MRF

ANNUAL REPORT **2010-11**

Contents

Message from Chairman

Dear Shareholder,

This is a momentous occasion for your company. In the financial year just closed, MRF crossed the landmark figure of ₹10,000 crores in turnover. The current year also marks 25 years of market leadership since MRF first became the market leader in 1987.

The year gone by was a difficult and trying one. MRF's quantum jump in turnover has been the highest one in its history and this has been achieved through our overall commitment to deliver premium products and well executed strategies.

The last six months have witnessed a slowdown in the domestic economic growth coupled with uncertainties in the international environment.

In the year ahead, one would have to contend with an increased competitive environment. However, we have taken a long term view of the auto industry and are adding capacities in our existing factories and our new plant at Tiruchirappalli will commence production in 2012, which would help us to maintain our market leadership.

K. M. Mammen
Chairman & Managing Director.

MRF Tops J.D. Power Study- for The Eighth Time

MRF was ranked highest in the *J.D. Power Asia Pacific 2011 India Original Equipment Tire Customer Satisfaction Index (TCSI) Study - thanks to the loyalty we have received from our valued customers.

Receiving the highest ranking on four factors that drive satisfaction- appearance, durability, traction/handling and ride, MRF has come out on top. It's these achievements that stand testimony to the quality of our tyres and our undisputed leadership in the market.

This is the eighth time MRF has been awarded this honour.

*MRF received the highest numerical score among tire manufacturers in the proprietary J.D. Power Asia Pacific 2011 India Original Equipment Tire Customer Satisfaction Index (TCSI) Study.SM Study based on 3,533 new-vehicle owners who purchased their vehicles between May 2008 and August 2009. Proprietary study results are based on experiences and perceptions of owners surveyed May-August 2010. Your experiences may vary. Visit www.jdpower.com/corporate.

New Product Launches

PASSENGER CAR RADIAL:

MRF Z.L.O. is an asymmetric tread pattern, high-performance tubeless radial that delivers a powerful combination of features and benefits which will ensure that you enjoy your drive with supreme confidence and style. MRF Z.L.O. is available for a wide range of vehicles.

TWO-WHEELER TYRE:

MRF Meteor M is an aggressive block design tyre for all-terrains, which is stylish and provides excellent stability and grip . Meteor M is available in 2 sizes and will be extended to other sizes.

TRUCK RADIAL:

MRF Steel Muscle S3C8 is ideal for loading applications. It features a staggered block design, strong casing and high rubber content.

MRF T & S -
WORLD CLASS TYRE CARE SERVICES

MRF T&S (Tyres & Service) outlets cater to the new generation cars cruising on Indian roads today. It allows customers to shop in air-conditioned comfort for MRF tyres and tubes. MRF trained service personnel provide other services like wheel alignment and balancing, automatic tyre changing, nitrogen filling and tubeless tyre repair.

World-class ambience of MRF T&S showrooms.

New Production Facility

MRF's new plant at Perambalur, near Tiruchirappalli in Tamil Nadu will be operational in 2012 with an initial capacity of 3.5 lakh truck and car radials. This will be MRF's eighth independent plant in India.

Exterior view of the plant.

Speciality Coatings

MRF Corp Ltd, a 100% Subsidiary of MRF manufactures speciality coatings for a wide range of applications. The revolutionary 100% polyurethane finishes are available in formulations for applications on metal, wood, plastic, walls and glass. WoodCoat Exterior Clear provides ideal protection for wood exposed to UV rays and adverse climatic conditions like rain and direct sunlight or extreme cold. New WallCoat provides long lasting protection from UV and weather conditions by resisting chalking, fading and fungus formation.

WoodCoat Exterior Clear used on the balcony of a house.

New WallCoat used on the
Sanmar Group Corporate Office in Chennai.

Delhi Championship With MRF

The Delhi Championship with MRF, a Support Race for the first ever Formula 1 Grand Prix in India at the Buddh International Circuit, Noida was a great success. Jordan King of Great Britain emerged the winner in this prestigious one-make series Championship.

MRF Wins the 2011 INRC

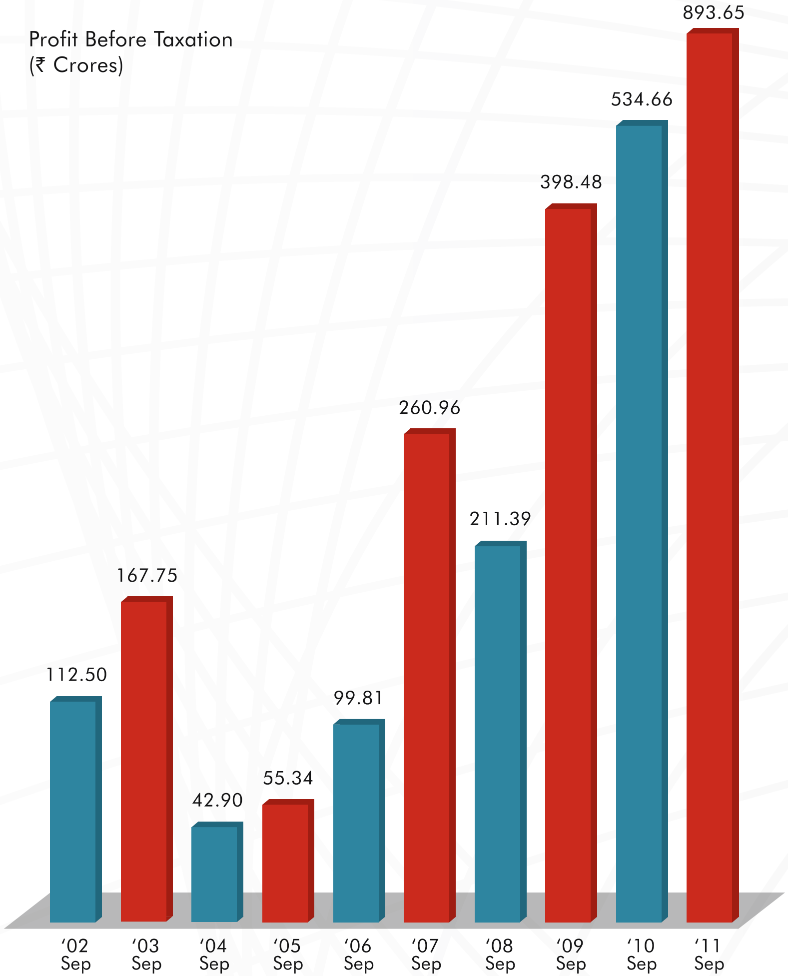
Gaurav Gill and co-driver Musa Sheriff of Team MRF clinched the 2011 Indian National Rally Championship (INRC), the premier rally championship in India.

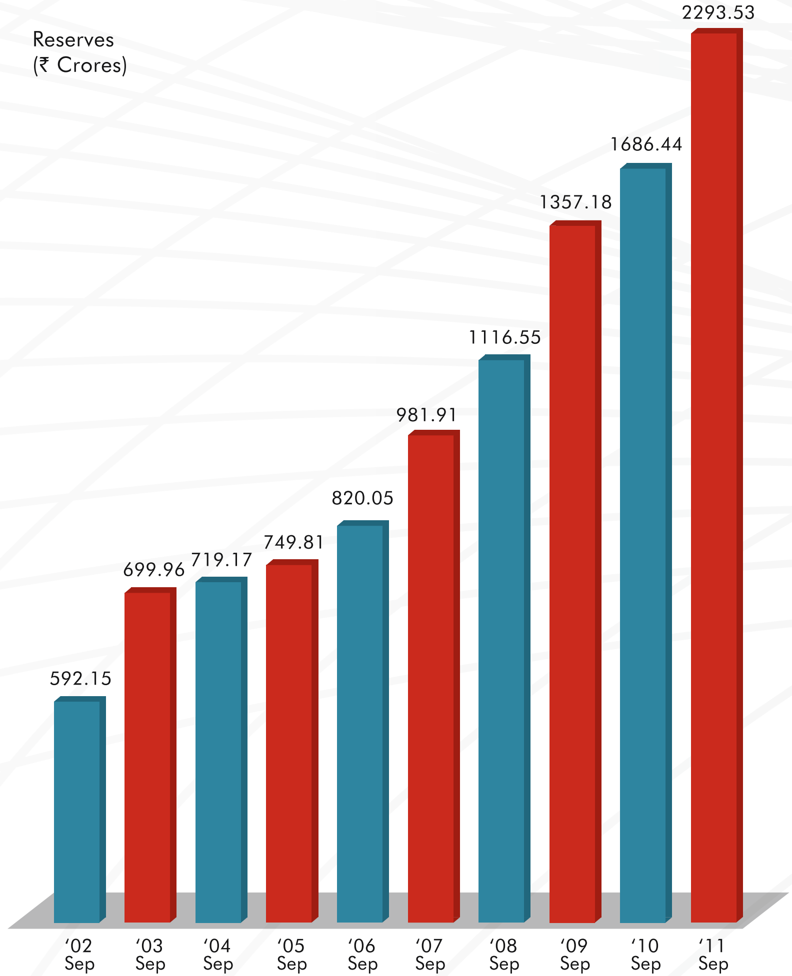
Gaurav Gill and co-driver Musa Sheriff of Team MRF.

MRF in World Cup Cricket

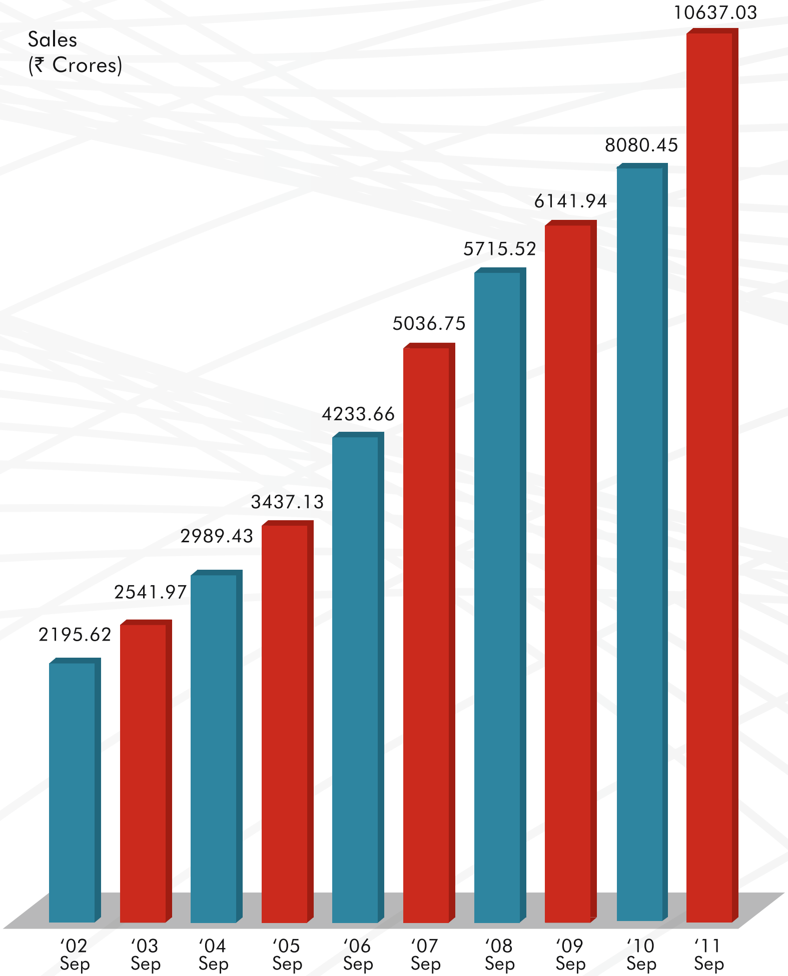
Gautam Gambhir, MRF's brand ambassador, was one of the architects of India's victory in the 2011 World Cup. Zaheer Khan, S. Sreesanth and Munaf Patel, three world class pacers from the MRF Pace Foundation also successfully contributed towards this great achievement in the bowling department.

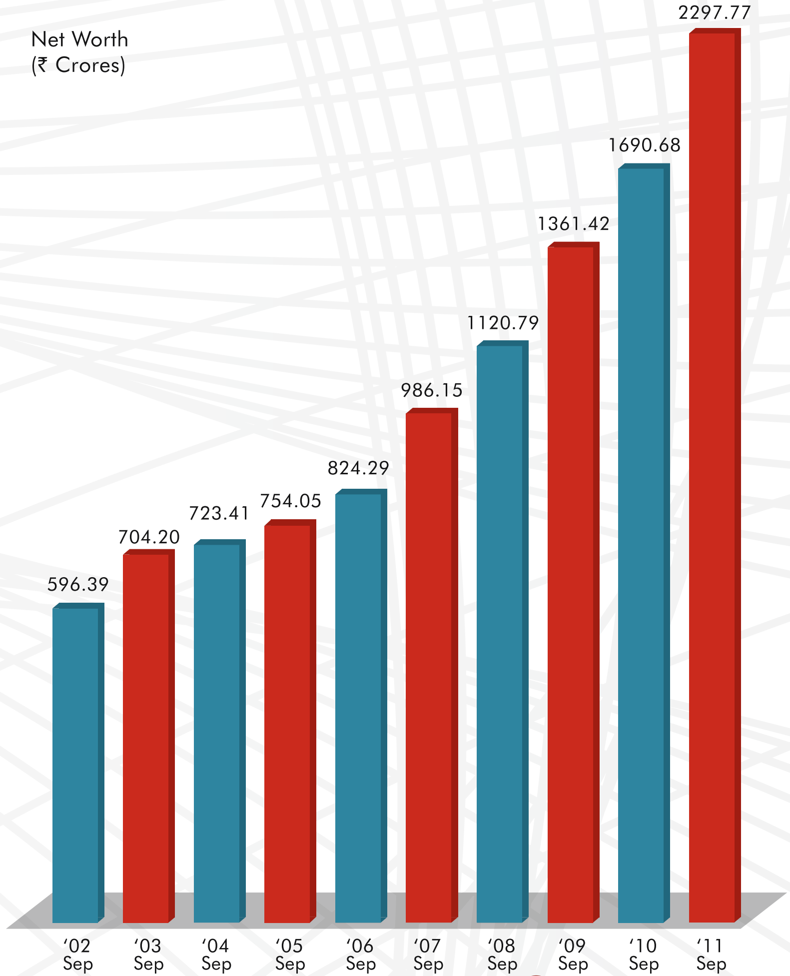
Racing Ahead





Racing Ahead





Board of Directors

K.M. MAMMEN
Chairman & Managing Director

ARUN MAMMEN
Managing Director

K.M. PHILIP
Whole-time Director

RAHUL MAMMEN MAPPILLAI
Whole-time Director

Dr. K.C. MAMMEN

ASHOK JACOB

V. SRIDHAR

VIJAY R. KIRLOSKAR

N. KUMAR

RANJIT I. JESUDASEN

S.S. VAIDYA

Dr. SALIM JOSEPH THOMAS

Company Secretary

RAVI MANNATH

Auditors

SASTRI & SHAH, Chennai.

M.M. NISSIM and Co., Mumbai.

Legal Advisors

KURIAN & KURIAN

Registered Office:
New No.114 (Old No.124), Greams Road, Chennai - 600 006.

Ten Year Financial Summary (₹ Crore)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Sales	10637.03	8080.45	6141.94	5715.52	5036.75	4233.66	3437.13	2989.43	2541.97	2195.62
Other Income	33.14	29.13	34.40	40.83	24.17	27.07	44.96	58.54	65.71	45.08
Total Income	10670.17	8109.58	6176.34	5756.35	5060.92	4260.73	3482.09	3047.97	2607.68	2240.70
Profit before Taxation	893.65	534.66	398.48	211.39	260.96	99.81	55.34	42.90	167.75	112.50
Provision for Taxation	274.23	180.68	145.45	66.83	89.18	19.90	15.03	14.10	50.37	34.04
Profit after Taxation	619.42	353.98	253.03	144.56	171.78	79.91	40.31	28.80	117.38	78.46
Share Capital	4.24	4.24	4.24	4.24	4.24	4.24	4.24	4.24	4.24	4.24
Reserves	2293.53	1686.44	1357.18	1116.55	981.91	820.05	749.81	719.17	699.96	592.15
Net Worth	2297.77	1690.68	1361.42	1120.79	986.15	824.29	754.05	723.41	704.20	596.39
Fixed Assets Gross	4967.07	3865.62	3020.57	2866.24	2289.77	1955.99	1787.85	1534.47	1348.80	1224.17

DIRECTORS' REPORT

Your Directors have pleasure in presenting to you the Fifty First Annual Report and the Audited Statement of Accounts for the year ended 30th September, 2011.

Working of the Company

Financial Results

During the year under review, the Company achieved the following financial results:

(₹ Crore)

	2010-11	2009-10
Total Income	10670.17	8109.58
Profit before tax	893.65*	534.66
Provision for taxation	274.23	180.68
Net Profit	619.42	353.98

** Includes an exceptional item of ₹ 404.23 crore which represents reversal of excess depreciation of earlier years, due to change in method of depreciation from Written Down Value (WDV) to Straight Line Method (SLM).*

Your Company's turnover this year has for the first time crossed the ₹ 10,000 crore mark, to settle at ₹ 10,637.03 crore, which is a landmark achievement. This reflects a sales growth of 32%. Across the board, there were positive increases, with a 12% increase in volumes in all segments. During the year, the continued increase in the price of natural rubber and other key raw materials, has impacted the performance of the Company. The price of natural rubber reached its peak in April 2011. Similarly prices of other raw materials like synthetic rubber, carbon black etc. have increased substantially from February 2011. The increase has adversely impacted the margins during the year. Despite the above, your Company could manage and maintain its profit levels with better operating efficiencies and cost cutting measures which the Company has undertaken over a period of time.

Two interim dividends of ₹ 3 each per share (30% each) for the year ended 30th September, 2011 were declared by the Board of Directors on 28-07-2011 and on 20-10-2011. The Board of Directors is now pleased to recommend a final dividend of ₹ 19 per share (190%) on the paid-up equity share capital of the Company, for consideration and approval of the shareholders at the Annual General Meeting. With this, the total dividend for the entire year works out to ₹ 25 per share (250%). The total amount of dividends aggregates to ₹ 10.60 crore.

The Directors recommend that after making provision for taxation, debenture redemption reserve and proposed dividend, an amount of ₹ 589.15 crore be transferred to General Reserve. With this, the Company's Reserves and Surplus stands at ₹ 2293.53 crore.

Industrial Relations

Overall, the industrial relations in all our manufacturing units have been harmonious and cordial, except in Thiruvottiyur and Kottayam factories for a short duration. Both production and productivity were maintained at the desired satisfactory levels throughout the year in all the units.

The Management Discussion and Analysis which is attached with this report gives an overview of the developments in human resources/ industrial relations during the year.

Exports

The Company's exports stood at ₹ 823.30 crore for the year ended 30th September, 2011 as against ₹ 669.27 crore for the previous year.

The Company sailed through another challenging year successfully, posting a revenue growth of 23% over the previous year. The year gone by, showed a continued volatility in raw material prices and increased input costs which definitely affected profits.

MRF's strong distributor network and brand presence in key markets and segments have contributed to growing volumes by 7% and revenues by 31% in the heavy commercial vehicle segment.

Prospects for the Current Year

While the demand outlook for tyres appears favourable with a 8 to10% annual growth forecast, the pressure on margins will continue unless the cost issues are addressed. Most tyre companies are planning capacity expansions especially in the truck radial segment and this development will fuel competition in this segment and the tyre industry in general. Also, the Government should study the inverted duty issue and take corrective action by providing a level playing field for the tyre industry.

The rising raw material costs such as that of natural rubber, oil and oil derivatives which are used in the manufacture of tyres, interest costs and rising imports of tyres, will be the areas of concern for all tyre companies. Since the tyre industry is highly competitive and price sensitive, it is unable to pass on completely the increase in raw material costs to its customers. The above increases are bound to adversely impact the margins of the Company. However, in the past two months, the prices have shown a declining trend.

Your Company hopes to record satisfactory results on account of MRF's high brand preference and trust reposed by customers in MRF products.

Directors' Responsibility Statement

In compliance with the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;

(ii) they have, in selection of the accounting policies, consulted the statutory auditors and applied them consistently making judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

(iii) proper and sufficient care has been taken for the 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 fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis.

Subsidiaries

Pursuant to the provisions of Section 212(8) of the Companies Act, 1956, the Ministry of Corporate Affairs, Government of India, vide its General Circular No. 2 /2011 dated 08-02-2011, has granted a general exemption subject to certain conditions to holding companies from complying with the provisions of Section 212 of the Companies Act, 1956, which requires the attaching of the balance sheet, profit & loss account etc., of the subsidiaries. In view of the above, the annual reports of the subsidiary companies have not been annexed in this Annual Report. The statement pursuant to Section 212 of the Companies Act, 1956 containing details of Company's subsidiaries is attached.

In accordance with the Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial statements presented by your Company include the financial information of all its subsidiaries.

The annual accounts of the subsidiary companies along with the report of the directors and auditors thereon and all related detailed information will be made available to shareholders of the Company on request and will also be kept open for inspection at the registered office of the Company.

Speciality Coatings Division

During the year under review, the Directors, considering the Company's long-term vision for its core business, decided to hive off the Speciality Coatings division of the Company to MRF Corp Limited, which is a 100% subsidiary of MRF Limited w.e.f. 01-04-2011. The Directors expect rapid growth in the business of the division with added focus as a separate company. Upto 31-03-2011, the division reported a turnover of ₹ 38.67 crore.

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

The details as required under the Companies [Disclosure of Particulars in the Report of Board of Directors] Rules, 1988 are given as an annexure to the Directors' Report.

Board

Mr N Kumar, Mr Ranjit I Jesudasen and Mr Ashok Jacob retire by rotation at the Annual General Meeting and are eligible for re-election.

Corporate Governance

In accordance with Clause 49 of the listing agreement with the stock exchanges, a separate report on corporate governance along with the Auditors' certificate confirming compliance, is attached to this report.

The Chairman & Managing Director has confirmed and declared that all the members of the Board and the senior management have affirmed compliance with the code of conduct.

Particulars of Employees

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 forms an integral part of the Directors' Report. However, in terms of the provisions of Section 219[1][b] of the Companies Act, 1956, the report and accounts are being sent to shareholders of the Company excluding the statement of particulars of employees under Section 217[2A] of the Companies Act, 1956. Any shareholder interested in obtaining a copy of such statement may write to the Company Secretary at the registered office of the Company and will be provided with a copy of the same.

Deposits

9 deposits aggregating ₹ 19.40 lakhs remain unclaimed as at the close of the year ended 30th September, 2011.

Awards received during the year

During the year, MRF won the All India Rubber Industries Association's (AIRIA) award for "Highest Export Awards (Auto Tyre Sector)" category and "Top Export Award" from Chemicals & Allied Products Export Promotion Council (CAPEXIL) for 2010-11.

Auditors

Messrs Sastri & Shah and M.M. Nissim and Co., who are our Auditors, retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received certificates from both the auditors to the effect that their appointments will be within the limits prescribed under Section 224[1B] of the Companies Act, 1956.

Cost Audit

Cost Audit for the year ended 30th September, 2011 will be conducted by the cost auditor Mr C Govindan Kutty, B.Com., ACA., AICWA., ACS., Chennai and the report will be submitted to the Government.

Appreciation

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

On behalf of the Board of Directors,

Chennai
29th November, 2011

K. M. MAMMEN
Chairman & Managing Director

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

a) The major energy conservation measures implemented during the year include improved replacement of damaged insulations for steam lines and hot water systems, utilizing flash steam to heat RO make up water to de-areator and hot water systems, revamping condensate recovery system, periodical checking of steam trap, optimisation of process pumps and blowers.

Usage of VFD for loads with variable demands, usage of energy efficient lights, optimisation of temperature controllers for heaters and chillers and optimized idle running of motors.

b) Additional investments are being proposed for the power factor improvement in all plants, installation of coal fired boilers, providing VFDs for dust collectors, pumps etc, regular energy audit by internal and external agency.

c) The programs initiated for conservation of energy has resulted in the reduction of electrical energy and furnace oil consumption per metric ton of production over the previous financial year.

Total Energy consumption and energy consumption per unit of production:

FORM "A"

I. POWER AND FUEL CONSUMPTION

	2010-11	2009-10
1. Electricity		
(a) Purchased:		
Units	409804687	327902015
Total Amount – (₹ lacs)	17163.79	15434.75
Rate/Unit (₹)	4.19	4.71
(b) Own Generation:		
Through Diesel Generator - Units	34089304	65059986
Units/Ltr. of Diesel/Furnace Oil	3.70	3.56
Cost/Unit (₹)	9.40	9.28
2. Furnace Oil		
Quantity (KL)	84334	68180
Total Amount (₹ lacs)	24712.80	17783.13
Average Rate (₹/Ltr.)	29.30	26.08
3. Coal		
Quantity (MT)	24628	22235
Total Amount (₹ lacs)	1018.90	803.18
Average Rate (₹/Kg)	4.14	3.61

II. CONSUMPTION PER UNIT OF PRODUCTION

	2010-11	2009-10
Production (MT)	471946	430236
Electricity (Unit/MT)	941	913
* Furnace Oil & Coal (on applicable production) (Ltrs./MT)	180	181

* Coal is converted to equivalent FO Ltrs

B. TECHNOLOGY ABSORPTION

FORM "B"

RESEARCH & DEVELOPMENT (R & D)

1. Specific Areas in which R & D was carried out by the Company

a) Development of high performance tyres for radial and bias segment

b) Development of new designs and patterns

c) Development of new formulations to meet specific customer requirement

d) Evaluation and development of new sources for various raw materials

e) Development of new process technique for fuel and energy conservation

f) Modification of existing machinery and development of new equipments

2. Benefits derived as a result of the above R & D

The R & D activities are co-ordinated in our separate, independent, fully equipped R & D Center, in the R & D laboratories at all manufacturing units, the R & D laboratory for natural rubber at Kottayam and the shop floor of all our manufacturing operations.

New products are developed to meet the high performance requirements of the original equipment automobile manufacturers and replacement market both in radial and bias segment. New patterns and designs are developed to offer certain special properties and for improving aesthetics.

New formulations are developed to meet the stringent requirement of the passenger car OE manufacturers. New sources of raw materials from countries such as China, Vietnam are evaluated and approved for cost optimization and to meet shortages.

New process techniques are introduced, for energy savings, productivity increase and to achieve stringent tolerances. Development of new machineries and modification of existing machineries are continuously done to reduce downtime, improve quality and increase productivity.

New products are developed for the following applications:

(a) Domestic and Export market

(b) Original Equipment Manufacturers and replacement market

(c) Farm service and Off The Road

(d) Defence sector

(e) Tyres for Rallies and Races

(f) Aircraft tyres

(g) Inner tubes

(h) Retread market

(i) Belting industry

3. Future plan of action

Continuous R&D efforts are being taken to develop high performance truck radial tyres in view of the anticipated radialisation in this segment.

With the development of good highways, efforts are taken to improve durability and high speed characteristics in all segments of tyres.

Dedicated high performance passenger car radial tyres are being developed to meet the specific marketing requirements in the replacement market.

All efforts are taken to meet the stringent requirements such as rolling resistance, traction, tyre noise and higher speed characteristics of multinational car companies.

Priorities are also being given to meet growing high performance requirements in areas such as Off the road segment, farm sector, sports utility vehicle, race and rally tyres, PCTR and conveyor belts.

Efforts are also taken in the development of aircraft tyres to meet Defence requirement.

New compounds are developed with environmental friendly raw materials to meet increasing domestic and global pollution requirements.

In view of shortage and volatility in prices of raw materials, efforts are taken to evaluate and develop new sources from non traditional areas.

4. Expenditure on R & D

	2010-11 (₹ Crore)	2009-10 (₹ Crore)
R & D Expenses		
a) Capital	1.39	0.28
b) Recurring	20.51	17.28
Total	21.90	17.56
Total R & D Expenses as a % of turnover & other income	0.21%	0.22%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief made towards technology absorption, adaptation and innovation:

a) Evaluation of New Materials

New raw materials are evaluated and regularized to offer specific special properties.

b) New Product Development

New products are continuously developed to meet specific customer requirement with the introduction of new compounds and designs.

c) New Process Development

New processes are developed to offer fuel and energy savings and also to improve consistency.

d) Development of Equipment and Machinery

New equipments and machineries are continuously developed to:

- improve consistency
- reduce wastage
- achieve narrow tolerance requirements
- improve productivity and energy saving

2. Benefits derived as a result of the above efforts:

a) Product Improvement

Product performance improved with the introduction of new raw materials and designs.

b) Cost Reduction

Changes made in the process and usage of new materials have resulted in energy saving and cost reduction.

c) Product Development

R & D efforts taken in meeting the new customer requirement have helped in developing new high performance products and to improve the performance of the existing product.

d) Import Substitution

Modification of machineries and development of alternate domestic sources for the raw materials have helped in import substitution.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

	(₹ Crore)
Foreign Exchange Earnings:	
(a) On account of Export Sales (FOB Value)	823.30
(b) Others	0.38
	823.68
Foreign Exchange Outgo:	2710.85

On behalf of the Board of Directors,

Chennai
29th November, 2011

K. M. MAMMEN
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

(Within the limits set by the Company's competitive position)

The core business of MRF is manufacturing, distribution and sale of tyres for various kinds of vehicles. The management discussion and analysis given below discusses the key issues for various sectors of the business.

Tyre Industry Structure & Development

The turnover of the Indian tyre Industry is valued at ₹ 30,000 crore for the period 2010-11. Exports accounted for ₹ 3,600 crore. 1192 lakh tyres were produced by 39 tyre companies. Ten top companies produce 95% of the total production.

Truck and Bus tyres constitute 65% of the tyre industry turnover. Around 70% of the turnover is sold in the replacement market which is competitive but margins are better. The OE segment cannot be ignored as volumes are high but margins are less as prices are dependent more on the manufacturers of vehicles. In the Passenger Car group, 54% of tyres are sold to OEMs and 42% in the replacement segment.

The tyre industry is raw material intensive and predominantly cross-ply or bias-ply tyres are manufactured. The truck, bus and LCV segments continue to be cross-ply based due to poor road conditions, low OE fitment and high initial cost. Passenger tyres are currently 98% radial tyres. Radialisation in the light commercial vehicle group is 18% and in heavy vehicles (truck and bus) the level is 15%.

The tyre companies produce truck tyres and a range of non truck tyres. Segment wise, there has been a 14% increase in the production of heavy commercial vehicles and a 15% increase in light commercial vehicles. There has been a significant increase of 47% in the small commercial vehicle segment. In the passenger and utility group, there has been an increase of 14% and 13% respectively over the last year. In two wheelers, scooter segment production witnessed a 31% increase whilst in the motorcycle segment, production increased by 20%. In the farm segment, there was a 38% increase in production over 2009-10.

The tyre industry provides direct and indirect employment to one million people, including dealers, retreaders and truck operators. The truck operations are controlled by 2.6 million small operators.

There are around 5,000 tyre dealers spread throughout the country, most of whom sell multiple tyre brands.

Opportunities and Threats

The worldwide recession continues throughout the rest of the world mainly in USA and Europe. With strong financial fundamentals, the economic situation in India, though volatile, is far better and conducive to robust growth. With growth all round, foreign investors will prefer to invest in India, even in preference to China which relies heavily on exports to the advanced countries. Foreign tyre companies will enter the Indian market and invest more. This development will intensify competition and could also cause a glut in the Indian market.

Despite several representations to the Government, the inverted duty issue is yet to be resolved. The duty concessions to importers has led to dumping of cheap and unsuited tyres. Duty concessions should be extended to the imports of raw materials by the tyre manufacturers. The performance of tyre manufacturers is affected by raw material costs like natural rubber and petroleum products, the prices of which continue to spiral.

The volatility in rubber prices will be a strain on the margins of tyre companies. A permanent reduction in rubber import duties would ease the pressures of the tyre industry. There is a limit to which cost escalations can be passed on to the consumers and also a challenge to increase the prices of tyres to OEMs.

The threat of imports, especially from China would further increase and can put the domestic industry under pressure in view of the move to remove the anti-dumping duty.

Segment wise and Product wise performance

During the period 2010-11, MRF achieved a turnover of ₹ 10,637.03 crore - a record turnover and the first tyre company to cross the ₹ 10,000 crore mark. This is an increase of 32% over the previous year. Across the board, there were positive increases, with a 12% increase in volumes in all segments. In the heavy commercial vehicle group which is the largest segment, the increase was 11% over the last year. In the motorcycle and scooter segments, the increases over the previous year were significant at 14% and 24% respectively. The passenger car group registered an increase of 5%. In the farm group, production increased in the tractor (front) group by 8% and 21% in the tractor (rear) categories.

Speciality Coatings

The Directors, considering the Company's long-term vision for its core business, decided to hive off the Speciality Coatings division of the

Company to MRF Corp Limited, which is a 100% subsidiary of MRF Limited w.e.f. 01-04-2011. The Directors expect rapid growth in business of the division under the wholly owned subsidiary of the Company.

Conveyor Belting

MRF's Muscleflex range of conveyor belting continues to be preferred by customers across segments from power, steel, cement to fertilizers, paper etc.

The quality of MRF's Muscleflex belting has won the trust of many large Corporates who have now made it their first choice.

In markets across the world too, Muscleflex conveyor belting has gained preference with large mining customers in the most demanding operating conditions.

During the year, the conveyor belting division achieved a growth of 14% over the previous year.

Exports

Facing global recession and a challenging and competitive year, MRF posted a growth of 23% over the previous year 2009-10. In the year gone by, continued volatility in raw material prices and increased input costs definitely affected margins.

MRF's strong distributor network worldwide and brand presence in key markets contributed to a 7% growth in the heavy commercial vehicle segment.

Outlook

While the demand outlook for tyres appears favourable with a 8 to10% annual growth forecast, the pressure on margins will continue unless the cost issues are addressed. Most tyre companies are planning capacity expansions especially in the truck radial segment and this development will fuel competition in this segment and the tyre industry in general. The growth of the tyre industry will also depend upon the expansions in the automobile industry and the efforts made by the Government to improve the road infrastructure. Also, the Government should study the inverted duty issue and take corrective action by providing a level playing field for the tyre industry.

Performance of the Company

The sales turnover of the Company during the year has increased from ₹ 8,080.45 crore in 2009-10 to ₹ 10637.03 crore in 2010-11, an increase of about 32%. The profit before taxation after including exceptional item stood at ₹ 893.65 crore in the current year as against ₹ 534.66 crore in the previous year. The Exceptional item of ₹ 404.23 crore represents reversal of excess depreciation of earlier years, due to change in method of depreciation from Written Down Value (WDV) to Straight Line Method (SLM). After making provision for income tax, the net profit for the year stood at ₹ 619.42 crore as compared to ₹ 353.98 crore, in the previous year.

Internal Control Systems and their Adequacy

The Company has adequate internal control systems in position and has reasonable assurance on authorising, recording and reporting transactions of its operations in all material respects and in providing protection and safeguard against misuse or loss of the assets of the Company. The Company has in place documented procedures covering all financial and operational functions commensurate with the size and complexities of the organization.

Some of the salient features of the internal control system in practice are:-

(i) Preparation of Annual Budget for operations and service functions and monitoring the same with actual performance at regular intervals.

(ii) A robust ERP system connecting all the plants, sales offices and head office, enables integrity of data and seamless flow of information.

(iii) Internal controls have been designed in order to reasonably ensure that assets are safeguarded and transactions are properly authorized whereby the system attains capability for prevention and/or timely detection of material errors and irregularities.

(iv) The internal audit department carries out periodic audit of all locations and functions based on the plan approved by the Audit Committee. The observations arising out of the audit and the follow up action are periodically reviewed at the Audit Committee Meetings.

(v) A detailed presentation is made to the Audit Committee and to the Board of Directors on business, operational and financial risks faced by the Company and the plan of action to mitigate the same.

(vi) All assets are safeguarded and protected against losses and against unauthorized use or disposal and are periodically verified.

Discussion on Financial Performance with respect to Operational Performance

(₹ Crore)

	2010-11	2009-10
Sales	10637.03	8080.45
Other Income	33.14	29.13
Total Income	10670.17	8109.58
Profit Before Taxation	893.65*	534.66
Provision For Taxation	274.23	180.68
Net Profit	619.42	353.98

** includes an Exceptional item of ₹ 404.23 crore which represents reversal of excess depreciation of earlier years, due to change in method of depreciation from Written Down Value (WDV) to Straight Line Method (SLM).*

The operations of the Company primarily relate to the manufacture of rubber products viz. tyres, tubes, flaps, tread rubber and conveyor belt and this constitutes the major business segment. Other business operations of the Company consists of manufacturing and dealing in specialty coatings, sports goods etc, which do not contribute significantly to the total revenue of the Company.

However, the Specialty Coatings division has since been sold to MRF Corp Ltd, a wholly owned subsidiary of the Company with effect from 1st April, 2011.

The price of natural rubber continued to rise and reached its peak in April 2011. Similarly prices of other raw materials like synthetic rubber, carbon black etc. have increased substantially from February 2011. In the past two months, the prices have shown a declining trend. The increase has adversely impacted the margins during the year.

Risks and Concerns

Due to inflationary pressures, RBI has revised interest rates several times during the current year, resulting in higher borrowing cost; this is further compounded by frequent increases in fuel prices. Coupled with slower growth in economy, the Indian automotive industry started feeling the pinch of lower off-takes in all segments. On the other hand, many of the global and local players are expanding their tyre manufacturing facilities in India to cater to the anticipated growing demand. There is a concern that this may result in increased supply capacity vis-a-vis lower demand, resulting in intense pressure on margins.

Natural rubber and other major raw materials have seen an unprecedented price increase during the last one year. This trend of volatility in the raw material prices would continue in future. Due to competitive pressures, coupled with cheaper imported tyres, the price increase in raw materials could not be fully passed on to the customers immediately.

The impact of recent crisis in Euro-zone and other developed countries has resulted in "Rupee depreciation". If this situation continues, it will increase our net foreign currency exposure.

The Audit Committee and the Board of Directors have been apprised of the major business and operational risks identified by the Company and steps proposed to be taken to mitigate the same. The Company also has a comprehensive risk analysis and management system, wherein all risk factors are identified and proper action taken to mitigate such risks.

Human Resources

Despite the global economy continuing to be in doldrums badly affecting the west and Europe and recession affecting everybody, India is one of the few countries which survived the crisis. In India, while growth did slow down to some extent, MRF sustained a steady healthy growth pattern and was able to retain and assure its work force that our Company is a better place to work. Such a conducive atmosphere helped to attract talented resources for our current requirements and expansion projects.

During the period, MRF revisited its assessment centre for recruitment of its entry-level supervisory and engineering staff and re-designed assessment centre to augment the personality profiling model to suit the changing requirement. During the induction training programme, in addition to the technical training, supervisory skill and talent development training programme has been made mandatory for all entry level recruits in the management positions. Based on the feedback from operatives trained at NTTF and the positive work culture exhibited by them, MRF continued to train all fresh trainee operatives at NTTF before the placements in the manufacturing units.

To develop internal talents and to provide career growth opportunity, talents from the existing units were identified through a rigorous selection process and after providing intense training on technical, managerial and leadership skills, they were placed in various leadership positions in the expanded facilities at Ankanpally and Trichy, along with other direct recruits.

Visit by technical, manufacturing and engineering personnel to various state of art tyre building machine, accessories and equipment manufacturing facilities abroad has given a great learning experience. Apart from that, learning and development function concentrated on relationship building, management and leadership development. Intensive training through experiential learning methodology was carried out in many phases for the benefit of union leaders, opinion makers and departmental managers, especially at Tiruvottiyur, Arkonam and Puducherry. For succession development and for future leadership requirements, prospective talents were identified and executive development programmes and management development programmes were done at various intervals to prepare them to take up future leadership positions. In addition to the above, unit specific programmes on process, product and technology for operatives were held on regular basis.

Industrial relations across the units were generally harmonious and cordial. During the period, Medak, Goa and Puducherry have entered into long term wage settlement with their unions.

TPM (Total Productive Maintenance) continue to yield benefits. The various initiatives and projects undertaken and increase in the number of kaizens have substantially improved the machine availability, utilisation and productivity. During the year, our Kottayam unit has made substantial ground work and steady progress in all activities and the pre-final audit team has recommended Kottayam unit for final audit for “the Certification of TPM Excellence”.

The total employee strength as on 30.09.2011 is 14,960.

Corporate Social Responsibility

It is a shared and common belief that education is a critical requisite and an effective catalyst for social and economic change in India. It is a privilege which many children cannot access due to economic considerations. Education breaks the cycle of poverty and helps improve their quality of life. Awareness on health and environmental issues and education of the youth of India, benefits entire communities. Our focus on education continued during the year. Merit-based academic scholarships were awarded to children of Government village schools surrounding our factories.

The MRF Institute of Driver Development (MIDD), a pioneering institute which provides training to drivers in Light & Heavy commercial vehicles has turned out 345 drivers during the year 2010-11, which includes 136 HMV drivers from refresher course. The institute has also undergone a major change during the year, by replacing its entire range of fleet with the latest state of the art vehicles for training drivers. Right from its inception, the institute epitomised a mission far nobler than merely training drivers. The objective set for it was of moulding rural youngsters who were deprived of opportunities into a rare breed of competent and cultured professionals. This would in turn, contribute immensely to the safety of the road transport industry and the society at large.

General health camps were organised with due emphasis on both curative and preventive aspects of wellness.

Support for local social organisations is also rendered.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company’s objectives, expectations or predictions may be forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company’s operations include global and domestic supply and demand conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance

MRF's Corporate Governance philosophy is to maintain the highest levels of fairness, transparency, ethics and values in all facets of its operations for enhancement of shareholder value. In our commitment to the above, we are guided by the following core principles:

(i) Transparency in governance and in disclosure practices.

(ii) Ensure compliance with the prevalent mandatory guidelines on corporate governance.

(iii) Ensure timely dissemination of all price sensitive information.

(iv) Fair and equitable treatment of all its stakeholders.

(v) To conduct the affairs of the Company in an ethical manner.

(vi) Prudent financial management.

(vii) Training and development of employees.

Pursuant to Clause 49 of the Listing Agreement, the Company has adopted a code of conduct for members of the Board and senior management. The code is displayed at the Company's website www.mrftyres.com.

Your Company believes that good corporate governance is essential to achieving long-term corporate goals of the Company and for meeting the needs and aspirations of its stakeholders, including shareholders.

2. Board of Directors

(a) Composition of the Board:

As at 30th September, 2011 in compliance with corporate governance norms, the Board comprises of 12 Directors. It includes a Chairman & Managing Director, a Managing Director, 2 Whole-time Directors, 2 Non-Executive Directors and 6 Non-Executive Independent Directors. None of the Directors on the Board is a member of more than 10 committees or act as Chairman of more than 5 committees across all Companies in which he is a director.

(b) Number of Board Meetings, attendance of Directors at Board Meetings and at the Annual General Meeting, outside directorships and board committee memberships:

Name of Director	Category	No. of Directorships in other Public Ltd. Companies	No. of Committee Memberships in other Public Ltd. Companies	No. of Board Meetings attended during 2010-11	Attended last AGM on 10-02-2011
Mr K M Mammen Chairman & Managing Director	Promoter Executive Director	4	Nil	4	Yes
Mr Arun Mammen Managing Director	Promoter Executive Director	3	Nil	5	Yes
Mr K M Philip Whole-time Director	Promoter Executive Director	3	Nil	4	Yes
Mr Rahul Mammen Mappillai Whole-time Director	Promoter Executive Director	Nil	Nil	4	Yes
Dr K C Mammen	Non-Executive Director	3	Nil	4	Yes
Mr Ashok Jacob (NRI)	Non-Executive Director	3 (Incl. 2 Overseas Companies)	Nil	2	Yes
Mr V Sridhar	Non-Executive Independent Director	Nil	Nil	5	Yes
Mr Vijay R Kirloskar	Non-Executive Independent Director	8 (Incl. 4 Overseas Companies)	1-Member	2	No
Mr N Kumar	Non-Executive Independent Director	5	4-Chairman 1-Member	4	Yes
Mr Ranjit I Jesudasen	Non-Executive Independent Director	Nil	Nil	5	Yes
Mr S S Vaidya	Non-Executive Independent Director	11	4-Chairman 5-Member	5	Yes
Dr Salim Joseph Thomas	Non-Executive Independent Director	Nil	Nil	4	Yes

Mr K M Mammen, Chairman & Managing Director and Mr Arun Mammen, Managing Director, are brothers and hence related to each other within the meaning of Section 6 of the Companies Act, 1956. Mr Rahul Mammen Mappillai, Whole-time Director is the son of Mr K M Mammen, Chairman & Managing Director and hence related to each other within the meaning of the above Section.

(c) Dates of Board meetings:

During the year 2010-11, five Board Meetings were held on 21-10-2010, 25-11-2010, 10-02-2011, 14-04-2011 and 28-07-2011. The interval between any two successive meetings did not exceed four calendar months.

(d) Information placed before the Board

The Company held 5 Board Meetings during the year to review the financial results and other items that are required to be placed before the Board under the various statutes including the Companies Act, 1956 and the listing agreements entered into with the stock exchanges. All the departments in the Company provide well in advance, matters which require approval of the Board/Committees, to the Company Secretary to enable him to prepare the agenda for the Board/Committee meetings.

(e) Code of Conduct

The Board has laid down a Code of Conduct for all Directors and senior management staff of the Company. The code of conduct is available on the website: www.mrftyres.com. All Directors and members of the senior management have affirmed their compliance with the code of conduct.

The Chairman & Managing Director has confirmed and declared that all the members of the Board and senior management have affirmed compliance with the code ofconduct.

3. Committees of the Board

A. Audit Committee:

(i) Composition:

The Audit Committee comprises of 3 Directors all of them being Non-Executive Independent Directors. The members of the Committee including its Chairman are as follows:

Mr S S Vaidya	Chairman
Mr V Sridhar	Member
Mr Ranjit I Jesudasen	Member

Mr Ravi Mannath, Company Secretary, is the Secretary of the Committee.

Mr K M Mammen, Chairman & Managing Director, Mr Arun Mammen, Managing Director and Mr Rahul Mammen Mappillai, Whole-time Director, are permanent invitees. Heads of finance, internal audit, statutory auditors and such other executives, as considered appropriate, also attend the meetings by invitation.

(ii) Reference:

The powers, role and terms of reference of the Audit Committee covers the area as mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors. These include oversight of Company's financial reporting process, internal controls and disclosures of financial information, reviewing the adequacy of the internal audit team, reviewing with management the quarterly/annual financial statements before submission to the Board, recommending the appointment of statutory auditors and fixation of their remuneration. Apart from the above, the Committee also reviews Management Discussion and Analysis, statement of related party transactions and the management letters issued by statutory auditors and the response thereto by the management.

(iii) Meetings and Attendance:

During the year 2010-11, the Audit Committee met on the following dates:

Dates of Meetings: 25-11-2010, 09-02-2011, 14-04-2011 and 28-07-2011

The members and attendance of Committee members are given below:

Name of the Member	Meetings Attended
Mr S S Vaidya	4
Mr V Sridhar	4
Mr Ranjit I Jesudasen	4

B. Remuneration Committee:

(i) Composition:

The Committee comprises of 3 Non-Executive Independent Directors and 2 Executive Directors. The Chairman is a Non-Executive Independent Director. The Committee comprises of:

Mr S S Vaidya	Chairman
Mr V Sridhar	Member
Mr Ranjit I Jesudasen	Member
Mr K M Mammen	Member
Mr Arun Mammen	Member

Mr Ravi Mannath, Company Secretary, is the Secretary of the Committee.

(ii) Reference:

The Remuneration Committee has been constituted to recommend/review the remuneration package of the Managing and Whole-time Directors.

(iii) Meetings and Attendance:

During the year 2010-11, the Remuneration Committee met on 25-11-2010, 09-02-2011 and 14-04-2011. The members of the Committee who were present for the meetings are as follows:

Name of the Member	Meetings Attended
Mr S S Vaidya	3
Mr V Sridhar	3
Mr Ranjit I Jesudasen	3
Mr K M Mammen	2
Mr Arun Mammen	3

The Remuneration policy of the Company is:

(a) For Managing and Whole-time Directors, the total remuneration consists of salary, perquisites & commission within the limits approved by the shareholders. No sitting fee is payable.

(b) Non-Executive Directors do not draw any remuneration from the Company except the sitting fees as permitted under the Companies Act, 1956 for attending the meetings of the Board/ Committee thereof.

Details of Remuneration to all the Directors for the year 2010-11:

The aggregate value of salary and perquisites and commission paid to the Managing and Whole-time Directors are as follows:

(a) Name (b) Designation (c) Salary and perquisites (₹) (d) Commission (₹) (e) Total (₹)

(a) Mr K M Mammen (b) Chairman & Managing Director (c) 28553842 (d) 6300000 (e) 34853842; (a) Mr Arun Mammen (b) Managing Director (c) 17651640 (d) 5700000 (e) 23351640; (a) Mr K M Philip (b) Whole-time Director (c) 19700081 (d) 6300000 (e) 26000081; (a) Mr Rahul Mammen Mappillai (b) Whole-time Director (c) 4497821 (d) 1400000 (e) 5897821.

Note: Salary and perquisites include all elements of remuneration i.e., salary, allowances and benefits. The Company has not issued any stock options to any of the directors. The term of executive directors does not exceed five years.

The sitting fees paid for the year 2010-11 to Non-Executive Directors and their shareholdings are as follows:

(a) Name (b) Sitting fees (₹) (c) No. of shares held

(a) Dr K C Mammen (b) 25000 (c) 9043; (a) Mr Ashok Jacob (b) 15000 (c) 1856; (a) Mr V Sridhar (b) 75000 (c) Nil; (a) Mr Vijay R Kirloskar (b) 10000 (c) 355; (a) Mr N Kumar (b) 20000 (c) Nil; (a) Mr Ranjit I Jesudasen (b) 75000 (c) Nil; (a) Mr S S Vaidya (b) 65000 (c) Nil; (a) Dr Salim Joseph Thomas (b) 25000 (c) Nil.

There were no material pecuniary relationship or transactions by Non-Executive Directors vis-à-vis the Company.

C. Shareholders/Investors Grievance Committee:

(i) Composition:

The Company has constituted a Shareholders/Investors Grievance Committee of the Board of Directors under the Chairmanship of a Non-Executive Independent Director to specifically look into the redressing of Shareholder/Investor Grievances.

The members of the Committee comprise of:

Mr V Sridhar	Chairman
Mr Ranjit I Jesudasen	Member
Mr K M Mammen	Member

Mr Ravi Mannath, Company Secretary, is the Secretary of the Committee.

(ii) Reference:

The Committee looks into redressal of grievances of the investors namely shareholders and fixed deposit holders. The Committee deals with grievances pertaining to transfer of shares, non-receipt of annual report, non-receipt of dividend, dematerialisation/rematerialisation of shares, complaint letters received from Stock Exchanges, SEBI, non-receipt of interest warrants, repayment of Fixed Deposit issues etc. The Board of Directors have delegated the power of approving transfer/transmission of shares to a Share Transfer Committee.

(iii) Meetings and Attendance:

During the year, the Shareholders/Investors Grievance Committee met twice on 25-11-2010 and 28-07-2011. All the members of the Committee were present for the meetings.

5 investor complaints were received during the year under review and the complaints were resolved to the satisfaction of the shareholders.

Number of Share Transfers/Transmissions/issue of Duplicate share certificates pending as on 30th September, 2011, was 3. As on date, out of these pending matters, 2 matters were placed before the Board for approval for issue of duplicate share certificates. The balance pending will be approved/dealt with by the Company after completion of their respective documentation.

All the queries and complaints received during the year ended 30th September, 2011, were duly redressed and no queries were pending at the year end.

Mr Ravi Mannath, Company Secretary, is the Compliance Officer of the Company.

The Securities and Exchange Board of India vide notification dated 20th February, 2002 has amended the SEBI (Insider Trading) Regulations, 1992. As required by the above Regulations, the Company has adopted a Code of Conduct for prevention of insider trading. All the Officers of the Company including the Directors on the Board as well as designated employees have affirmed their compliance with the code.

CEO/CFO Certification:

Mr Arun Mammen, Managing Director and Mr P Sunny Joseph, Senior General Manager Finance, have certified to the Board in accordance with Clause 49 (V) of the Listing Agreement pertaining to CEO/CFO Certification for the year ended 30th September, 2011.

4. General Body Meetings

(a) The Company held its last 3 Annual General Meetings as under:

AGM for the Year	Date	Time	Venue
2007-2008	19-03-2009	11.00 A.M.	TTK Auditorium 'The Music Academy' 168 TTK Road, Chennai 600014
2008-2009	11-03-2010	11.00 A.M.	-do-
2009-2010	10-02-2011	11.00 A.M.	-do-

(b) Details of Special Resolutions passed during the last 3 Annual General Meetings :

Date of AGM	Particulars of Special Resolution passed
19-03-2009	No Special Resolution passed
11-03-2010	(i) Re-appointment of Mr K M Philip as whole-time Director for a period of 5 years w.e.f 01-04-2010 and fixing his remuneration. (ii) Payment of revised remuneration to Mrs Meera Mammen a relative of some of the Directors of the Company, for a period of 5 years w.e.f. 01-04-2010 under Section 314(1B) of the Companies Act, 1956.
10-02-2011	(i) Appointment and payment of remuneration to Mr Samir Thariyan Mappillai, a relative of some of the Directors of the Company, w.e.f. 01-08-2010 under Section 314(1B) of the Companies Act, 1956. (ii) Payment of revised remuneration to Mr Samir Thariyan Mappillai, a relative of some of the Directors of the Company, w.e.f. 01-04-2011 under Section 314(1B) of the Companies Act, 1956.

(c) Postal Ballot :

During the year, the Board sought the consent of the shareholders of the Company for passing of the following resolutions:

(i) by way of Ordinary resolution through Postal Ballot as per the Notice to the shareholders dated 30-12-2010 for sale/transfer of Speciality Coatings Division of the Company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956. Mr Jacob Kurian, Advocate was appointed as the Scrutinizer for overseeing the postal ballot process. The Ordinary Resolution was passed with requisite majority with the percentage of votes cast in favour of the resolution being 99.94%.

(ii) by way of Ordinary resolution through Postal Ballot as per the Notice to the shareholders dated 10-02-2011 for payment of increased remuneration to Chairman & Managing Director in terms of Section 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956. Mr Jacob Kurian, Advocate was appointed as the Scrutinizer for overseeing the postal ballot process. The Ordinary Resolution was passed with the requisite majority with the percentage of votes cast in favour of the resolution being 99.81%.

The procedures prescribed under Section 192A of the Act, read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 were duly followed for conducting the postal ballot process during the year for approving the resolutions mentioned above.

5. Disclosures

Besides the transactions reported elsewhere in the annual report, there were no materially significant related party transactions with its promoters, the directors or the management, their subsidiaries or relatives etc, that may have potential conflict with the interests of the Company at large.

During the year, the Company in preparation of financial statements has changed its depreciation methodology from Written Down Value Method (WDV) to Straight Line Method (SLM) in order to reflect more appropriate presentation of financial statements. On account of the above, excess depreciation of earlier years were reversed in the current year and shown as exceptional item. Consequently, the charge for depreciation for the current year is lower.

The Company has complied with the requirements of the Stock Exchanges/SEBI and Statutory Authority on all matters related to capital markets during the last 3 years. No penalties or strictures have been imposed on the Company by these authorities.

In terms of sub-clause IV C of Clause 49 of the Listing Agreement, the Audit Committee/Board noted the detailed presentation made on procedures for minimization of major business risks identified by the Company and the steps taken to mitigate them.

6. Means of Communication

Quarterly results are published in prominent daily newspapers viz., Business Standard (all over India) and Makkalkural (Vernacular).The quarterly results and the shareholding pattern are displayed on the Company's website www.mrftyres.com. As per the requirement of Clause 52 of the Listing Agreement, all the data relating to quarterly financial results, shareholding pattern, etc, are also provided in the website www.corpfiling.co.in within the time prescribed in this regard. The Company has a designated e-mail id viz., mrfshare@mrfmail.com exclusively for investor servicing.

The Ministry of Corporate Affairs (MCA) vide its circulars dated 21/04/2011 & 29/04/2011 has taken a "Green Initiative" in Corporate Governance by allowing paperless compliances by the Companies through Electronic mode. Pursuant to the above, the Company vide its Circular dated 19th August, 2011 has requested the shareholders holding shares both in Physical/Demat form to Register/update their e-mail addresses to the Company/Depository Participants. Accordingly, the annual report for 2010-11, notice for AGM etc, are being sent in electronic mode to shareholders who have made available their e-mail addresses to the Company/ Depository Participants. For those shareholders who have not opted for the above, the same are being sent in physical form.

Management Discussion & Analysis Report has been attached to the Directors' Report and forms part of the Annual Report.

7. Shareholder Information

a) Annual General Meeting:

Date and Time	:	09-02-2012, 11.00 A.M.
Venue	:	TTK Auditorium 'The Music Academy' No. 168 TTK Road, Chennai 600014

b) Financial Calendar : (tentative and subject to change)

Unaudited Results for 1st Quarter ending 31-12-2011	Middle of February, 2012
Unaudited Results for 2nd Quarter ending 31-03-2012	End of April, 2012
Unaudited Results for 3rd Quarter ending 30-06-2012	End of July, 2012
Financial Results for the Year ending 30-09-2012	End of November, 2012

Annual General Meeting for the year ending 30-09-2012 — Middle of February, 2013

c) **Dates of Book Closure** : 01-02-2012 to 09-02-2012

d) **Dividend Payment Date**

Interim Dividend : 19-08-2011
₹ 3 per share (30%)

II Interim Dividend : 11-11-2011
₹ 3 per share (30%)

Final Dividend : 16-02-2012
₹ 19 per share (190%) (Subject to approval of Shareholders)

e) **Registered Office** : New No. 114, (Old No. 124)
Greams Road,
Chennai – 600 006.
Tel : (044) 28292777
Fax : (044) 28295087
E-mail : mrfshare@mrfmail.com

f) **Listing on Stock Exchanges at:**

1. Madras Stock Exchange Ltd., (MSE)
'Exchange Building' P B No.183, 11 Second Line Beach,
Chennai – 600 001.

2. National Stock Exchange of India Ltd., (NSE)
Exchange Plaza, 5th Floor, Plot No.C/1, 5 G Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai 400 051.

3. Bombay Stock Exchange Ltd., (BSE)
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai 400 001.

Equity ISIN : INE 883A01011

Listing Fees upto the year ending 31st March, 2012 have been paid to all the above mentioned Stock Exchanges.

g) **Stock Code:**

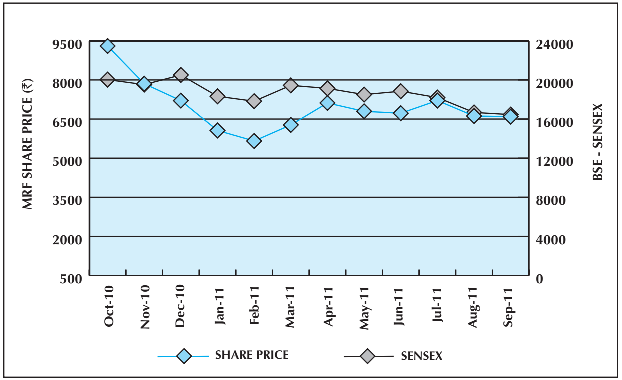
Bombay Stock Exchange	Code	500290
National Stock Exchange	Symbol	MRF
Madras Stock Exchange	Code	MRF

h) **Market Price Data:**

	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
Month	**High (₹)**	**Low (₹)**	**No. of Shares**	**High (₹)**	**Low (₹)**	**No. of Shares**
October, 2010	9812.00	8750.00	2,52,296	9824.00	8750.00	4,13,243
November, 2010	9750.00	7626.20	1,24,008	9754.00	7626.10	2,55,756
December, 2010	8270.00	7000.15	93,206	8255.00	7041.05	1,85,270
January, 2011	7529.30	5925.00	1,00,336	7525.00	5860.05	1,80,909
February, 2011	6340.00	5332.00	79,402	6280.00	5325.00	1,82,931
March, 2011	7000.00	5665.50	1,22,939	6865.00	5665.10	3,01,091
April, 2011	7500.00	6290.00	1,54,183	7504.95	6310.10	4,03,081
May, 2011	7200.00	6527.00	73,489	7200.00	6502.50	2,11,451
June, 2011	6977.00	6218.00	90,512	6975.00	6220.05	2,20,228
July, 2011	7950.00	6720.50	1,46,111	7950.00	6710.00	3,88,800
August, 2011	7442.00	6200.00	69,047	7450.05	6190.00	2,65,339
September, 2011	7375.00	6502.20	71,439	7370.00	6500.00	1,91,434

i) **Stock Performance: (Monthly Closing Price)**

Performance in comparison to BSE Sensex



j) **Registrars and Transfer Agents :** In-house Share Transfer
MRF Limited
New No. 114, (Old No. 124)
Greams Road,
Chennai 600 006.

In terms of SEBI Circular No. O&CC/FITTC/CIR-15/2002 dated 27th December, 2002, your Company is now carrying out share registry work in terms of both physical transfer work as well as electronic connectivity in-house.

In-house investor relations department comprises of experienced and qualified employees who are committed to provide prompt and proactive services to its shareholders and investors. The department provides various services viz.,

- Dematerialization and Rematerialization of shares
- Share Transfers/Transmissions
- Disbursement of dividend
- Issue of duplicate share certificates
- Dissemination of information
- Fixed Deposit related activities

The department is well equipped with state of the art hardware and licensed software packages for its operations to ensure high investor satisfaction and confidence. Members are therefore requested to communicate pertaining to both physical and electronic connectivity to Secretarial Department, MRF Limited, New No. 114, (Old No.124) Greams Road, Chennai 600 006.

k) **Share Transfer System:**

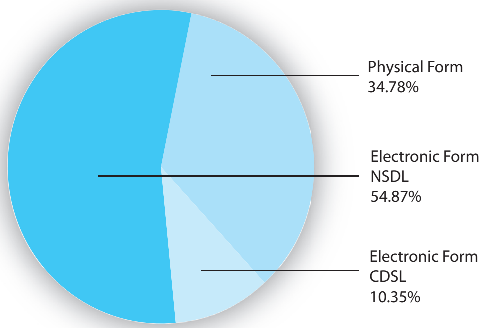
The average time taken for processing and registration of share transfer requests received is less than 15 days. All dematerialization requests are processed within 10 days.

l) **Distribution of Shareholding: (as at the year end)**

Shareholding	No. of Shareholders	%	No. of Shares	%
Upto 500	35371	98.84	871888	20.56
501 - 1000	179	0.50	128610	3.03
1001 - 2000	28	0.08	193600	4.57
2001 - 3000	18	0.05	81906	1.93
3001 - 4000	12	0.03	43120	1.02
4001 - 5000	30	0.08	75239	1.77
5001 - 10000	93	0.26	135418	3.19
10001 and above	56	0.16	2711362	63.93
TOTAL	35787	100.00	4241143	100.00

m) **Dematerialization of Shares and Liquidity:**

65.22% of total Equity Capital is held in dematerialized form with NSDL and CDSL upto 30th September, 2011. All requests for dematerialization of shares were carried out within the stipulated time period and no share certificates were pending for dematerialization.



Trading in equity shares of the Company is permitted only in dematerialized form w.e.f. 17-01-2000 as per notification issued by the Securities and Exchange Board of India (SEBI).

n) **Secretarial Audit**

A qualified practicing Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Ltd (NSDL), Central Depository Services (India) Ltd (CDSL) and in physical form with the total number of paid-up/ listed capital. The audit confirms that the total paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

o) **Plant Locations:**

1. Tiruvottiyur	—	Tiruvottiyur, Chennai, Tamilnadu
2. Kottayam	—	Vadavathoor, Kottayam, Kerala
3. Goa	—	Usgao, Ponda, Goa
4. Arkonam	—	Icchiputhur, Arkonam, Tamilnadu
5. Medak	—	Sadasivapet, Medak, Andhra Pradesh
6. Puducherry	—	Eripakkam Village, Nettapakkam Commune, Puducherry
7. Ankanpally	—	Sadasivapet, Medak, Andhra Pradesh
8. Perambalur	—	Naranamangalam Village & Post, Kunnam Taluk Perambalur District, (Near Trichy) Tamilnadu.

p) **Address for Correspondence :** MRF Limited
New No. 114, (Old No. 124)
Greams Road,
Chennai – 600 006.
Tel : (044) 28292777
Fax : (044) 28295087
E-mail : mrfshare@mrfmail.com

q) **Adoption, compliance and Non-Adoption of Non-Mandatory requirements under Clause 49 of the Listing Agreement:**

1. **Maintaining Non-Executive Chairman's Office:**

Not Applicable as the Chairman is an Executive Director.

2. **Remuneration Committee:**

The information pertaining to Remuneration Committee is provided in Item No. 3 (B) of this Report.

3. **Shareholder Rights:**

The Company's quarterly and half yearly results are published in the newspapers and also uploaded on its website (www.mrftyres.com) and website (www.corpfiling.co.in). Therefore, no individual communications are sent to the shareholders in this regard.

4. **Audit Qualification:**

There are no qualifications in the Auditors' Report on the accounts for the year 2010-11.

5. **Unclaimed Share Certificates:**

In terms of the provisions of Clause 5A of the Listing Agreement, shares issued pursuant to the public issues or any other issue which remain unclaimed shall be credited to a demat suspense account with one of the Depository Participants opened by the Company for this purpose. As per the said clause, the Company has sent one reminder letter to the shareholders, whose share certificates were lying with the Company due to non-submission of allotment letters. It is also proposed to send the second and third reminder letters during the coming year. Shareholders who are in receipt of the reminder letters are requested to write to the Company with requisite supporting documents to enable the Company to issue share certificates. If no response is received, the Company will proceed to credit the shares to a demat suspense account. As and when the shareholder approaches the Company with required documents, the Company shall credit the shares lying in the suspense account to the demat account of the shareholder.

6. **Others:**

Adoption of the other non-mandatory requirements is being reviewed by the Company from time to time.

AUDITORS' CERTIFICATE

To the Members of MRF Limited

We have examined the compliance of conditions of Corporate Governance by MRF Limited, for the year ended on 30th September, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of

SASTRI & SHAH Chartered Accountants Firm Regn. No. 003643S	M. M. NISSIM AND CO. Chartered Accountants Firm Regn. No. 107122W
C. Sri Ram Partner Mem. No. 005897	N. Kashinath Partner Mem. No. 36490

Chennai, Dated 29th November, 2011

AUDITORS' REPORT

To the Shareholders of MRF Limited, on the Accounts for the year ended 30th September, 2011.

1) We have audited the attached Balance Sheet of MRF Limited as at 30th September, 2011, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of Companies Act, 1956 and according to the information and explanations given to us during the course of the audit and on the basis of such checks as were considered appropriate, we enclose in the Annexure, a statement on the matters specified in Paragraphs 4 and 5 of the said Order.

4) Further to our comments in the Annexure referred to in Paragraph (3) above, we report that:

   i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of audit;

   ii) in our opinion, proper Books of Account as required by law have been kept by the Company so far as appears from our examination of those Books;

   iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Account;

   iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the requirements of the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   v) on the basis of the written representations received from the directors as on 30th September, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th September, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and

   vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with note 1-R in the notes forming part of the accounts, in respect of change in accounting policy relating to depreciation and read together with the other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and also give a true and fair view, in conformity with the accounting principles generally accepted in India;

      a) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th September, 2011;

      b) in the case of the Profit and Loss Account, of the profit for the year ended on that date, and

      c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Sastri & Shah	For M. M. Nissim and Co.
Chartered Accountants	Chartered Accountants
Firm Regn. No. 003643S	Firm Regn. No. 107122W
C. Sri Ram	N. Kashinath
Partner	Partner
Mem. No. 005897	Mem. No. 36490

Chennai, Dated 29th November, 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 3 of our Report of even date)

i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;

b) As explained to us, the fixed assets have been physically verified by the management, at reasonable intervals, in accordance with a phased programme of verification, which in our opinion, is reasonable, considering the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification;

c) The Company has not disposed of any substantial part of its fixed assets so as to affect its going concern status.

ii) a) The inventory has been physically verified by the management during the year at reasonable intervals, except for materials lying with third parties, where confirmations are obtained;

b) The procedures of physical verification of the inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business;

c) The Company has maintained proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii) a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses 4(iii) (b) to (d) of the Order are not applicable.

b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses 4(iii) (f) and (g) of the Order are not applicable.

iv) In our opinion and according to the information and explanation given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

v) a) Based on the audit procedures applied by us and according to the information, explanations and representations given to us, we are of the opinion that particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that Section.

b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at that time.

vi) The Company has complied with the directives issued by the Reserve Bank of India and provisions of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules formed thereunder with regard to deposits accepted from the Public. 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 in this regard.

vii) In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.

viii) We have broadly reviewed the Books of Account maintained by the Company as prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima-facie the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the accounts and records.

ix) a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service tax, Customs Duty, Excise Duty, Cess and other statutory dues with appropriate authorities. 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 30th September, 2011 for a period of more than six months from the date they became payable;

b) According to the information and explanations given to us, the details of disputed sales-tax, customs duty, excise duty and income-tax which have not been deposited as at 30th September, 2011 on account of any dispute, are as under:

Statute and nature of dues	Financial year to which the matter pertains	Forum where the dispute is pending	₹ crore
Central Sales Tax Act, 1956 & VAT Laws			
Sales tax / VAT and penalty	2002-03	Appellate Commissioner	0.09
	1992-93, 1994-95, 1995-96, 1997-98 to 2004-05 & 2006-08	Appellate Tribunal	2.07
	1993-94 & 1996-97	High Court	0.37
	1996-97, 2000-01 to 2002-03	Supreme Court	0.54
Customs Act, 1962			
Customs Duty and penalty	2003-04	Appellate Tribunal	0.16
	1992-93 to 1994-95	High Court	74.89
Central Excise Act, 1944			
Excise duty and penalty	1997-98, 1998-99 & 2006-07	Appellate Commissioner	0.09
	1993-94, 1996-97 to 2005-06	Appellate Tribunal	4.49
	2001-02	Supreme Court	0.06
Income Tax, 1961			
Income Tax	2002-03 to 2005-06 & 2008-09	Appellate Commissioner	21.38
Andhra Pradesh Electricity Regulatory Commission			
Cess on own power	2003-04 to 2010-11	High Court	4.43
Fuel Surcharge	2008-09	High Court	2.53

x) The Company has no accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.

xi) The Company has not defaulted in repayment of its dues to banks and debenture holders.

xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.

xiii) The provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the Company.

xiv) The Company is not dealing or trading in shares, securities, debentures or other investments. Accordingly, requirements of Clause 4(xiv) of the said Order are not applicable to the Company.

xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.

xvi) On the basis of the records examined by us, and relying on the information compiled by the Company for correlating the funds raised to the end use of term loans, the Company has, prima-facie, applied the term loans for the purposes for which they were obtained.

xvii) According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.

xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

xix) The Company has during the year issued 9.07% and 10.09% Secured Redeemable Non-Convertible debentures amounting to ₹ 200 crore and ₹ 500 crore respectively, each having a Face Value of ₹ 10,00,000/-. The Company has created security in respect of the debentures issued.

xx) The Company has not raised any money by way of public issues during the year. Hence the requirements of clause 4(xx) of the said Order are not applicable to the Company.

xxi) On the basis of our examination and according to the information and explanations given to us, considering the size of the Company and nature of its business, no fraud, on or by the Company, has been noticed or reported during the year.

For Sastri & Shah
Chartered Accountants
Firm Regn. No. 003643S

C. Sri Ram
Partner
Mem. No. 005897

For M. M. Nissim and Co.
Chartered Accountants
Firm Regn. No. 107122W

N. Kashinath
Partner
Mem. No. 36490

Chennai, Dated 29th November, 2011

MRF LIMITED, CHENNAI

BALANCE SHEET AS AT 30TH SEPTEMBER, 2011

			Schedule	₹ Crore	₹ Crore	As at 30.09.2010 ₹ Crore	₹ Crore
I.	**SOURCES OF FUNDS**						
	(1)	Shareholders' Funds					
	a)	Share Capital	1		4.24		4.24
	b)	Reserves and Surplus	2		2293.53		1686.44
					2297.77		1690.68
	(2)	Loan Funds					
	a)	Secured Loans	3		1168.87		487.96
	b)	Unsecured Loans	4		1075.91		820.12
	(3)	Deferred Payment Credit			40.43		46.38
	(4)	Deferred Tax Liability (net)			141.80		–
					4724.78		3045.14
II.	**APPLICATION OF FUNDS**						
	(1)	Fixed Assets	5				
	a)	Gross Block		3831.82		3367.90	
	b)	Less: Depreciation		1860.44		2038.99	
	c)	Net Block		1971.38		1328.91	
	d)	Capital Work-in-Progress		1135.25	3106.63	497.72	1826.63
	(2)	Investments	6		72.69		72.69
	(3)	Deferred Tax Asset			–		15.00
	(4)	Current Assets, Loans and Advances	7				
	a)	Inventories		1526.02		1110.68	
	b)	Sundry Debtors		1308.09		811.49	
	c)	Cash and Bank Balances		57.24		45.18	
	d)	Loans and Advances		256.39		127.29	
				3147.74		2094.64	
		Less: Current Liabilities and Provisions	8				
	a)	Current Liabilities		1394.72		792.67	
	b)	Provisions		207.56		171.15	
				1602.28		963.82	
		Net Current Assets			1545.46		1130.82
					4724.78		3045.14

The Schedules referred to and the accompanying Notes form an integral part of the Balance Sheet and the Profit and Loss Account.

Vide our Report of even date

For SASTRI & SHAH
Chartered Accountants
C. Sri Ram
Partner

For M. M. NISSIM AND CO.
Chartered Accountants
N. Kashinath
Partner

RAVI MANNATH
Company Secretary

S. S. VAIDYA
V. SRIDHAR
Directors

ARUN MAMMEN
Managing Director

Chennai, Dated 29th November, 2011

MRF LIMITED, CHENNAI

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2011

	Schedule	₹ Crore	₹ Crore	Year ended 30.09.2010 ₹ Crore	₹ Crore
INCOME					
Sales		10637.03		8080.45	
Less: Excise Duty		901.69	9735.34	627.73	7452.72
Export Incentives			7.83		11.02
Other Income	9		25.31		18.11
			9768.48		7481.85
EXPENDITURE					
Materials	10		7107.07		5015.31
Interest	11		93.02		63.10
Other Expenses	12		1831.34		1608.03
Depreciation (Note 1-R)	5		247.63		260.75
			9279.06		6947.19
Profit before Taxation and Exceptional item			489.42		534.66
Exceptional Item					
Excess depreciation reversal in respect of earlier years (Note 1-R)			404.23		–
Profit before Taxation after Exceptional item			893.65		534.66
Less: Provision for Taxation:					
Current Tax		154.00		182.50	
Less: MAT Credit Entitlement		(35.90)		–	
Deferred Tax (Note 3 (a))		156.80		(2.65)	
Short provision of earlier years		(0.67)	274.23	0.83	180.68
Profit after Taxation			619.42		353.98
Appropriations					
Dividends					
Interim		2.54		2.54	
Final - Proposed		8.06		8.06	
Special - Proposed		–		10.60	
Tax thereon		1.73	12.33	3.52	24.72
Debenture Redemption Reserve			17.94		–
Balance Surplus transferred to General Reserve			589.15		329.26
			619.42		353.98
Basic & Diluted Earning per Share (in ₹)			1460.50		834.63

The Schedules referred to and the accompanying Notes form an integral part of the Balance Sheet and the Profit and Loss Account.

Vide our Report of even date

For SASTRI & SHAH
Chartered Accountants
C. Sriram
Partner

For M. M. NISSIM AND CO.
Chartered Accountants
N. Kashinath
Partner

RAVI MANNATH
Company Secretary

S. S. VAIDYA
V. SRIDHAR
Directors

ARUN MAMMEN
Managing Director

Chennai, Dated 29th November, 2011

MRF LIMITED, CHENNAI

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER, 2011

				Year ended 30.09.2010	
		₹ Crore	₹ Crore	₹ Crore	₹ Crore
A.	CASH FLOW FROM OPERATING ACTIVITIES				
	Profit before Taxation and Exceptional item	489.42		534.66	
	Adjustment for:				
	Depreciation	247.63		260.75	
	Provision for Doubtful Debts	–		(0.12)	
	Provision for diminution in value of Investments	–		4.98	
	Unrealised Exchange Gain	6.56		(6.68)	
	Income/Profit relating to Investment Activity	(11.40)		(10.17)	
	Interest - Net	91.85		62.26	
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		824.06		845.68
	Adjustment for:				
	Trade and other receivables	(557.26)		(262.11)	
	Inventories	(415.34)		(460.21)	
	Trade Payable	574.30		254.04	
			(398.30)		(468.28)
	CASH GENERATED FROM OPERATIONS		425.76		377.40
	Direct Taxes paid	(148.74)		(219.90)	
			(148.74)		(219.90)
	NET CASH FROM OPERATING ACTIVITIES		277.02		157.50
B.	CASH FLOW FROM INVESTING ACTIVITIES				
	Purchase of Fixed Assets	(1126.04)		(869.65)	
	Proceeds from Sale of Fixed Assets	13.48		2.75	
	(Purchase)/Sale of Investments (Net)	0.37		78.98	
	Interest received	1.20		1.27	
	Income from Investments	0.19		0.16	
	NET CASH FROM INVESTING ACTIVITIES		(1110.80)		(786.49)
			(833.78)		(628.99)
C.	CASH FLOW FROM FINANCING ACTIVITIES				
	Total (repayments)/proceeds from borrowings	127.75		255.67	
	Proceeds from issue of Debentures	700.00		–	
	Proceeds from Term Loans	–		375.00	
	Repayment of Term Loans	(249.03)		–	
	Total (repayments)/proceeds from fixed deposits	0.09		32.50	
	Dealers' Security Deposit (net of repayments)	359.37		30.34	
	Repayments towards Sales Tax Deferral Scheme	(3.67)		–	
	Repayments towards Deferred Payment Credit	(5.95)		(5.48)	
	Interest paid	(58.31)		(61.36)	
	Dividend/Corporate Dividend tax paid	(24.41)		(12.39)	
	NET CASH FROM FINANCING ACTIVITIES		845.84		614.28
	NET DECREASE IN CASH AND CASH EQUIVALENTS		12.06		(14.71)
	CASH AND CASH EQUIVALENTS AS AT 30.09.2010		45.18		59.89
	CASH AND CASH EQUIVALENTS AS AT 30.09.2011		57.24		45.18

Vide our Report of even date

For SASTRI & SHAH	For M. M. NISSIM AND CO.			
Chartered Accountants	Chartered Accountants		S. S. VAIDYA	ARUN MAMMEN
C. Sri Ram	N. Kashinath	RAVI MANNATH	V. SRIDHAR	Managing Director
Partner	Partner	Company Secretary	Directors	

Chennai, Dated 29th November, 2011

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

			As at 30.09.2010	
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
(1) SHARE CAPITAL				
Authorised				
1,00,000 Taxable Redeemable Cumulative Preference Shares of ₹ 100 each		1.00		1.00
90,00,000 Equity Shares of ₹ 10 each		9.00		9.00
		10.00		10.00
Issued				
42,41,214 Equity Shares of ₹ 10 each		4.24		4.24
Subscribed				
42,41,143 Equity Shares of ₹ 10 each fully paid-up		4.24		4.24
Of the above				
(i) 5,54,461 Equity Shares allotted as fully paid-up pursuant to a contract without payments being received in cash.				
(ii) 17,81,118 Equity Shares allotted as fully paid-up by way of Bonus Shares by Capitalisation of Reserves				
		4.24		4.24
(2) RESERVES AND SURPLUS				
Share Premium Account				
As per last Balance Sheet		9.42		9.42
General Reserve				
As per last Balance Sheet	1677.02		1347.76	
Add: Transfer from Profit and Loss Account	589.15	2266.17	329.26	1677.02
Debenture Redemption Reserve				
As per last Balance Sheet	–		–	
Add: Transfer from Profit and Loss Account	17.94	17.94	–	–
		2293.53		1686.44

	₹ Crore	₹ Crore	As at 30.09.2010 ₹ Crore	As at 30.09.2010 ₹ Crore
(3) SECURED LOANS				
Term Loan:				
From Banks				
(Secured by hypothecation of specific items of machinery)		58.80		205.64
(Repayable within one year - ₹ 29.40 crore)				
Other Loans:				
Banks		410.07		282.32
(Secured by hypothecation of stock-in-trade, stores & spare parts and book debts)				
2,000 9.07% Secured Redeemable Non Convertible Debentures of ₹ 10 Lacs each. (Refer Note 22)		200.00		–
5,000 10.09% Secured Redeemable Non Convertible Debentures of ₹ 10 Lacs each. (Refer Note 22)		500.00		–
		1168.87		487.96
(4) UNSECURED LOANS				
Fixed Deposits		51.04		50.95
(Repayable within one year - ₹ 13.33 crore)				
Other Loans:				
Term Loan from Banks (Repayable within one year - ₹ 175.00 crore)		175.00		275.00
From Others:				
Dealers' Security Deposit	768.95		409.58	
Sales Tax Deferral Scheme (Repayable within one year - ₹ 3.92 crore)	80.92	849.87	84.59	494.17
		1075.91		820.12

(5) FIXED ASSETS

₹ Crore

	Land	Buildings	Plant & Machinery	Moulds	Vehicles	Others	Intangibles	Total	Previous Year
Original Cost as at 01.10.2010	93.16	437.48	2417.97	263.33	16.28	126.36	13.32	3367.90	2734.33
Additions	2.88	74.15	339.70	39.58	3.76	26.82	1.62	488.51	656.94
Deductions	–	0.37	3.93	10.47	1.67	8.15	–	24.59	23.37
GROSS BLOCK	96.04	511.26	2753.74	292.44	18.37	145.03	14.94	3831.82	3367.90
DEPRECIATION									
As at 1.10.2010	1.26	141.52	1572.31	218.07	10.61	87.01	8.21	2038.99	1800.77
For the year	0.10	14.02	193.58	22.34	2.43	12.24	2.92	247.63	260.75
Deductions/Adjustments	–	66.79	310.27	32.05	1.55	15.52	–	426.18*	22.53
As at 30.09.2011	1.36	88.75	1455.62	208.36	11.49	83.73	11.13	1860.44	2038.99
NET BLOCK AS AT 30.09.2011	94.68	422.51	1298.12	84.08	6.88	61.30	3.81	1971.38	1328.91
NET BLOCK AS AT 30.09.2010	91.90	295.96	845.66	45.26	5.67	39.35	5.11	1328.91	933.56
NET BLOCK AS AT 30.09.2011								1971.38	1328.91
Capital Work-in-Progress and Advances on Capital Account								1135.25	497.72
								3106.63	1826.63

Note:
Land includes Agricultural Land - ₹ 0.12 crore and Leasehold Land - ₹ 4.33 crore.
* Deductions/Adjustments include ₹ 404.23 crore representing reversal of depreciation on account of change in the method from written down value to straight line.

		Face Value		As at 30.09.2010
		₹	₹ Crore	₹ Crore
(6)	**INVESTMENTS (At Cost)**			
	Long-Term, Non-Trade			
Fully Paid-up				
Quoted				
23,333	Equity Shares in ICICI Bank Ltd.	10	0.09	0.09
2,000	Equity Shares in EIH Associated Hotels Ltd.	10	*	*
4,000	Equity Shares in Housing Development Finance Corporation Ltd.	2	*	*
33	Equity Shares in JK Tyres & Industries Ltd.	10	*	*
2	Equity Shares in Bengal & Assam Company Limited	10	*	*
400	Equity Shares in HDFC Bank Ltd.	10	*	*
			0.09	0.09
Unquoted	In Mutual Fund Units:			
	Income Plan:			
82,485	Templeton India Short Term Income Plan Institutional	1000	12.00	12.00
86,66,269	HDFC Short Term Plan	10	15.00	15.00
1,69,91,456	Birla Sun Life Dynamic Bond Fund - Retail	10	25.00	25.00
60,95,089	Reliance Short Term Fund - Retail Plan	10	10.00	10.00
27,17,258	ICICI Prudential Institutional Short Term Plan - Cumulative Option	10	5.00	5.00
-	(30,00,000) UTI Fixed Maturity Plan Yearly FMP Series - IGP (Redeemed during the year)	10	–	3.00
26,197.622	(-) UTI Money Market Mutual Fund - IGP (Purchased during the year)	1000	3.00	–
Subsidiary Companies:				
50,100	Equity Shares in MRF Corp Ltd.	10	*	*
5,32,470	Equity Shares in MRF International Ltd.	10	0.53	0.53
1,12,50,000	Equity Shares in MRF Lanka Pvt. Ltd.	Sri Lankan ₹ 10	4.98	4.98
Others:				
1,48,500	Equity Shares in Funskool (India) Ltd.	10	0.15	0.15
17,50,000	Equity Shares in Arkay Energy (Rameswarm) Ltd.	10	1.75	1.75

		Face Value		As at 30.09.2010
		₹	₹ Crore	₹ Crore
65,000	Equity Shares in Mammen Mappillai Investments Pvt. Ltd.	10	0.07	0.07
1,00,000	Equity Shares in M M Research Company Pvt. Ltd.	10	0.10	0.10
1,600	Ordinary Shares in MRF Employees Co-operative Society Ltd.	25	*	*
50	Ordinary Shares in The Ranipet Leather Finishing Servicing Industrial Co-operative Society Ltd.	100	*	*
10	Ordinary Shares in Co-operative Housing Societies	50	*	*
5	Equity Shares in Chennai Willingdon Corporate Foundation	10	*	*
			77.58	77.58
	Less: Provision for diminution in value of Investments		4.98	4.98
			72.60	72.60
			72.69	72.69
Aggregate Market Value of Quoted Investments			2.35	3.04

Figures in brackets are in respect of previous year.

Figures below ₹ 50,000 are denoted by an *

		₹ Crore	₹ Crore		As at 30.09.2010 ₹ Crore	₹ Crore
(7) CURRENT ASSETS, LOANS AND ADVANCES						
(a) Inventories						
Stores & Spares		76.81			56.00	
Stock-in-trade						
Raw Materials		657.49			594.70	
Work-in-Progress		223.86			147.16	
Finished Goods		567.86	1526.02		312 .82	1110.68
(b) Sundry Debtors						
(i) Debts outstanding for a period exceeding six months						
Unsecured - considered Good	2.82			2.95		
- considered Doubtful	2.64			2.64		
Less: Provision for Doubtful Debts	(2.64)			(2.64)		
		2.82			2.95	
(ii) Other Debts (Considered Good)						
Secured		705.45			376.86	
Unsecured (Note 4)		599.82	1308.09		431.68	811.49
(c) Cash and Bank Balances						
Cash, Cheques and Stamps on hand		45.93			40.57	
Bank Balances:						
With Scheduled Banks:						
In Current Accounts		9.98			4.00	
In Deposit Accounts		1.26			0.52	
With Others (Note 5)		0.07	57.24		0.09	45.18
(d) Loans and Advances						
(Unsecured, Considered Good)						
Advances to Staff		8.11			3.67	
Loan to Subsidiaries		19.37			4.00	
Advances recoverable in cash or in kind or for value to be received (Note 6)		90.46			64.70	
Balances with Customs, Excise and Port Trust		58.72			34.50	
Other Deposits		15.46			12.13	
MAT Credit Entitlement		35.90			–	
Advance Tax less Provision		28.37	256.39		8.29	127.29
			3147.74			2094.64

	₹ Crore	₹ Crore	As at 30.09.2010 ₹ Crore	₹ Crore
(8) CURRENT LIABILITIES AND PROVISIONS				
(a) Current Liabilities				
Acceptances	517.40		124.76	
Sundry Creditors				
Outstanding dues of Micro Enterprises & Small Enterprises (Note 7)	6.93		3.23	
Outstanding dues of creditors other than Micro Enterprises & Small Enterprises	830.60		660.10	
Interest Accrued but not due	38.11		3.40	
Liability towards Investor Education & Protection Fund, not due:				
Unclaimed Dividends	1.44		1.13	
Matured Fixed Deposits and Interest	0.24	1394.72	0.05	792.67
(b) Provisions				
Provision for Taxation less Advance Tax	63.11		38.44	
Dividend				
Interim	1.27		1.27	
Final - Proposed	8.06		8.06	
Special - Proposed	–		10.60	
Dividend Tax	1.52		3.31	
Retirement Benefits	38.25		27.45	
Others	95.35	207.56	82.02	171.15
		1602.28		963.82

	₹ Crore	Year ended 30.09.2010 ₹ Crore
INCOME		
(9) OTHER INCOME		
Income from Investments (Other than trade):		
Dividend	0.19	0.18
Interest (Gross)	1.17	0.84
Profit on Sale of Investments	0.37	8.08
Profit on Sale of Assets (Net)	10.84	1.91
Sales Tax/Entry Tax Refunds	–	1.65
Provision for Doubtful Debts written back	–	0.12
Miscellaneous Income	12.74	5.33
	25.31	18.11
Tax Deducted at Source	0.08	0.12

			Year ended 30.09.2010	
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
EXPENDITURE				
(10) MATERIALS				
Raw Materials Consumed		7379.16		5145.98
Purchase of Traded Goods		33.02		13.85
(Increase)/Decrease in Stock				
Opening Stock				
Work-in-Progress	147.16		101.23	
Finished Goods	312.82		200.39	
	459.98		301.62	
Less: Closing Stock				
Work-in-Progress	223.86		147.16	
Finished Goods	567.86		312.82	
	791.72	(331.74)	459.98	(158.36)
Differential Excise Duty on Opening and Closing Stock of Finished Goods		26.63		13.84
		7107.07		5015.31
(11) INTEREST				
On Fixed Loans		17.17		10.35
On Deferred Payment Credit		3.55		4.05
Others		72.30		48.70
		93.02		63.10

		Year ended 30.09.2010
	₹ Crore	₹ Crore
(12) OTHER EXPENSES		
Salaries, Wages, Bonus & Commission	353.37	301.52
Contribution to Provident & Other Funds	41.80	37.63
Staff Welfare Expenses	51.58	39.02
Stores & Spares Consumed	203.02	155.31
Power, Fuel & Light	436.91	392.24
Processing Expenses	88.92	72.98
Rent	20.72	16.66
Rates & Taxes	7.37	6.92
Insurance	4.78	3.80
Repairs & Maintenance:		
Buildings	12.57	9.00
Machinery	44.74	37.94
Others	14.20	12.47
Printing & Stationery	3.41	2.61
Postage, Telegrams & Telephones	5.61	5.58
Vehicle Expenses	3.17	3.09
Directors' Sitting Fees	0.03	0.03
Directors' Travelling Expenses	1.82	0.74
Travelling & Conveyance	26.94	21.14
Auditors' Remuneration	0.47	0.49
Advertisement	101.95	85.23
Commission & Discount	144.54	170.04
Warranty	0.51	12.39
Freight & Transport	218.10	176.82
Sales-Tax	0.20	0.16
Provision for diminution in value of Investments	–	4.98
Bad Debts	0.09	0.26
Exchange (Gain)/Loss (Net)	8.98	(9.23)
Others	35.54	48.21
	1831.34	1608.03

1. ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING:

The financial statements are prepared under the historical cost convention on an accrual basis, in accordance with relevant requirements of the Companies Act, 1956 and applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006.

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 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.

C. FIXED ASSETS AND DEPRECIATION:

a. Fixed Assets are stated at cost net of credits under Cenvat/VAT Schemes. All costs relating to the acquisition including freight and installation of Fixed Assets are capitalised and also include interest on borrowings upto the date of capitalisation.

b. Depreciation:

(i) Depreciation on Buildings, Plant and Machinery, Moulds and a part of Other Assets has been provided on straight line method at the rates and on the basis as specified in Schedule XIV to the Companies Act, 1956, and in respect of vehicles and a part of Other Assets where, based on management's estimate of the useful life of the assets, higher depreciation has been provided on straight line method at the rate of 20%.

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

(iii) Depreciation on Renewable Energy Saving Devices, viz., Windmills, is being charged on Reducing Balancing Method, as Continuous Process Plant at the rates and on the basis as specified in Schedule XIV to the Companies Act, 1956.

(iv) Leasehold Land is amortised over the period of the lease.

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

D. 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 an impairment loss and is recognised in the Profit and Loss Account. 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.

E. INVESTMENTS:

Long-term Investments are stated at Cost. Current investments are stated lower of cost and fair value. Diminution is provided to recognise a decline, other than temporary, in the value of long-term investments.

F. INVENTORIES:

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

The cost is computed on FIFO basis except for stores & spares which are on Weighted Average Cost basis and is net of credits under Cenvat/ VAT Schemes.

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

G. REVENUE RECOGNITION:

Sale of goods and services are recognised when risks and rewards of ownership are passed on to the customers which generally coincides with delivery and when the services are rendered. Sales include Excise Duty but exclude VAT and warranty claims.

H. EXCISE DUTY:

Excise Duty has been accounted on the basis of both payments made in respect of goods despatched and also provision made for goods lying in bonded warehouses.

I. RESEARCH AND DEVELOPMENT:

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

J. TAXATION:

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.

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. The Deferred Tax Asset is recognised and carried forward only to the extent that there is a reasonable certainty except for carry forward losses and unabsorbed depreciation which is recognised on virtual certainty that the assets will be adjusted in future.

K. 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.

L. 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 Profit and Loss Account. 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 Profit and Loss Account.

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

Superannuation benefits to employees, as per Company's Scheme, have been funded with Life Insurance Corporation of India (LIC) and the contribution is charged to the Profit and Loss Account.

Liabilities with regard to Gratuity are determined under Group Gratuity Scheme with LIC and the provision required is determined as per Actuarial Valuation as at the Balance Sheet date, using the Projected Unit Credit Method.

Short term employee benefits are recognised as an expense as per the Company's Scheme based on expected obligation on undiscounted basis. Other long term employee benefits are provided based on the Actuarial Valuation done at the year end, using the Projected Unit Credit Method.

Actuarial gains/loss are charged to the Profit and Loss Account and not deferred.

M. 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 restated at year end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and the contracted rate is recognised as exchange difference. Premium paid on forward contracts has been recognised over the life of the contract. Non monetary foreign currency items are carried at cost.

In respect of branches, which are integral foreign operations, all transactions are translated at rates prevailing at the time of transaction or that approximates the actual rate as at the date of transaction. Branch monetary assets and liabilities are restated at the year-end rates. Any income or expense on account of exchange rate difference either on settlement or on translation is recognised in the Profit and Loss Account.

N. DERIVATIVE TRANSACTIONS:

The Company uses derivative financial instruments, such as Forward Exchange Contracts, Currency Swaps and Interest Rate Swaps, to hedge its risks associated with foreign currency fluctuations and interest rates. Currency and interest rate swaps are accounted in accordance with their contract. At every period end all outstanding derivative contracts are fair valued on a marked-to-market basis and any loss on valuation is recognised in the Profit and Loss Account, on each contract basis. Any gain on marked-to-market valuation on respective contracts is not recognised by the Company, keeping in view the principle of prudence as enunciated in AS-1 "Disclosure on Accounting Policies".

O. BORROWING COSTS:

Borrowing costs that are attributable to the acquisition of or construction of qualifying assets are capitalised 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 revenue.

P. WARRANTY:

Provision for product warranties is recognised based on management estimate regarding possible future outflows on servicing the customers during the warranty period. These estimates are computed on scientific basis as per past trends of such claims.

Q. 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 realised.

R. CHANGE IN ACCOUNTING POLICY:

Depreciation on building, plant and machinery, moulds and a part of other assets was hitherto provided on written down value method. Based on the past estimation, the use of such assets is expected to be relatively even over its estimated useful life and that there is no discernible pattern of decline in its service potential. Accordingly, the Company, in order to reflect a more appropriate presentation of financial statements, has changed the method of depreciation on such assets, existing as at 1st October, 2010, to straight line basis. The surplus arising from retrospective computation from the date of addition/installation of such assets, aggregating to ₹ 404.23 crore has been accounted and disclosed under Exceptional Item. Had there been no change in the method of computing depreciation, the charge for the year would have been higher and the Profit for the year would have been lower by ₹ 114.96 crore. Consequent to the change, the net block of fixed assets and the reserves and surplus as at the end of the year are higher by ₹ 519.19 crore and ₹ 391.61 crore respectively.

2. INFORMATION REQUIRED BY PARAS 3 AND 4 OF PART- II OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

In terms of Notification No. SO 301 (E) dated 8th February, 2011, of Ministry of Corporate Affairs, Board of Directors has given consent for non disclosure of information relating to quantitative details of turnover, raw material consumption, opening and closing stock of goods produced.

A. Licensed/Installed Capacity and Production of each Class of Goods:

Class of Goods	Licensed Capacity	Installed Capacity +	Production
Automobile Tyres (Nos.)	@	3,43,00,000	3,47,71,158
		(3,17,00,000)	(3,13,02,161)
Automobile Tubes (Nos.)	@	3,31,00,000	3,13,81,790
		(3,16,00,000)	(2,96,41,636)
Tread Rubber (MT)	7,946	8,943	1,056
	(7,946)	(8,943)	(1,325)
Pre-cured Treads (MT)	@	24,000	7,683
		(24,000)	(6,342)
Conveyor Belting (MT)	@	3,000	2,042
		(3,000)	(1,946)
Specialty Surface Coatings (KL)	@	2,000	1,484**
		(2,000)	(2,817)**

@ Not Applicable, since delicensed.

+ On 3 shifts per day basis for 300 days per annum.

** Outsourced production.

Figures in brackets are in respect of previous year.

	% of total Consumption	Value ₹ Crore	Year ended 30.09.2010 % of total Consumption	Year ended 30.09.2010 Value ₹ Crore
B. Percentage of Consumption				
Raw Materials				
Imported at landed cost	33.80	2494.04	32.18	1655.81
Indigenous	66.20	4885.12	67.82	3490.17
	100.00	7379.16	100.00	5145.98
Stores and Spares				
Imported at landed cost	7.50	15.22	7.50	11.65
Indigenous	92.50	187.80	92.50	143.66
	100.00	203.02	100.00	155.31

		₹ Crore	Year ended 30.09.2010 ₹ Crore
C.	**CIF Value of Imports**		
	a. Raw Materials	2307.66	1818.22
	b. Components and Spare Parts	38.17	14.61
	c. Capital Goods	339.01	151.55
D.	**Earnings in Foreign Exchange**		
	FOB Value of Exports	823.30	669.27
	Others	0.38	0.41
E.	**Expenditure in Foreign Currency paid or payable by the Company**		
	a. Interest and Finance Charges	5.88	3.06
	b. Professional and Consultation Fees	3.01	2.79
	c. Commission and Discount	0.12	0.33
	d. Travelling	0.89	1.46
	e. Advertisements	6.68	6.74
	f. Others	9.43	5.50

3. a) The break up of net Deferred Tax Liability/(Asset):

₹ Crore

		Year Ended 30.09.2010
Liability		
Depreciation (including ₹ 127.58 crore for reversal of earlier years)	154.55	–
	154.55	–
Asset		
Depreciation	–	3.66
Expenditure allowable on actual payment	12.75	11.34
	12.75	15.00
Net Deferred Tax Liability/(Asset)	141.80	(15.00)

b) Provision for Taxation has been made in respect of the income presently determined for the period 1st April, 2011 to 30th September, 2011 which is subject to appropriate revision/adjustment on final determination of Income for the year to end on 31st March, 2012, relevant to assessment year 2012-13. Further, provision for the assessment year 2011-12 has been determined and adjusted considering the provision already made in the accounts for the year ended 30th September, 2010.

4. Sundry Debtors include dues from subsidiaries ₹ 8.89 crore (Previous Year - ₹ 4.97 crore).

5. Cash and Bank balances include Current Account balances lying with non-scheduled banks:

₹ Crore

Bank Name	Balances		Maximum Outstanding	
		As at 30.09.2010		Previous Year
Bank for Foreign Trade of Vietnam	0.03	0.01	0.02	0.03
National Bank of Abu Dhabi-Dubai	0.04	0.08	0.19	0.15
Standard Chartered Bank-Dubai	*	*	*	0.70
	0.07	0.09		

6. Loans and Advances include:

i) Due from an Officer of the Company - ₹ 0.03 crore. Maximum balance due at any time during the year - ₹ 0.04 crore. (Previous Year - ₹ 0.04 crore, and maximum balance due at any time during the year ₹ 0.06 crore)

ii) Due from subsidiaries ₹ 0.65 crore (Previous Year - ₹ 0.20 crore)

7. The Micro, Small and Medium Enterprises Development Act, 2006:

The information given below and that given in Schedule 8 "Current Liabilities and Provisions" regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

			30.09.2010 ₹ Crore
(i)	Principal amounts due to suppliers	6.93	3.23
(ii)	Interest accrued and due to suppliers on above amount, unpaid	0.02	0.01
(iii)	Payment made to suppliers (other than interest) beyond the appointed date during the year	3.81	6.70
(iv)	Interest paid to suppliers	–	–
(v)	Interest due and payable towards suppliers towards payment already made	0.01	0.03
(vi)	Amount of cumulative interest accrued and unpaid as at the year end	0.03	0.04

8. The Company's leasing arrangements are in respect of operating leases for premises (residential, office, godowns, etc). The leasing arrangements are not non-cancellable, range between eleven months and three years generally, and are usually renewable by mutual consent on agreed terms. The aggregate lease rentals payable are charged as rent.

9. The Company enters into Forward Exchange Contracts, Currency Swaps and Interest Rate Swaps being derivative instruments, which are not intended for trading or speculative purposes, but for hedging purposes, to establish the amount of reporting currency required or available at the date of settlement of certain payables and receivables.

The outstanding position and exposures are as under:

(i) Derivative instruments outstanding as on 30th September, 2011:

Particulars	Currency	Amount	Nature	Cross Currency
Currency Swap	Japanese Yen (JPY)	1408.52 Million	ECB Loan	USD
Currency/Interest Rate Swap	USD	18.47 Million	Buyer's Line of Credit	INR

(ii) Forward Contract Outstanding as on 30th September, 2011:

Particulars	Currency	Amount	Nature
Forward Contract	USD	60.54 Million	Packing Credit Loan

(The amount of premium carried forward to be accounted in the subsequent year - ₹ 6.12 crore).

(iii) Un-hedged foreign currency exposure is ₹ 103.45 crore, net payable (Previous Year - ₹ 123.13 crore).

10. The total borrowing cost capitalised during the year is ₹ 18.87 crore (Previous Year - ₹ 5.90 crore).

11. Auditors' remuneration includes:

		Year ended 30.09.2010
	₹ crore	₹ Crore
a. As Auditors	0.18	0.18
b. In other capacity:		
For Tax Audit	0.05	0.05
For Certificates and Other Matters	0.05	0.11
c. Cost Audit Fees	0.02	0.02
d. Expenses Reimbursed	0.17	0.13

12. (a) Managerial Remuneration:

		Year ended 30.09.2010
	₹ crore	₹ Crore
Salary	1.97	1.65
Commission	1.97	1.65
Provident and Other Funds	0.53	0.45
Perquisites, Allowances and Other Benefits	4.54	2.95
	9.01	6.70

(Exclusive of contributions to the Group Gratuity Scheme)

(b) Computation of Net Profit for ascertaining the commission payable to the Whole-time Directors:

					₹ Crore
					Year ended 30.09.2010
Profit before Taxation			893.65		534.66
Add:	Depreciation	247.63		260.75	
	Remuneration to Whole-time Directors	9.01		6.70	
	Provision for diminution in value of Investments	–		4.98	
	Profit on Sale of Assets as per Section 350 of Companies Act, 1956	9.21		0.55	
	Directors' Sitting Fees	0.03	265.88	0.03	273.01
			1159.53		807.67
Deduct:	Depreciation calculated as per Section 350 of the Companies Act, 1956	358.86		255.67	
	Profit on Sale of Investments	0.37		8.08	
	Profit on Sale of Assets	10.84		1.91	
	Provision for Doubtful Debts Written back	–	370.07	0.12	265.78
			789.46		541.89
	Commission to Whole-time Directors, restricted to annual salary		1.97		1.65

13. a) In terms of the guidance on implementing the revised AS 15 issued by the Accounting Standard Board of the Institute of Chartered Accountants of India, the Provident Fund Trust set up by the Company is treated as Defined Benefit Plan since the Company has to meet the shortfall in the fund assets, if any. Pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the Provident Fund liability. However, as at the year end, no shortfall remains unprovided for. Further, having regard to the assets of the Fund and the Return on the Investments, the Company does not expect any deficiency in the foreseeable future.

b) During the year, the Company has recognised the following amounts in the Profit and Loss Account:

		30.09.2010
	₹ Crore	₹ Crore
i) Employer's contribution to Provident Fund & Family Pension Fund*	17.53	15.31
ii) Employer's contribution to Superannuation Fund*	4.10	3.40
* Included in "Contribution to Provident and Other Funds" (Refer Schedule 12).		
iii) Defined benefit obligation:		
a) Gratuity - Funded		
Service Cost	5.92	5.05
Interest Cost	6.93	5.70
Expected return of plan assets	(6.19)	(5.36)
Actuarial (Gain)/Loss	7.53	9.60
Net Cost	14.19	14.99
b) Leave Encashment - Unfunded	3.72	3.61
c) Post Retirement Medical Benefit - Unfunded	0.62	1.06

	Gratuity - Funded	
		30.09.2010
	₹ Crore	₹ Crore
d) Reconciliation of benefit obligation and plan assets for the year:		
Present value of defined benefit obligation	100.80	86.71
Fair value of plan assets	80.53	74.14
Net Liability as at 30th September, 2011 recognised in the Balance Sheet	(20.27)	(12.57)
e) Change in defined benefit obligation:		
Present value of obligation as at 1st October, 2010	86.71	73.45
Service Cost	5.92	5.05
Interest Cost	6.93	5.70
Actuarial (Gain)/Loss	7.53	6.86
Benefits paid	(6.29)	(4.35)
Present value of obligation as at 30th September, 2011	100.80	86.71

		Gratuity - Funded	
			30.09.2010
		₹ Crore	₹ Crore
f)	Change in fair value of plan assets:		
	Fair value of plan assets as at 1st October, 2010	74.14	62.87
	Expected return on plan assets	6.19	5.36
	Contribution by employer	6.49	13.00
	Actuarial Gain/(Loss)	–	(2.74)
	Benefits paid	(6.29)	(4.35)
	Fair value of plan assets as at 30th September, 2011	80.53	74.14
g)	The principal actuarial assumptions:		
	Discount rate	8.0%	8.0%
	Salary Escalation	5.5%	5.5%
	Expected return on plan assets	8.0%	8.0%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as the supply and demand in the employment market.

			30.09.2010	30.09.2009	30.09.2008
h)	Amounts for the current and previous periods are as under:				
	Defined Benefit Obligation	100.80	86.71	73.45	61.06
	Plan Assets	80.53	74.14	62.87	46.63
	Net Deficit	20.27	12.57	10.58	14.43
	Experience adjustments on plan assets				Not Available *
	Experience adjustments on plan liabilities				Not Available *

* The Management has relied on the overall actuarial valuation conducted by the Actuary. However, experience adjustments on plan assets and liabilities are not readily available and hence not disclosed.

i)	Investment of plan assets as at 30th September, 2011		
	Investments with Life Insurance Corporation of India	100%	100%
iv)	Other Long Term Employee Benefits:	₹ Crore	₹ Crore
	Present value of obligation as at 30th September, 2011		
	Leave Encashment	10.66	9.45
	Post Retirement Medical Benefits	5.46	4.90

Note - No other disclosures have been furnished as per para 132 of AS-15 (Revised)

14. Interest paid to Chairman & Managing Director and Managing Director on Fixed Deposits at the rates prescribed in the Companies (Acceptance of Deposits) Rules, 1975 - ₹ 0.30 crore (Previous Year - ₹ 0.24 crore). Fixed Deposits outstanding as at the year end - ₹ 3.30 crore (Previous year ₹ 3.30 crore)

15. Related party disclosures:

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

Subsidiary Companies:	i)	MRF Corp Ltd
	ii)	MRF International Ltd
	iii)	MRF Lanka (Private) Ltd.

(b) Names of other related parties and nature of relationship:

Key Management Personnel:	i)	Mr. K.M. Mammen, Chairman & Managing Director
	ii)	Mr. K.M. Philip, Whole-time Director
	iii)	Mr. Arun Mammen, Managing Director
	iv)	Mr. Rahul Mammen Mappillai (Whole - time Director w.e.f. 25th November, 2010)
Relatives of Key Management Personnel:	i)	Mr. Rahul Mammen Mappillai (Son of Chairman & Managing Director)
	ii)	Mr. Samir Thariyan Mappillai (Son of Chairman & Managing Director)

(c) Transactions with related parties:

Nature of Transactions

₹ Crore

i) Subsidiary Companies:

	MRF Lanka (Private) Ltd.		MRF Corp Limited	
		30.09.2010		30.09.2010
Sale of Materials	6.07	3.43	1.72	–
Purchase of Materials	–	–	1.60	–
Sale of Finished Goods	0.13	–	–	–
Sale of Machinery	–	–	0.38	–
Interest received	0.37	0.35	–	–
Interest Paid	–	–	0.01	0.01
Outstanding:				
Loan Receivable	4.00	4.00	15.37	–
Debt Outstanding	7.25	4.97	1.64	–
Other Receivables	0.21	0.20	0.43	–
Deposit Payable	–	–	0.14	0.14

ii) Key Management Personnel:

	Remuneration		Interest Paid		Deposit Outstanding		Commission Payable	
		30.09.2010		30.09.2010		30.09.2010		30.09.2010
Mr. K.M. Mammen	3.49	2.32	0.14	0.13	1.58	1.58	0.63	0.57
Mr. K.M. Philip	2.60	2.31	–	–	–	–	0.63	0.57
Mr. Arun Mammen	2.33	2.07	0.16	0.11	1.72	1.72	0.57	0.51
Mr. Rahul Mammen Mappillai	0.59	–	0.02	–	0.17	–	0.14	–
iii) Relatives of Key Management Personnel:								
Mr. Rahul Mammen Mappillai	0.05	0.31	–	–	–	–	–	–
Mr. Samir Thariyan Mappillai	0.09	–	0.10	–	1.07	–	–	–

Note - No amounts have been written off or written back during the year.

16. The amount due and paid during the year to "Investor Education and Protection Fund" is ₹ 0.11 crore (Previous Year - ₹ 0.16 crore).

17. Earnings Per Share:

			Year Ended 30.09.2010
Profit after Taxation	₹ crore	619.42	353.98
Number of equity shares (Face Value ₹ 10/- each)	Nos.	42,41,143	42,41,143
Basic & Diluted Earning per Share	₹	1,460.50	834.63

18. Movement in provisions as required by Accounting Standard 29 - Provisions, Contingent Liabilities and Contingent Assets.

₹ crore

	As at 01.10.2010	Provided during the year	Paid during the year	Reversed during the year	As at 30.09.2011
(i) Warranty	33.64	0.48	–	–	34.12
	(21.25)	(12.39)	(–)	(–)	(33.64)
(ii) Litigation and related disputes	30.61	9.16	–	9.35	30.42
	(14.06)	(19.55)	(3.00)	(–)	(30.61)

Figures in brackets are in respect of previous year.

Notes:

(i) Cash outflow towards Warranty provision would generally occur during the next two years. Such claims are netted off from sales.

(ii) Litigation and related disputes represents estimates mainly for probable claims arising out of litigations/disputes pending with the authorities under various statutes (i.e. Service Tax, Excise & Customs Duty, Power charges, Cess, etc). The probability and the timing of the outflow with regard to these matters will depend on the consequent decision/conclusion by the Management.

19. (i) Revenue expenditure on Research and Development activities during the year 2010-11:

			₹ Crore
			Year Ended 30.09.2010
1)	Salaries, Wages and Other Benefits	10.50	9.08
2)	Repairs and Maintenance	1.11	0.77
3)	Power	1.03	1.28
4)	Travelling and Vehicle Running	2.75	1.47
5)	Cost of Materials/Tyres used for Rallies/Test purposes	2.72	2.91
6)	Other R & D expenses	2.40	1.77
		20.51	17.28

(ii) Capital Expenditure on Research and Development during the year, as certified by the Management is ₹ 1.39 crore (Previous Year - ₹ 0.28 crore).

This information complies with the terms of the R&D recognition granted upto 31st March, 2012 for the Company's in-house Research and Development activities by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India, vide their Letter No.TU/IV-15 (253)/170/2010 dated 24th August 2010.

20. Particulars in respect of loans and advances in the nature of loans as required by the Listing Agreement:

₹ Crore

Subsidiary Companies	Balance As At		Maximum balance during the year	
		30.09.2010		30.09.2010
MRF Lanka Pvt. Ltd.	4.00	4.00	4.00	4.00
MRF Corp Limited	15.37	–	15.37	–

Note: Loans to employees have been considered to be outside the purview of disclosure requirements.

21. The Company is engaged mainly in the manufacture of Rubber Products such as Tyres, Tubes, Flaps, Tread Rubber and Conveyor Belt. These in the context of Accounting Standard 17 on Segment Reporting are considered to constitute one single primary segment. The Company's operations outside India do not exceed the quantitative threshold for disclosure envisaged in the Accounting Standard. Non-reportable segments have not been disclosed as unallocated reconciling item in view of their materiality. In view of the above, primary and secondary reporting disclosures for business/geographical segment are not applicable to the Company.

22. During the year, the Company has issued 9.07% and 10.09% Secured, Redeemable, Non Convertible Debentures (NCD's) of the face value of ₹ 10 lacs each, at par, agregating to ₹ 20,000 lacs and ₹ 50,000 lacs respectively on private placement basis. The said NCD's are listed on the Wholesale Debt Market Segment at the National Stock Exchange of India Limited (NSE).

Security:

The principal amount of debentures, interest, remuneration to Debenture Trustees and all other costs, charges and expenses payable by the Company in respect of debentures are secured by way of a legal mortgage of Company's land at Gujarat and hypothecation of plant and machinery at the Company's plants at Ankenpally, Andhra Pradesh and at Perambalur, near Trichy, Tamil Nadu, equivalent to the outstanding amount.

The NCD's are to be redeemed at par in three instalments as stated below;

Debenture Series	9.07% NCD's		10.09% NCD's	
	₹ Crore	Dates of Redemption	₹ Crore	Dates of Redemption
Series I	65	18/01/2014	160	27/05/2019
Series II	65	18/01/2015	160	27/05/2020
Series III	70	18/01/2016	180	27/05/2021
	200		500	

23. The Shareholders, pursuant to the provisions of Section 293(1)(a) and Section 192A of the Companies Act, 1956, have approved the sale and transfer of the Speciality Coating Division of the Company to MRF Corp Limited, a wholly owned subsidiary company, as a going concern, on a slump sale basis, effective 1st April, 2011. The Speciality Coating Division does not represent a reportable business or geographical segment, requiring additional disclosures as per Accounting Standard - 24 "Discontinuing Operations".

24. Details of Investments purchased and sold during the year:

Particulars	Face Value	No. of Units	Cost ₹ Crore
UTI Treasury Advantage Fund - Institutional Plan - Growth Option	1000	186736	25.00
Kotak Floater Long Term - Growth	10	15819281	25.00
Reliance Money Manager Fund - Institutional Option - Growth Plan	1000	184162	25.00
Canara Robeco Treasury Advantage Super Instt Growth Fund	10	16606551	25.00
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Growth	10	29474528	50.00
Birla Sun Life Cash Manager - Institutional Plan - Growth	10	15015827	25.00
ICICI Prudential Flexible Income Plan Premium - Growth	100	1348682	25.00

25. Estimated amount of contracts remaining to be executed on Capital Account, net of advances and not provided for - ₹ 346.36 crore. (Previous Year - ₹ 778.46 crore).

26. Contingent Liabilities not provided for:

    (i) Guarantees given by the banks - ₹ 20.73 crore (Previous Year - ₹ 17.75 crore).

    (ii) Letters of Credit issued by the banks - ₹ 226.02 crore (Previous Year - ₹ 217.65 crore).

    (iii) Customs duty on import of equipments and spare parts under EPCG Scheme - ₹ 83.66 crore (Previous Year - ₹ 36.92 crore).

    (iv) Claims not acknowledged as debts:

        (a) Disputed Sales Tax demands - ₹ 3.07 crore (Previous Year - ₹ 3.09 crore).

        (b) Disputed Excise/Customs Duty demands - ₹ 80.43 crore (Previous Year - ₹ 83.15 crore).

        (c) Disputed Income Tax Demands - ₹ 37.52 crore (Previous Year - ₹ 17.17 crore).

        (d) Contested ESIC Demands - ₹ 0.06 crore (Previous Year - ₹ 0.06 crore).

27. Figures are rounded off to nearest lakh. Figures below ₹ 50000 are denoted by an * .

28. Previous year's figures have been regrouped, wherever necessary and are not strictly comparable with the current year's figures consequent to the sale and transfer of the Speciality Coating Division during the year.

Vide our Report of even date

For SASTRI & SHAH	For M. M. NISSIM AND CO.			
Chartered Accountants	Chartered Accountants		S. S. VAIDYA	ARUN MAMMEN
C. Sri Ram	N. Kashinath	RAVI MANNATH	V. SRIDHAR	Managing Director
Partner	Partner	Company Secretary	Directors	

Chennai, Dated 29th November, 2011

MRF LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	18-4306	State Code	18
Balance Sheet Date	30 09 11 (Date Month Year)		

II. Capital raised during the year (Amount in ₹ Thousands)

Public Issue	Rights Issue	Bonus Issue	Private Placement
—	—	—	—

III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)

Total Liabilities	Total Assets
63270651	63270651

Sources of Funds

Paid-up Capital	Reserves & Surplus
42411	229353 00
Secured Loans	**Unsecured Loans**
11688686	10759154

Application of Funds

Net Fixed Assets	Investments
31066253	726961
Net Current Assets	**Misc. Expenditure**
13632337	—
Accumulated Losses	
—	

IV. Performance of Company (Amount in ₹ Thousands)

Turnover (Including Other Income)	Total Expenditure (Less: Exceptional Item)
106701677	97765169
Profit/Loss before Tax	**Profit/Loss after Tax**
+ 8936508	+ 6194208
Earning Per Share in ₹	**Dividend Rate %**
1460.50	250

V. Generic Names of Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	40111000 0
Product Description	NEW PNEUMATIC TYRES OF RUBBER
Item Code No. (ITC Code)	40130000 0
Product Description	INNER TUBES OF RUBBER
Item Code No. (ITC Code)	40129049
Product Description	TYRE FLAPS
Item Code No. (ITC Code)	40061000
Product Description	CAMEL BACK STRIPS FOR RETREADING RUBBER TYRES

RAVI MANNATH	S.S. VAIDYA V. SRIDHAR	ARUN MAMMEN
Company Secretary	Directors	Managing Director

Place : Chennai
Date : 29th November, 2011

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES

		MRF CORP LIMITED	MRF INTERNATIONAL LIMITED	MRF LANKA (P) LIMITED
[A]	The Financial Year of the Subsidiary Companies	March 31, 2011	September 30, 2011	September 30, 2011
[B]	Shares of the Subsidiary held by MRF Limited on the above dates:			
	(a) Number and face value	50,100 Equity Shares of ₹ 10 each fully paid-up	5,32,470 Equity Shares of ₹ 10 each fully paid-up	1,12,50,000 Equity Shares of SLR. 10 each fully paid-up
	(b) Extent of holding	100% Subsidiary under Sec. 4(1)(b)	95% Subsidiary under Sec. 4(1)(b)	100% Subsidiary under Sec. 4(1)(b)
[C]	The net aggregate of Profits/Losses of the Subsidiary Companies so far as it concerns the members of MRF Limited			
	(a) not dealt with in the accounts of MRF Limited for the year ended September 30, 2011 amounted to			
	(i) for the subsidiaries financial year ended as in (A) above	Profit ₹ 88,675	Profit ₹ 3,41,552	Loss ₹ 69,40,914
	(ii) for the previous financial years of the Subsidiaries since they became the Holding Company's subsidiaries	Profit ₹ 10,19,442	Profit ₹ 39,46,607	Loss ₹ 8,06,33,369
	(b) dealt with in the accounts of MRF Limited for the year ended September 30, 2011 amounted to			
	(i) for the subsidiaries financial year ended as in (A) above	None	None	None
	(ii) for the previous financial years of the Subsidiaries since they became the Holding Company's subsidiaries	None	None	None
[D]	Changes in the interest of MRF Limited between the end of the financial year of the Subsidiary Companies and September 30, 2011	None	None	None
[E]	Material changes between the end of the financial year of the Subsidiary Companies and September 30, 2011			
	(i) Fixed Assets	None	None	None
	(ii) Investments	None	None	None
	(iii) Moneys lent by the Subsidiary Companies	None	None	None
	(iv) Moneys borrowed by the Subsidiary Companies for any purpose other than meeting current liabilities	None	None	None

Chennai Dated 29th November, 2011	RAVI MANNATH Company Secretary	S. S. VAIDYA V. SRIDHAR Directors	ARUN MAMMEN Managing Director

CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF MRF LIMITED, ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th SEPTEMBER, 2011 OF MRF LIMITED AND ITS SUBSIDIARIES

We have audited the attached Consolidated Balance Sheet of MRF Limited ('the Company'), and its subsidiaries (the Company and its subsidiaries constitute the 'Group') as at September 30, 2011 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on the date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements reflect total assets of ₹ 7.13 crore as at 30th September, 2011 and total revenue of ₹ 14.84 crore, and net cash outflows amounting to ₹ 0.08 crore for the year then ended of MRF Lanka Pvt. Limited, a subsidiary. These financial statements have been audited by their auditors whose reports have been furnished to us and our opinion is based solely on the report of their auditors.

The financial statements also reflect total assets of ₹ 0.16 crore as at 31st March 2011 and total revenue of ₹ 0.01 crore, and net cash inflows amounting to ₹ 0.01 crore for the year then ended of MRF Corp Limited, a subsidiary. These financial statements have been audited by their auditors whose reports have been furnished to us and our opinion is based solely on the report of their auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 'Consolidated Financial Statements' notified by the Companies (Accounting Standards) Rules, 2006.

Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, the consolidated financial statements read with note No. 2-B in the notes forming part of the accounts, in respect of change in accounting policy relating to depreciation and read with other notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at September 30, 2011;

(b) In the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and

(c) In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

FOR SASTRI & SHAH	FOR M. M. NISSIM AND CO.
Chartered Accountants	Chartered Accountants
Firm Regn. No. 003643S	Firm Regn. No. 107122W
C. Sri Ram	N. Kashinath
Partner	Partner
Mem. No. 005897	Mem. No. 36490

Chennai, Dated 29th November, 2011

MRF LIMITED

CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER, 2011

		Schedule	₹ Crore	₹ Crore	As at 30.09.2010 ₹ Crore	₹ Crore
I.	**SOURCES OF FUNDS**					
(1)	Shareholders' Funds					
	a) Share Capital	1		4.24		4.24
	b) Reserves and Surplus	2		2289.90		1684.19
				2294.14		1688.43
(2)	Minority Interest			0.08		0.07
(3)	Loan Funds					
	a) Secured Loans	3		1168.87		487.96
	b) Unsecured Loans	4		1075.76		819.99
(4)	Deferred Payment Credit			40.43		46.38
(5)	Deferred Tax Liability (Net)			141.80		–
				4721.08		3042.83
II.	**APPLICATION OF FUNDS**					
(1)	Fixed Assets	5				
	a) Gross Block		3836.70		3372.80	
	b) Less: Depreciation		1864.20		2042.16	
	c) Net Block		1972.50		1330.64	
	d) Capital Work-in-Progress		1135.25	3107.75	497.72	1828.36
(2)	Investments	6		72.87		72.87
(3)	Deferred Tax Asset (Net)			–		15.09
(4)	Current Assets, Loans and Advances	7				
	a) Inventories		1528.98		1112.41	
	b) Sundry Debtors		1301.67		807.04	
	c) Cash and Bank Balances		58.45		46.45	
	d) Loans and Advances		253.97		124.80	
			3143.07		2090.70	
	Less: Current Liabilities and Provisions	8				
	a) Current Liabilities		1395.02		793.00	
	b) Provisions		207.59		171.19	
			1602.61		964.19	
	Net Current Assets			1540.46		1126.51
				4721.08		3042.83

The Schedules referred to and the accompanying Notes form an integral part of the Balance Sheet and the Profit and Loss Account.

Vide our Report of even date

For SASTRI & SHAH
Chartered Accountants
C. Sri Ram
Partner

For M. M. NISSIM AND CO.
Chartered Accountants
N. Kashinath
Partner

RAVI MANNATH
Company Secretary

S. S. VAIDYA
V. SRIDHAR
Directors

ARUN MAMMEN
Managing Director

Chennai, Dated 29th November, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2011

	Schedule	₹ Crore	₹ Crore	Year ended 30.09.2010 ₹ Crore	Year ended 30.09.2010 ₹ Crore
INCOME					
Sales		10645.67		8086.46	
Less: Excise Duty		901.69	9743.98	627.73	7458.73
Export Incentives			7.83		11.02
Other Income	9		24.99		17.85
			9776.80		7487.60
EXPENDITURE					
Materials	10		7112.98		5019.58
Interest	11		93.09		63.16
Other Expenses	12		1833.61		1605.30
Depreciation (Note 2-B)	5		248.24		261.50
			9287.92		6949.54
Profit before Taxation and Exceptional item			488.88		538.06
Exceptional Item					
Excess depreciation reversal in respect of earlier years (Note 2-B)			404.23		–
Profit before Taxation after Exceptional item			893.11		538.06
Less: Provision for Taxation:					
Current Tax		154.01		182.51	
Less: MAT Credit Entitlement		(35.90)		(0.01)	
Deferred Tax (Note 4)		156.89		(2.78)	
Short provision of earlier years		(0.67)	274.33	0.83	180.55
Profit after Taxation			618.78		357.51
Less: Profit attributable to minority interest			0.01		0.01
Amount available for appropriation			618.77		357.50
Appropriations					
Dividends					
Interim		2.54		2.54	
Final - Proposed		8.06		8.06	
Special - Proposed		–		10.60	
Tax thereon		1.73	12.33	3.52	24.72
Debenture Redemption Reserve			17.94		–
Balance Surplus transferred to General Reserve			588.50		332.78
			618.77		357.50
Basic & Diluted Earning per Share (in ₹)			1458.97		842.93

The Schedules referred to and the accompanying Notes form an integral part of the Balance Sheet and the Profit and Loss Account.

Vide our Report of even date

For SASTRI & SHAH
Chartered Accountants
C. Sri Ram
Partner

For M. M. NISSIM AND CO.
Chartered Accountants
N. Kashinath
Partner

RAVI MANNATH
Company Secretary

S. S. VAIDYA
V. SRIDHAR
Directors

ARUN MAMMEN
Managing Director

Chennai, Dated 29th November, 2011

MRF LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER, 2011

				Year ended 30.09.2010	
		₹ Crore	₹ Crore	₹ Crore	₹ Crore
A.	CASH FLOW FROM OPERATING ACTIVITIES				
	Profit before Taxation and Exceptional item	488.88		538.06	
	Adjustment for:				
	Depreciation	248.24		261.50	
	Provision for Doubtful Debts	–		(0.12)	
	Unrealised Exchange (Gain)/Loss	5.83		(6.74)	
	Income/Profit relating to Investment Activity	(11.40)		(10.26)	
	Interest - Net	92.24		62.67	
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		823.79		845.11
	Adjustment for:				
	Trade and other receivables	(555.37)		(261.18)	
	Inventories	(416.57)		(459.54)	
	Trade Payable	574.28		253.82	
			(397.66)		(466.90)
	CASH GENERATED FROM OPERATIONS		426.13		378.21
	Direct Taxes paid	(148.76)		(219.90)	
			(148.76)		(219.90)
	NET CASH FROM OPERATING ACTIVITIES		277.37		158.31
B.	CASH FLOW FROM INVESTING ACTIVITIES				
	Purchase of Fixed Assets	(1126.04)		(869.73)	
	Proceeds from Sale of Fixed Assets	13.48		2.75	
	Proceeds from Sale of Investments (Net)	0.37		79.68	
	Interest received	0.88		0.92	
	Income from Investments	0.19		0.17	
	NET CASH FROM INVESTING ACTIVITIES		(1111.12)		(786.21)
			(833.75)		(627.90)
C.	CASH FLOW FROM FINANCING ACTIVITIES				
	Total (repayments)/proceeds from borrowings	127.75		255.68	
	Proceeds from issue of Debentures	700.00		–	
	Proceeds from Term Loans	–		375.00	
	Repayment of Term Loans	(249.03)		–	
	Total (repayments)/proceeds from fixed deposits	0.07		32.49	
	Dealers' Security Deposit (net of repayments)	359.37		30.34	
	Sales Tax Deferral Scheme	(3.67)		–	
	Deferred Payment Credit	(5.95)		(5.48)	
	Interest paid	(58.38)		(61.42)	
	Dividend/Corporate Dividend tax paid	(24.41)		(12.39)	
	NET CASH FROM FINANCING ACTIVITIES		845.75		614.22
	NET DECREASE IN CASH AND CASH EQUIVALENTS		12.00		(13.68)
	CASH AND CASH EQUIVALENTS AS AT 30.09.2010		46.45		60.13
	CASH AND CASH EQUIVALENTS AS AT 30.09.2011		58.45		46.45

Vide our Report of even date

For SASTRI & SHAH
Chartered Accountants
C. Sri Ram
Partner

For M. M. NISSIM AND CO.
Chartered Accountants
N. Kashinath
Partner

RAVI MANNATH
Company Secretary

S. S. VAIDYA
V. SRIDHAR
Directors

ARUN MAMMEN
Managing Director

Chennai, Dated 29th November, 2011

		₹ Crore	₹ Crore	As at 30.09.2010 ₹ Crore	₹ Crore
(1) SHARE CAPITAL					
Authorised					
1,00,000	Taxable Redeemable Cumulative Preference Shares of ₹ 100 each		1.00		1.00
90,00,000	Equity Shares of ₹ 10 each		9.00		9.00
			10.00		10.00
Issued					
42,41,214	Equity Shares of ₹ 10 each		4.24		4.24
Subscribed					
42,41,143	Equity Shares of ₹ 10 each fully paid-up		4.24		4.24
	Of the above				
	(i) 5,54,461 Equity Shares allotted as fully paid-up pursuant to a contract without payments being received in cash.				
	(ii) 17,81,118 Equity Shares allotted as fully paid-up by way of Bonus Shares by Capitalisation of Reserves				
			4.24		4.24
(2) RESERVES AND SURPLUS					
Capital Reserve					
As per last Balance Sheet			0.05		0.05
Capital Redemption Reserve					
As per last Balance Sheet			0.42		0.42
Share Premium Account					
As per last Balance Sheet			9.42		9.42
General Reserve					
As per last Balance Sheet		1675.24		1342.46	
Add: Transfer from Profit and Loss Account		588.50	2263.74	332.78	1675.24
Debenture Redemption Reserve					
As per last Balance Sheet		–		–	
Add: Transfer from Profit and Loss Account		17.94	17.94	–	–
Foreign Currency Translation Reserve					
As per last Balance Sheet		(0.94)		(0.89)	
Less: Adjustments during the year		(0.73)	(1.67)	(0.05)	(0.94)
			2289.90		1684.19

		₹ Crore	₹ Crore	As at 30.09.2010 ₹ Crore	₹ Crore
(3)	**SECURED LOANS**				
	Term Loan:				
	From Banks				
	(Secured by hypothecation of specific items of machinery)		58.80		205.64
	(Repayable within one year - ₹ 29.40 crore)				
	Other Loans:				
	Banks		410.07		282.32
	(Secured by hypothecation of stock-in-trade, stores & spare parts and book debts)				
	2,000 9.07% Secured Redeemable Non Convertible Debentures of ₹ 10 lacs each.		200.00		–
	5,000 10.09% Secured Redeemable Non Convertible Debentures of ₹ 10 lacs each.		500.00		–
			1168.87		487.96
(4)	**UNSECURED LOANS**				
	Fixed Deposits		50.89		50.82
	(Repayable within one year - ₹ 13.33 crore)				
	Other Loans:				
	Term Loan from Banks (Repayable within one year - ₹ 175.00 crore)		175.00		275.00
	From Others:				
	Dealers' Security Deposit	768.95		409.58	
	Sales Tax Deferral Scheme (Repayable within one year - ₹ 3.92 crore)	80.92	849.87	84.59	494.17
			1075.76		819.99

(5) FIXED ASSETS

₹ Crore

	Land	Buildings	Plant & Machinery	Moulds	Vehicles	Others	Intangibles	Total	Previous Year
Original Cost as at 1.10.2010	93.18	438.23	2420.85	264.42	16.28	126.52	13.32	3372.80	2739.15
Additions	2.88	74.15	339.70	39.58	3.76	26.82	1.62	488.51	657.02
Deductions	0.02	0.37	3.93	10.47	1.67	8.15	–	24.61	23.37
GROSS BLOCK	96.04	512.01	2756.62	293.53	18.37	145.19	14.94	3836.70	3372.80
DEPRECIATION									
As at 1.10.2010	1.28	141.81	1574.28	218.87	10.61	87.10	8.21	2042.16	1803.19
For the year	0.10	14.08	193.98	22.47	2.43	12.26	2.92	248.24	261.50
Deductions/Adjustments	0.02	66.79	310.27	32.05	1.55	15.52	–	426.20*	22.53
As at 30.09.2011	1.36	89.10	1457.99	209.29	11.49	83.84	11.13	1864.20	2042.16
NET BLOCK AS AT 30.09.2011	94.68	422.91	1298.63	84.24	6.88	61.35	3.81	1972.50	1330.64
NET BLOCK AS AT 30.09.2010	91.90	296.42	846.57	45.55	5.67	39.42	5.11	1330.64	935.96
NET BLOCK AS AT 30.09.2011								1972.50	1330.64
Capital Work-in-Progress and Advances on Capital Account								1135.25	497.72
								3107.75	1828.36

Note:

Land includes Agricultural Land - ₹ 0.12 crore and Leasehold Land - ₹ 4.33 crore.

* Deductions/Adjustments include ₹ 404.23 crore representing reversal of depreciation on account of change in the method from written down value to straight line.

	₹ Crore	As at 30.09.2010 ₹ Crore
(6) INVESTMENTS (At Cost)		
Long Term, Non-Trade		
Fully Paid-up		
Quoted		
Equity Shares	0.09	0.09
Unquoted		
In Mutual Fund Units	70.70	70.70
Ordinary/Equity Shares	2.08	2.08
	72.78	72.78
	72.87	72.87
Aggregate Market Value of Quoted Investments	2.35	3.04

				As at 30.09.2010	
		₹ Crore	₹ Crore	₹ Crore	₹ Crore
(7)	**CURRENT ASSETS, LOANS AND ADVANCES**				
	(a) Inventories				
	Stores & Spares	77.12		56.25	
	Stock-in-trade:				
	Raw Materials	658.62		595.26	
	Work-in-Progress	224.36		147.29	
	Finished Goods	568.88	1528.98	313.61	1112.41
	(b) Sundry Debtors				
	(i) Debts outstanding for a period exceeding six months				
	Unsecured - Considered Good	2.82		2.95	
	- Considered Doubtful	2.64		2.64	
	Less: Provision for Doubtful Debts	(2.64)		(2.64)	
		2.82		2.95	
	(ii) Other Debts (Considered Good)				
	Secured	705.45		376.86	
	Unsecured	593.40	1301.67	427.23	807.04
	(c) Cash and Bank Balances				
	Cash, Cheques and Stamps on hand	45.93		40.57	
	Bank Balances:				
	With Scheduled Banks:				
	In Current Accounts	10.49		5.27	
	In Deposit Accounts	1.96		0.52	
	With Others	0.07	58.45	0.09	46.45
	(d) Loans and Advances				
	(Unsecured, Considered Good)				
	Advances to Staff	8.11		3.67	
	Advances recoverable in cash or in kind or for value to be received	107.32		66.14	
	Balances with Customs, Excise and Port Trust	58.72		34.50	
	Other Deposits	15.55		12.19	
	MAT Credit Entitlement	35.90		–	
	Advance Tax less Provision	28.37	253.97	8.30	124.80
			3143.07		2090.70

	₹ Crore	₹ Crore	As at 30.09.2010 ₹ Crore	₹ Crore
(8) CURRENT LIABILITIES AND PROVISIONS				
(a) Current Liabilities				
Acceptances	517.40		124.76	
Sundry Creditors				
Outstanding dues of Micro Enterprises & Small Enterprises	6.93		3.23	
Outstanding dues of creditors other than Micro Enterprises & Small Enterprises	830.90		660.43	
Interest Accrued but not due	38.11		3.40	
Liability towards Investor Education and Protection Fund not due:				
Unclaimed Dividends	1.44		1.13	
Matured Fixed Deposits and Interest	0.24	1395.02	0.05	793.00
(b) Provisions				
Provision for Taxation less Advance Tax	63.11		38.46	
Dividend				
Interim	1.27		1.27	
Final - Proposed	8.06		8.06	
Special - Proposed	–		10.60	
Dividend Tax	1.52		3.31	
Retirement Benefits	38.28		27.47	
Others	95.35	207.59	82.02	171.19
		1602.61		964.19

INCOME	₹ Crore	Year ended 30.09.2010 ₹ Crore
(9) OTHER INCOME		
Income from Investments (Other than trade):		
Dividend	0.19	0.19
Interest (Gross)	0.85	0.49
Profit on Sale of Investments	0.37	8.16
Profit on Sale of Assets (Net)	10.84	1.91
Sales Tax/Entry Tax Refunds	–	1.65
Provision for Doubtful Debts written back	–	0.12
Miscellaneous Income	12.74	5.33
	24.99	17.85
Tax Deducted at Source	0.08	0.12

	₹ Crore	₹ Crore	Year ended 30.09.2010 ₹ Crore	₹ Crore
EXPENDITURE				
(10) MATERIALS				
Raw Materials Consumed		7385.60		5149.82
Purchase of Traded Goods		33.09		13.85
(Increase)/Decrease in Stock				
Opening Stock				
Work-in-Progress	147.29		101.44	
Finished Goods	313.61		201.53	
	460.90		302.97	
Less: Closing Stock				
Work-in-Progress	224.36		147.29	
Finished Goods	568.88		313.61	
	793.24	(332.34)	460.90	(157.93)
Differential Excise Duty on Opening and Closing Stock of Finished Goods		26.63		13.84
		7112.98		5019.58
(11) INTEREST				
On Fixed Loans		17.16		10.34
On Deferred Payment Credit		3.55		4.05
Others		72.38		48.77
		93.09		63.16

(12) OTHER EXPENSES

		Year ended 30.09.2010
	₹ Crore	₹ Crore
Salaries, Wages, Bonus & Commission	353.72	301.82
Contribution to Provident & Other Funds	41.83	37.66
Staff Welfare Expenses	51.60	39.03
Stores & Spares Consumed	203.12	155.40
Power, Fuel & Light	437.38	392.59
Processing Expenses	89.93	73.86
Rent	20.73	16.66
Rates, Taxes & Octroi	7.37	6.92
Insurance	4.80	3.82
Repairs & Maintenance:		
Buildings	12.57	9.01
Machinery	44.79	37.97
Others	14.20	12.53
Printing & Stationery	3.42	2.62
Postage, Telegrams & Telephones	5.63	5.60
Vehicle Expenses	3.24	3.15
Directors' Sitting Fees	0.03	0.03
Directors' Travelling Expenses	1.82	0.74
Travelling & Conveyance	26.95	21.15
Auditors' Remuneration	0.48	0.50
Advertisement	101.95	85.23
Commission & Discount	144.57	170.08
Warranty	0.51	12.39
Freight & Transport	218.10	176.90
Sales-Tax	0.20	0.16
Bad Debts	0.09	0.26
Exchange (Gain)/Loss (Net)	8.98	(9.19)
Others	35.60	48.41
	1833.61	1605.30

1. BASIS OF CONSOLIDATION:

The Consolidated financial statements relate to MRF LTD ('the Company') and its subsidiary companies. The Company and its subsidiaries constitute the Group.

a. Basis of Accounting:

The financial statements are prepared under the historical cost convention on an accrual basis, in conformity with applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and generally accepted accounting principles and practices.

b. Principles of consolidation:

i) The consolidated financial statements have been prepared in accordance with the Accounting Standards-21 on Consolidated Financial Statements notified by the Companies (Accounting Standards) Rules, 2006.

The consolidated financial statements comprise of the financial statements of the Company and the following subsidiaries as on September 30, 2011:

Name	Country of incorporation	Proportion of ownership interest	Financial Statement as on
MRF Corp Ltd.	India	100%	March 31, 2011
MRF International Ltd.	India	94.66%	September 30, 2011
MRF Lanka Pvt. Ltd.	Sri Lanka	100%	September 30, 2011

There are no significant transactions or other material events that have occurred between the balance sheet date of MRF Corp Ltd. and the parent Company.

ii) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits or losses are fully eliminated.

iii) The difference between the cost of investment in the subsidiaries and the share of net assets at the time of acquisition of shares in the subsidiaries is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

iv) Foreign Subsidiary – Revenue items have been consolidated at the average rate of foreign exchange prevailing during the year. The assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate. Exchange differences arising on monetary and non-monetary items that in substance forms part of the Company's net investments in non-integral foreign operation are accumulated in the Foreign Currency Translation Reserve.

2. ACCOUNTING POLICIES:

A. The accounting policies of the parent Company are presented in Note 1 forming part of its standalone financial statements. Differences in accounting policies followed by subsidiaries consolidated have been reviewed and no adjustments have been made, since the impact of these differences is not material.

B. CHANGE IN ACCOUNTING POLICY:

Depreciation on building, plant and machinery, moulds and a part of other assets was hitherto provided on written down value method. Based on the past estimation, the use of such assets is expected to be relatively even over its estimated useful life and that there is no discernible pattern of decline in its service potential. Accordingly, the Company, in order to reflect a more appropriate presentation of financial statements, has changed the method of depreciation on such assets, existing as at 1st October, 2010, to straight line basis. The surplus arising from retrospective computation, from the date of addition/installation of such assets, aggregating to ₹ 404.23 crore has been accounted and disclosed under Exceptional Item. Had there been no change in the method of computing depreciation, the charge for the year would have been higher and the Profit for the year would have been lower by ₹ 114.96 crore. Consequent to the change, the net block of fixed assets and the reserves and surplus as at the end of the year are higher by ₹ 519.19 crore and ₹ 391.61 crore respectively.

3. The Notes to these consolidated financial statements are disclosed to the extent necessary for presenting a true and fair view of the consolidated financial statements.

4. The break up of net Deferred Tax Liabiltiy/(Asset):

	₹ Crore	Year Ended 30.09.2010 ₹ Crore
Liability		
Depreciation (including ₹ 127.58 crore for reversal of earlier years)	154.55	–
	154.55	–
Asset		
Depreciation	–	3.66
Expenditure allowable on actual payment	12.75	11.34
Unabsorbed Business Losses	–	0.09
	12.75	15.09
Net Deferred Tax Liability/(Asset)	141.80	(15.09)

5. Consolidated Related Party transactions, movement in provisions as required by Accounting Standard 29, capital commitments and contingent liabilities are same as disclosed in the standalone financial statements of the Company.

6. Consolidated Employee benefit disclosures are not materially different from the employee benefit disclosures of the standalone financial statements of the Company.

7. Earnings Per Share:

			Year Ended 30.09.2010
Profit after Taxation	₹ crore	618.77	357.50
Number of equity shares (Face Value ₹ 10/- each)	Nos.	4241143	4241143
Earnings per share - Basic	₹	1458.97	842.93

8. The Group is engaged mainly in the manufacture of Rubber Products such as Tyres, Tubes, Flaps, Tread Rubber and Conveyor Belt. These in the context of Accounting Standard 17 on Segment Reporting are considered to constitute one single primary segment. The Company's operations outside India do not exceed the quantitative threshold for disclosure envisaged in the Accounting Standard. Non-reportable segments have not been disclosed as unallocated reconciling item in view of their materiality. In view of the above, primary and secondary reporting disclosures for business/geographical segment are not applicable.

9. Figures are rounded off to nearest lakh.

10. Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Group's financial statement.

11. Previous year's figures have been regrouped, wherever necessary.

Vide our Report of even date

For SASTRI & SHAH	For M. M. NISSIM AND CO.			
Chartered Accountants	Chartered Accountants		S. S. VAIDYA	ARUN MAMMEN
C. Sri Ram	N. Kashinath	RAVI MANNATH	V. SRIDHAR	Managing Director
Partner	Partner	Company Secretary	Directors	

Chennai, Dated 29th November, 2011

Disclosure of Information Relating to Subsidiaries

(Vide General Circular No. 2/2011 dt. 08-02-2011 of the Ministry of Corporate Affairs, Government of India)

(₹)

		MRF Corp Ltd. *		MRF International Ltd.		MRF Lanka (P) Ltd.	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1.	Share Capital	5,01,000	5,01,000	56,25,000	56,25,000	5,01,41,265	4,50,93,506
2.	Reserves & Surplus	11,08,117	10,19,442	88,88,853	85,29,324	(8,75,74,283)	(7,03,92,463)
3.	Total Liabilities @	1,07,757	1,03,996	2,44,041	1,39,255	11,63,60,426	9,33,62,222
4.	Total Assets (including Investments)+	17,16,874	16,24,438	1,47,57,894	1,42,93,579	7,89,27,408	6,80,63,266
5.	Investments	14,88,829	14,38,829	69,58,410	69,58,410	–	–
6.	Turnover	1,34,428	1,24,479	5,43,569	9,26,856	14,72,28,705	9,41,49,803
7.	Profit before Tax	1,23,054	1,15,916	5,13,363	8,83,768	(60,94,544)	(1,68,29,173)
8.	Provision for Taxation						
	- Current	34,379	35,393	1,53,834	(44)	–	–
	- Deferred	–	–	–	–	(8,46,370)	(13,29,858)
9.	Profit/(Loss) after Tax	88,675	80,523	3,59,529	8,83,812	(69,40,914)	(1,54,99,315)
10.	Proposed dividend (including dividend tax)	NIL	NIL	NIL	NIL	NIL	NIL

@ Total Liabilities include: Secured Loan, Unsecured Loan, Current Liabilities and Deferred Tax Liability

\+ Total Assets include: Net Fixed Assets, Investments and Current Assets

* April/March

MRF

ANNUAL REPORT **2010-11**

MRF Limited, New No. 114 (Old No.124), Greams Road, Chennai - 600 006.