>1,88,79,069</b>
<b>TOTAL</b>		<b><u>2,06,57,083</u></b>	<b><u>1,91,82,356</u></b>
Significant Accounting Policies	1		
Additional Notes/Explanatory Information	9		

The Notes are an integral part of these financial statements

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

**For M. M. NISSIM & CO.**

Chartered Accountants

(Dhiren Mehta)  
Partner

**Arun Mammen**  
**Director**  
DIN: 00018558

**Koshy Zachariah**  
**Director**  
DIN: 00287074

Place: Chennai  
Date : 11.04.2016

**MRF INTERNATIONAL LIMITED**  
**STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 31ST MARCH, 2016**

	Note	Rupees	
		2014-16	2013-14
<b>INCOME</b>			
<b>Other Income</b>			
Interest on Short Term Deposits		24,76,866	9,05,068
Profit on Sale of Investments		-	7,99,050
<b>Total Revenue</b>		<b>24,76,866</b>	<b>17,04,118</b>
<b>EXPENSES</b>			
Audit fee		22,900	22,472
Filing Fees		3,000	1,000
Legal & Professional Charges		16,028	11,966
Other expenses		1,248	618
<b>Total Expenses</b>		<b>43,176</b>	<b>36,056</b>
<b>PROFIT BEFORE TAX</b>		<b>24,33,690</b>	<b>16,68,062</b>
Tax expense			
Current tax		7,52,010	5,15,431
		<b>7,52,010</b>	<b>5,15,431</b>
Short Provision of Tax of earlier years		1,50,811	-
		<b>9,02,821</b>	<b>5,15,431</b>
<b>PROFIT FOR THE YEAR</b>		<b>15,30,869</b>	<b>11,52,631</b>
Earnings per equity share:			
Basic & diluted	9 (a)	<b>2.72</b>	2.05
Significant Accounting Policies	1		
Additional Notes/Explanatory Information	9		

The Notes are an integral part of these financial statements

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

**For M. M. NISSIM & CO.**

Chartered Accountants

(Dhiren Mehta)  
Partner

**Arun Mammen**  
**Director**  
DIN: 00018558

**Koshy Zachariah**  
**Director**  
DIN: 00287074

Place: Chennai  
Date : 11.04.2016

**MRF INTERNATIONAL LIMITED**

**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2016**

	Rupees	
	<u>2014-16</u>	<u>2013-14</u>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
NET PROFIT BEFORE TAX	24,33,690	16,68,062
Adjustment for :		
Interest	(24,76,866)	(9,05,068)
Profit on Sale of Investments	-	(7,99,050)
	(24,76,866)	(17,04,118)
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	(43,176)	(36,056)
Increase / (decrease) in Trade & Other Payables	428	428
CASH GENERATED FROM OPERATIONS	(42,748)	(36,056)
Direct Taxes paid	6,67,863	4,24,765
NET CASH FROM OPERATING ACTIVITIES	(7,10,611)	4,60,821
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds on Sale of Investments	-	82,99,050
Interest & Dividend income	25,94,464	7,47,637
Fixed Deposit with Bank	-	(90,00,000)
NET CASH USED IN INVESTING ACTIVITIES	25,94,464	46,687
	18,83,853	18,83,853
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	-	-
NET CASH FROM FINANCING ACTIVITIES	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	18,83,853	(4,14,134)
CASH AND CASH EQUIVALENTS AS AT 30.9.2014	1,57,268	5,71,402
CASH AND CASH EQUIVALENTS AS AT 31.03.2016	20,41,121	1,57,268

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

**For M. M. NISSIM & CO.**

Chartered Accountants

(Dhiren Mehta)  
Partner  
Place: Chennai  
Date : 11.04.2016

**Arun Mammen**  
Director  
DIN: 00018558

**Koshy Zachariah**  
Director  
DIN: 00287074



## MRF INTERNATIONAL LTD.

### NOTES FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH 2016

#### 1 Significant Accounting Policies :

##### A. Basis of Accounting and Preparation of Financial Statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (India GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on accrual basis under the historical cost convention.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has determined its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

##### B. Use of Estimates:

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities (including contingent liabilities) and the reported amounts of revenues and expenses during the reported period. The management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Difference between the actual results and estimates are recognised in the period in which the results are known or materialise.

##### C. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue and expenditure are accounted as they are earned or incurred. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

##### D. Cash and Cash Equivalents:

Cash and Cash Equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances and demand deposits with banks where the original maturity is three months or

##### E. Taxation

Provision for Current Tax is made on the basis of estimated taxable income for the current accounting period comprising of 1st October, 2014 to 31st March, 2015 and 1st April, 2015 to 31st March, 2016 and in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been enacted or substantially enacted on the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the company has carry forward unabsorbed depreciation and tax losses, deferred Tax assets are recognised only to the extent there is a virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax assets can be realised.

**MRF INTERNATIONAL LTD.**

**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER 2014**

Minimum Alternative Tax Credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT Credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

**F. 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 obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realized.

**G. Earning Per Share:**

The Basic & Diluted Earnings per share is computed by dividing the Profit after tax for the year / period by weighted average number of equity shares outstanding during the period/year.

**MRF INTERNATIONAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MAR 2016**

**NOTE 2: SHARE CAPITAL**

	Rupees	
	Mar 31, 2016	Sept 30, 2014
<b>Authorised</b>		
10,00,000 Equity Shares of Rs.10/- each	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>
<b>Subscribed and Fully Paid-up</b>		
562500 Equity Shares of Rs. 10/- each fully paid up	5,625,000	5,625,000
	<u>5,625,000</u>	<u>5,625,000</u>

(a) Rights, preferences and restrictions attached to shares

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.

(b) Shareholders holding more than 5 percent of the equity shares

Name of Shareholder	Mar 31, 2016	Sept 30, 2014
	No. of Shares held	No. of Shares held
MRF LTD-Holding Company	532470	532470

**NOTE 3: RESERVES AND SURPLUS**

	Rupees	
	Sept 30, 2016	Sept 30, 2014
<b>Capital Redemption Reserve</b>		
As per last Account	4,375,000	4,375,000
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statement	9,099,255	7,946,624
Add: Profit for the year	1,530,869	1,152,631
	<u>10,630,124</u>	<u>9,099,255</u>
	<u>15,005,124</u>	<u>13,474,255</u>

## MRF INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MAR 2016

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### NOTE 4 : TRADE PAYABLES

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	Rupees	
	Mar 31, 2016	Sept 30, 2014
Trade Payables	22,900	22,472
	<u>22,900</u>	<u>22,472</u>
	<u><u>22,900</u></u>	<u><u>22,472</u></u>

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### NOTE 5 : SHORT TERM PROVISIONS

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	Rupees	
	Mar 31, 2016	Sept 30, 2014
Provision for Taxation (Net of Advance Tax/TDS)	4,059	60,692
	<u>4,059</u>	<u>60,692</u>
	<u><u>4,059</u></u>	<u><u>60,692</u></u>

**MRF INTERNATIONAL LIMITED**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MAR 2016

**NOTE 6 : LONG TERM LOANS & ADVANCES**

	Rupees	
	Mar 31, 2016	Sept 30, 2014
<b>Unsecured, Considered Good</b>		
MAT credit entitlement		303,287
	<u>-</u>	<u>303,287</u>

**NOTE 7 : Cash & Bank Balances**

	Rupees	
	Mar 31, 2016	Sept 30, 2014
Balances with banks;		
In Current Accounts	2,041,121	157,268
Other Bank Balances		
In Deposit Account	18,500,000	18,500,000
	<u>20,541,121</u>	<u>18,657,268</u>

**NOTE 8 : Other Current Assets**

	Rupees	
	Mar 31, 2016	Sept 30, 2014
<b>Unsecured considered good</b>		
Interest Accrued	115,962	221,801
	<u>115,962</u>	<u>221,801</u>

**MRF INTERNATIONAL LTD.**

**9 - ADDITIONAL NOTES/EXPLANATORY INFORMATION FORMING PART OF THE ACCOUNTS  
FOR THE PERIOD ENDED 31ST MAR 2016**

(a) <u>Earnings Per Share</u>	Rs.	Previous .Year Rs.
Profit for the year	1530869	1152631
Number of Equity Shares		
Outstanding as at the end of the year (paid up value of Rs. 10/-)	562500	562500
Basic & diluted EPS	2.72	2.05

(b) The company is mainly engaged in the export of traded goods which constitutes one single primary segment. As there are no exports during the year, no segment information is considered necessary.

(c) Disclosure of related parties:

<u>Name of the related party</u>	<u>Nature of relationship</u>
MRF Limited	Holding Company
MRF Corp Ltd	Fellow subsidiary
MRF (Lanka) Pvt Ltd	Fellow subsidiary
MRF SG Pte. Ltd.	Fellow subsidiary

The company has not entered into any related party transactions during the year.

(d) The Company has changed its accounting year from year ended September 30th to year ended 31st March. Accordingly, the financial statements for the current accounting period are prepared for a period of 18 months from 1st October,2014 to 31st March,2016. Hence the figures and earnings per share for the current year are not comparable with those of the previous accounting year.

(e) Previous year's Figures have been regrouped/ rearranged, wherever necessary.

Vide our Report of even date

**For M. M. NISSIM & CO.**

Chartered Accountants

(Dhiren Mehta)  
Partner

**Arun Mammen**  
**Director**  
DIN: 00018558

**Koshy Zachariah**  
**Director**  
DIN: 00287074

Place: Chennai  
Date: 11.04.2016