



MRF LIMITED, Regd. Office: No. 114, Greams Road, Chennai 600 006

## NOTICE

NOTICE is hereby given that the Fifty Third Annual General Meeting of the Shareholders of MRF Limited will be held on Thursday, the 6th February, 2014, at 11.00 A.M. at TTK Auditorium, "The Music Academy", No.168, TTK Road, Chennai 600 014, to transact the following business:

1. To receive, consider and adopt the Balance Sheet as at 30th September, 2013 and the Statement of Profit & Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a final dividend on equity shares.
3. To appoint a Director in place of Mr. Vijay R Kirloskar who retires by rotation under Article 117 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. K M Philip who retires by rotation under Article 117 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. S S Vaidya who retires by rotation under Article 117 of the Articles of Association of the Company. Mr. S S Vaidya has expressed his desire to retire from the Board and not to seek re-appointment.
6. To appoint a Director in place of Mr. N Kumar who retires by rotation under Article 117 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
7. To appoint Messrs. Sastri & Shah (Firm Regn. No. 003643S) and M. M. Nissim and Co., (Firm Regn. No. 107122W) the retiring auditors, to hold office as auditors of the Company, from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors of the Company to fix their remuneration.

## SPECIAL BUSINESS

8. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:  
"RESOLVED that pursuant to the provisions of Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956 and the rules made thereunder from time to time, Section 188 (1) and other applicable provisions, if any, of the Companies Act, 2013, as may be notified, read with rules made thereunder from time to time and subject to the approval of the Central Government, if required,

consent of the Company be and is hereby accorded for payment of revised remuneration with effect from 01-04-2014 to Mrs Meera Mammen, a relative of some of the directors of the Company holding office of profit under the Company as Vice President-Welfare, as set out in the explanatory statement annexed hereto with liberty to the Board of Directors to alter, amend or vary the terms and conditions of remuneration from time to time.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to do all such acts, deeds and things as may be expedient and desirable for the purpose of giving effect to the resolution including making such modifications, when necessary, to the above terms of remuneration as the Central Government may suggest or require while granting approval."

9. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED that pursuant to Section 314 (1B) and other applicable provisions of the Companies Act, 1956 and the rules made thereunder from time to time, Section 188 (1) and other applicable provisions, if any, of the Companies Act, 2013, as may be notified, read with rules made thereunder from time to time and subject to the approval of the Central Government, if required, consent of the Company be and is hereby accorded to the appointment of Mr Samir Thariyan Mappillai, a relative of some of the directors of the Company holding an office or place of profit under the Company as General Manager – Marketing and for payment of revised remuneration with effect from 01-04-2014, as set out in the explanatory statement annexed hereto with liberty to the Board of Directors to alter, amend or vary the terms and conditions of remuneration from time to time.

RESOLVED FURTHER that the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be expedient and desirable for the purpose of giving effect to the resolution including making such modifications, when necessary, to the above terms of remuneration as the Central Government may suggest or require while granting approval."

Chennai  
28th November, 2013

By Order of the Board,  
RAVI MANNATH  
Company Secretary



---

**Notes:**

- (a) The relative explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of the business under items 8 and 9 above is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT OF PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (c) The Transfer Books of the Company will remain closed from 01-02-2014 to 06-02-2014, both days inclusive, for the purpose of payment of final dividend.
- (d) If final dividend on the equity shares as recommended by the Directors is declared at the meeting, the payment will be made on or after 14-02-2014 to the shareholders whose names appear on the Company's Register of Members on 06-02-2014. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished to us by National Securities Depository Ltd. [NSDL] and Central Depository Services [India] Ltd. [CDSL] for this purpose.
- (e) Members are requested to notify immediately any change in their address /change in bank details to the Company's registered office, quoting their ledger folio number. In respect of shares held in electronic form, instructions regarding change in address/change in bank details may be furnished to their respective Depository participants only.
- (f) Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on the dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such member for change/deletion in such bank details.  
  
Members may therefore give instructions regarding bank accounts to their respective Depository participants only.
- (g) The Ministry of Corporate Affairs (MCA) vide its circulars dated 21/04/2011 & 29/04/2011 had taken a "Green Initiative" in Corporate Governance by allowing paperless compliances by the companies through Electronic mode. A recent amendment to the Listing Agreement with the Stock Exchanges permits companies to send soft copies of the annual report to all those shareholders who have registered their e-mail addresses with the Company/Depository participants. To support this green initiative of the government and the Stock Exchanges, the Company vide its Circulars dated 19th August, 2011 and 19th November, 2012 has requested the shareholders holding shares both in Physical/Demat form to register/update their e-Mail addresses with the Company/Depository participants. Accordingly, the Annual Reports for 2012-13, Notice for AGM etc, are being sent in electronic mode to shareholders who have registered their e-mail addresses with the Company/Depository participants. For those shareholders who have not opted for the above, the same are being sent in physical form. Shareholders are requested to take note of the above and lend their support in full measure for the initiative taken by the Government.
- (h) Immediately upon notification of Section 109A of the Companies Act, 1956 providing for nomination facility to individuals holding shares in companies, the Company forwarded to all shareholders a circular along with the nomination form in duplicate requesting them to opt for the nomination facility. As on this date, there are large number of shareholders who are yet to opt for the nomination facility. Shareholders, and in particular those holding shares in single name, are requested to avail of the above facility by furnishing to the Company the particulars of their nomination. Members holding shares in electronic form may forward nomination form duly filled to their respective Depository participants only.
- (i) The Company is also extending the facility of ECS/NECS for the receipt of dividend. In case you wish to avail of this facility, please send ECS/ NECS mandate form, (which could be obtained from the Company) duly filled in, to the registered office of the Company at the earliest. Members holding shares in electronic form may forward their details to their respective Depository participants only.

You are requested to verify with your bankers and ensure that correct and current bank details are furnished so that electronic credit is effected without any hindrance.

---



- (j) All dividends declared by the Company for the accounting years including and upto 1st interim dividend for the year 1994-95, the amount of which remained unclaimed, have been transferred to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants upto the said period are requested to claim the amount from Registrar of Companies, Shastri Bhavan, Haddows Road, Chennai - 600 006.
- (k) Consequent to the amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C, the amount of dividends remaining unclaimed for a period of seven years is to be transferred to Investor Education and Protection Fund, constituted by the Central Government. Accordingly, unclaimed dividend amounts from Second Interim Dividend 1994-95 upto Second Interim dividend 2005-06 have been transferred to the said fund. It may please be noted that the amount so transferred cannot be claimed from the Company or from the fund. In view of the above, shareholders are advised to forward all unencashed dividend warrants from Final Dividend 2005-06 to the registered office of the Company for revalidation and encash them before its due date of transfer to the Central Government.

Details of dividends which remain unclaimed /unencashed and due for transfer to Investor Education and Protection Fund:

Year	Dividend	Date of declaration	Due date of transfer
2005-06	Final	22-03-2007	28-03-2014
2006-07	I Interim	26-07-2007	19-08-2014
	II Interim	25-10-2007	15-11-2014
	Final	20-03-2008	26-03-2015
2007-08	I Interim	24-07-2008	17-08-2015
	II Interim	21-10-2008	13-11-2015
	Final	19-03-2009	25-03-2016
2008-09	I Interim	27-07-2009	17-08-2016
	II Interim	27-10-2009	17-11-2016
	Final	11-03-2010	17-03-2017
2009-10	I Interim	28-07-2010	19-08-2017
	II Interim	21-10-2010	15-11-2017
	Final	10-02-2011	16-02-2018
	Special	10-02-2011	16-02-2018

Year	Dividend	Date of declaration	Due date of transfer
2010-11	I Interim	28-07-2011	18-08-2018
	II Interim	20-10-2011	10-11-2018
	Final	09-02-2012	15-02-2019
2011-12	I Interim	25-07-2012	16-08-2019
	II Interim	25-10-2012	18-11-2019
	Final	07-02-2013	15-02-2020
2012-13	I Interim	25-07-2013	19-08-2020
	II Interim	24-10-2013	14-11-2020

#### EXPLANATORY STATEMENT

AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013:

##### Item No. 8

Mrs Meera Mammen graduated in Sociology from the University of Madras and has also completed her Post graduation in Industrial Sociology from the University of Philippines. She has been in charge of the welfare activities of the employees of the Company from 1990 onwards.

Shareholders had in the Annual General Meeting held on 30-08-1990, granted approval to the appointment of Mrs Meera Mammen to be in charge of the welfare activities of the Company w.e.f. 02-04-1990. Her remuneration was thereafter revised with effect from 01-04-1994, 01-04-1999 and 01-04-2006 together with other allowances, perquisites and benefits, as set out in the respective resolutions. At the meeting of the shareholders held on 11-03-2010, her remuneration was further revised with effect from 01-04-2010 on a pay scale of ₹ 1,75,000 with annual increment of ₹ 15,000 together with other allowances, perquisites and benefits as set out in the resolution. Since her present salary is not commensurate with the basic salary, allowances, perquisites applicable to other employees in similar grade, it is now proposed to revise her remuneration with effect from 01-04-2014.

Mrs Meera Mammen is in charge of the welfare activities relating to the employees of the entire Company along with their spouse and children. The employee strength of the organisation over the years has steadily increased and at present is 15,343 employees, employed in 8 manufacturing units situated at 5 different states/ union territory besides sales offices spread all over the country.



Considering the increasing responsibilities shouldered by Mrs Meera Mammen, the Board of Directors have at their meeting held on 28-11-2013, based on the recommendations of the Selection Committee which considered her performance, approved the revised remuneration with effect from 01-04-2014, subject to approval of the shareholders in the ensuing Annual General Meeting and of the Central Government, if required.

- A. Basic Salary: ₹ 3,03,700 per month with annual increments applicable to TM grade.
- B. Perquisites: Perquisites, allowances and benefits subject to a maximum of 2 times the basic salary such as HRA/company lease rent, education allowance, MRF allowance, self development subsidy, performance incentive, contribution to provident fund, superannuation fund, reimbursement of gas & electricity expenses, reimbursement of entertainment expenses, leave travel concession, provision of domestic furniture/appliances and their maintenance, provision of 2 air-conditioners at residence and their maintenance, reimbursement of actual medical expenses incurred in India or abroad for self and family including expenses incurred on travel/boarding/lodging etc., for self, family and attendant, telephone (including mobile phone) at residence, A/C car and its maintenance with reimbursement of fuel and driver's expenses, provision of 2 watchmen at residence or allowance in lieu thereof, club fees, subject to a maximum of two clubs, coverage under group hospitalization insurance, group personal accident insurance and travel insurance for self and family, encashment of earned leave and gratuity. Perquisites will be valued as per Income-Tax rules, as applicable.

The Director's Relatives (Office or Place of Profit) Rules, 2011 inter alia, provide that appointment for an office or place of profit in a Company which carries a monthly remuneration exceeding ₹ 2,50,000 per month shall take effect upon approval by the Central Government. However, as and when Section 188 and other applicable provisions, of the new Companies Act, 2013 is notified by the Central Government, the requirement of getting the approval of the Central Government will not arise.

Approval of the Central Government, if required, will be sought after the approval of the shareholders is obtained. The Directors commend this

resolution for the approval of the members.

None of the Directors and the key managerial personnel (KMP) of the company or their relatives are in any way, concerned or interested in the above resolution except for Mr K M Mammen and Mr Arun Mammen who are related to Mrs Meera Mammen as defined under the Companies Act, 1956. Relatives of Mr K M Mammen and Mr Arun Mammen are not concerned or interested in the resolution.

#### Item No. 9

Mr Samir Thariyan Mappillai has completed B.A., (Hons.) Economics from St. Stephens College, Delhi and M.A., (Economics) from the University of Madras. Thereafter, he did his M.B.A., from Kellogg School of Management, Evanston, Illinois, USA. Prior to his appointment in the Company, he worked with ITC Foods, Bangalore, India, Cabot, Billerica, Massachusetts, USA and Devon Machines (P) Ltd., Chennai, India. Members will recall his appointment as Corporate Manager – Marketing w.e.f. 01-08-2010 and the revision in remuneration w.e.f. 01-04-2011 approved by the shareholders at their meeting held on 10-02-2011. Considering the role and responsibilities which he is required to carry out in the future, it is now proposed to appoint him as General Manager – Marketing of the Company on revised monthly remuneration with effect from 01-04-2014.

For the reasons mentioned above and based on the recommendations of the Selection Committee, the Board of Directors at their meeting held on 28-11-2013, approved the appointment and payment of revised remuneration with effect from 01-04-2014 to Mr Samir Thariyan Mappillai, a relative of some of the directors of the Company holding an office or place of profit under the Company as General Manager – Marketing of the Company with effect from 01-04-2014, as mentioned below, subject to approval of the shareholders in the ensuing Annual General Meeting and of the Central Government, if required

- A. Basic Salary: ₹ 1,46,450 per month with annual increments applicable to SM 5 grade.
- B. Perquisites: Perquisites, allowances and benefits subject to a maximum of 2 times the basic salary such as HRA/company lease rent, education allowance, MRF allowance, self development subsidy, performance incentive, contribution to provident fund,



---

superannuation fund, leave travel concession, provision of domestic furniture/appliances and their maintenance, provision of one air-conditioner at residence and its maintenance, reimbursement of actual medical expenses incurred in India or abroad for self and family including expenses incurred on travel/boarding/lodging etc., for self, family and attendant, telephone (including mobile phone) at residence, A/C car and its maintenance with reimbursement of fuel and driver's expenses, coverage under group hospitalization insurance, group personal accident insurance and travel insurance for self and family, encashment of earned leave and gratuity. Perquisites will be valued as per Income-Tax rules, as applicable.

The Director's Relatives (Office or Place of Profit) Rules, 2011 inter alia, provide that appointment for an office or place of profit in a Company which carries a monthly remuneration exceeding ₹ 2,50,000 per month shall take effect upon approval by the Central Government. However, as and when Section 188 and other applicable provisions, of the new Companies Act, 2013 is notified by the Central Government, the

requirement of getting the approval of the Central Government will not arise.

Approval of the Central Government, if required, will be sought after the approval of the shareholders is obtained. The Directors commend this resolution for the approval of the members.

None of the Directors and the key managerial personnel (KMP) of the Company or their relatives are in any way, concerned or interested in the above resolution except for Mr K M Mammen and Mr Rahul Mammen Mappillai and their relatives who are related to Mr Samir Thariyan Mappillai as defined under the Companies Act, 1956.

Chennai  
28th November, 2013

By Order of the Board,  
RAVI MANNATH  
Company Secretary

---



**DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT IN THE FORTHCOMING ANNUAL GENERAL MEETING  
(IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT)**

Name	Qualification	Brief Resume and area of expertise	Directorships in other Public Ltd. Companies	Committee Memberships other than MRF	No. of shares held
<b>Vijay R Kirloskar</b> (on the Board since 02.11.2000)	<i>Bachelors Degree in Science &amp; Engg. and Masters Degree in Management Science &amp; Engg. from Worcester Polytechnic Institute, MA USA</i>	Mr Vijay R Kirloskar has been associated with Kirloskar Electric Company [KEC] since 1978. In 1982 he took over the reins of KEC as its President and in 1994, he became the Chairman and Managing Director of KEC. He has been instrumental in promoting the Kirloskar Companies business interest in South East Asia resulting in a good brand recognition for its products abroad. He has attended the world famous quality course at JUSE in Japan. Apart from being a Director in leading Engineering Companies in India, he has been Regional Chairman [South] in 1991 and Vice-President of Confederation of Indian Industry [CII] in 1998. He has been an active delegate in CII's Business Missions abroad. Mr Vijay R Kirloskar was nominated as Chairman, Board of Governors of IIT - Delhi from April 1997 to June 2003. He is member of the President Advisory Committee of Worcester Polytechnic Institute, MA, USA. He is also a Board Member of the Indian Copper Development Centre, Kolkatta.	<b>Chairman &amp; MD:</b> Kirloskar Electric Co. Ltd.  <b>Chairman:</b> Kirloskar Power Equipment Ltd.  <b>Director:</b> 1. Batliboi Limited 2. Kirloskar Power Build Gears Ltd.	<b>Audit Committee:</b> <b>Member:</b> Kirloskar Electric Co. Ltd.  <b>Shareholders'/ Investors' Grievance Committee:</b> <b>Member:</b> Kirloskar Electric Co. Ltd.	355
<b>K M PHILIP</b> [On the Board from its inception i.e., from 1961 onwards]	M.A.	Mr K M Philip has been associated with the Indian Rubber Industry from 1939 onwards. He was Founder member of the All India Rubber Industries Assn. Editor of "Rubber India" for 12 years. Honorary Member for life of the All India Rubber Industries Assn. Fellow of Royal Chartered Institute of Materials UK. Fellow of the Indian Rubber Institute. Awarded the Hancock Medal from PRI - UK for outstanding contribution to the Rubber Industry based on world-wide assessment. Recipient of 'Padma Shri' award from the President of India for leadership in Rubber Industry. Visited tyre factories all over the world. Represented the Rubber Industry on the Rubber Board for 17 years. Published over 100 articles on the Indian Rubber Industry. Well versed in general Management skills and in particular, identification and evaluation of macro environment of the tyre industry in India.	<b>Chairman &amp; Director:</b> 1. India Coffee & Tea Dist. Co. Ltd. 2. Gujarat Reclaim & Rubber Products Ltd  <b>Director:</b> Commercial Broadcasts Limited	NIL	NIL



Name	Qualification	Brief Resume and area of expertise	Directorships in other Public Ltd. Companies	Committee Memberships other than MRF	No. of shares held
<b>N Kumar</b> [on the Board since 29/07/2003]	<i>B.E. [Electronics &amp; Communication]</i>	<p>Mr. N Kumar is the Vice Chairman of the Sanmar Group, a multinational US \$1 billion conglomerate headquartered in Chennai, India with manufacturing facilities in India, USA, Mexico and Egypt. The group is engaged in key business sectors - Chemicals (including Speciality Chemicals), Engineering (Products and Steel Castings) and Shipping.</p> <p>He is the Honorary Consul General of Greece in Chennai.</p> <p>Mr. Kumar is on the Board of various public Limited Companies and carries with him over four decades of experience in the spheres of Electronics, Telecommunications, Technology, Management and Finance. Mr. Kumar is the Chairman of National Accreditation Board for Certification Bodies, which is a constituent of Quality Council of India. He is also a member of the Board of Governors of Institute for Financial Management &amp; Research.</p> <p>As a spokesman for Industry and Trade, he had been a President of CII and participated in other apex bodies. He presently chairs the CII Institute of Quality, Bangalore.</p> <p>Mr. Kumar has a wide range of public interest going beyond the confines of corporate management in areas of education, sports, health and social welfare. One special area where he is involved is the Madhuram Narayanan Centre for Exceptional Children.</p> <p>Mr. Kumar is an Electronics Engineering Graduate from Anna University, Chennai and a fellow member of the Indian National Academy of Engineering. He is an avid golfer, a patron of cricket and tennis. He has extensively travelled across the globe.</p>	<p><b>Director:</b></p> <ol style="list-style-type: none"> <li>1. Bharti Infratel Limited</li> <li>2. Entertainment Network (India) Ltd.</li> <li>3. Times Innovative Media Limited</li> <li>4. Take Solutions Limited</li> <li>5. Mphasis Limited</li> </ol>	<p><b>Audit Committee:</b></p> <p><b>Chairman:</b></p> <ol style="list-style-type: none"> <li>1. Entertainment Network (India) Ltd.</li> <li>2. Mphasis Limited</li> </ol> <p><b>Member:</b></p> <p>Times Innovative Media Limited</p> <p><b>Remuneration / Compensation Committee:</b></p> <p><b>Member:</b></p> <ol style="list-style-type: none"> <li>1. Entertainment Network (India) Ltd.</li> <li>2. Times Innovative Media Limited</li> </ol> <p><b>HR &amp; ESOP Compensation Committee:</b></p> <p><b>Chairman:</b></p> <p>Bharti Infratel Limited</p> <p><b>Shareholders'/ Investors' Grievance Committee:</b></p> <p><b>Chairman:</b></p> <p>Take Solutions Limited</p>	928







**MRF**

*Annual Report*

2012-13

# Table of Contents

Chairman's Message	1	Directors' Report	13
MRF Tops J.D. Power Study – for the Tenth Time	2	Management Discussion and Analysis	19
New Product Launches – Mogrip I Steel Muscle	3	Corporate Governance	22
Adding Muscle to the Nation's Security – Aero Muscle	4	Auditors' Report	32
MRF Opens Its 300th Outlet	5	Balance Sheet	36
Speciality Coatings	6	Statement of Profit and Loss	37
MRF Formula Championship 2013	7	Cash Flow Statement	38
Fifth APRC Title for Team MRF	8	Notes Forming Part of the Financial Statements	39
25+ Years of the MRF Pace Foundation	9	Statement pursuant to Sec.212 of the Companies Act, 1956 relating to subsidiaries	64
Racing Ahead	10		
Board of Directors	12	Consolidated Financial Statements	65