

**MRF LIMITED**

Regd. Office:114, Greams Road, Chennai 600 006. CIN : L25111TN1960PLC004306
Ph: 044 - 2829 2777; Fax No. 044 - 2829 5087 E-Mail : mrfshare@mrfmail.com; Web Site: www.mrf tyres.com

CIRCULAR OR CIRCULAR IN THE FORM OF ADVERTISEMENT INVITING DEPOSITS

(Pursuant to section 73 (2) (a) and section 76 and rule 4 (1) and 4 (2) of the Companies (Acceptance of Deposits) Rules, 2014)

1. GENERAL INFORMATION**a. Name, address, website and other contact details of the company:**

MRF LIMITED, 114, Greams Road, Chennai 600 006. CIN : L25111TN1960PLC004306; Ph: 044 - 2829 2777; Fax No. 044 - 2829 5087 E-Mail : mrfshare@mrfmail.com; Web Site: www.mrf tyres.com

b. Date of incorporation of the company:

INCORPORATED AS A PRIVATE LTD COMPANY ON 5th NOVEMBER, 1960 AND CONVERTED INTO A PUBLIC LTD COMPANY ON 10th APRIL, 1961.

c. Business carried on by the company and its subsidiaries with the details of branches or units, if any:

MRF LIMITED - MANUFACTURE AND MARKETING OF AUTOMOBILE TYRES AND TUBES, TREAD RUBBER AND OTHER RUBBER PRODUCTS AND SPECIALITY COATINGS.

THE COMPANY HAS FACTORIES AT 8 PLACES AND DISTRICT OFFICES / BRANCHES AT 137 PLACES THROUGHOUT INDIA AND 3 OVERSEAS OFFICES AS FOLLOWS:

Factories at: Tamilnadu - 3, Kerala - 1, Goa - 1, Telangana - 2, Puducherry - 1.

District Offices / Branches at: Andhra Pradesh - 7, Assam - 4, Bihar - 4, Chandigarh - 1, Chhattisgarh - 2, Delhi - 4, Goa - 1, Gujarat - 8, Haryana - 6, Himachal Pradesh - 1, Jammu & Kashmir - 1, Jharkhand - 3, Karnataka - 9, Kerala - 5, Madhya Pradesh - 6, Maharashtra - 15, Orissa - 4, Puducherry - 1, Punjab - 5, Rajasthan - 11, Tamil Nadu - 14, Telangana - 5, Uttar Pradesh - 11, Uttaranchal - 3, West Bengal - 6.

Overseas Branches at: 1. Queensland, Australia; 2. Deira Dubai, UAE; 3. Ho Chi Minh City, Vietnam

SUBSIDIARY COMPANIES - (1) MRF Corp Ltd., Chennai, Tamilnadu. Factory at Perumbakkam, Chennai, Branches at: a) New Delhi, b) Ghaziabad c) Kolkata d) Mumbai, e) Chennai, f) Bengaluru (2) MRF International Ltd., Chennai, Tamilnadu, (3) MRF Lanka (P) Ltd., Colombo, Sri Lanka, (4) MRF SG Pte Ltd., Singapore.

d. Brief particulars of the management of the company:

The Company is Managed by a Chairman & Managing Director, Managing Director and two Whole-time Directors under the control and supervision of the Board of Directors.

e. Names, Addresses, Din and Occupation of the Directors:

- Mr. K. M. Mammen**, (Chairman & Managing Director), (DIN: 00020202) "Deerhurst", 17, Boat Club Road, 3rd Avenue, R.A. Puram, Chennai - 600 028. Industrialist.
- Mr. Arun Mammen**, (Managing Director) (DIN: 00018558) 11, Boat Club Road, 3rd Avenue, R.A. Puram, Chennai - 600 028. Industrialist.
- Mr. K. M. Philip**, (Whole-Time Director), (DIN: 00021256) 12A, Silver Arch, 66, Nepean Sea Road, Mumbai - 400 006. Industrialist.
- Mr. Rahul Mammen Mappillai**, (Whole-Time Director), (DIN: 03325290) 12, Boat Club Road, 3rd Avenue, R.A. Puram, Chennai - 600 028. Industrialist.
- Dr. K. C. Mammen**, (Director), (DIN: 00019494) Mount Wardha, Kottayam - 686 004. Doctor.
- Mr. Ashok Jacob**, (Director), (DIN: 00018605) 55, Victoria Road, Bellevue Hill, NSW 2023, Australia. Company Executive.
- Mr. V. Sridhar**, (Director), (DIN: 00020276) 51, McNichols Road, Chetpet, Chennai - 600 031. Business.
- Mr. Vijay R. Kirloskar**, (Director), (DIN: 00031253) No. 22-17th Cross, Malleswaram West, Bengaluru - 560 055. Industrialist.
- Mr. N. Kumar**, (Director), (DIN: 00007848) No. 1, George Avenue, Chennai - 600 018. Industrialist.
- Mr. Ranjit I Jesudasan**, (Director), (DIN: 00020181) Old No. 20/1-B, New No. 8, Valliammai Achi Road, Kotturpuram, Chennai - 600 085. Business.
- Dr. Salim Joseph Thomas**, (Director), (DIN: 00033022) Old No. 18, New No. 41, Ethiraj Salai, Egmore, Chennai - 600 008. Doctor.
- Mr. Jacob Kurian**, (Director), (DIN: 00860095) Old No. 21, 2nd Avenue, Harrington Road, Chetpet, Chennai - 600 031. Advocate.
- Mr. M. Meyyappan**, (Director), (DIN: 00836979) "Sabarina", 118, Santhome High Road, Chennai - 600 028. Business.

f. Management's perception of risk factors:

The deposits accepted by the company are unsecured and rank pari passu with other unsecured liabilities of the Company. Low economic growth and infrastructure growth has adversely impacted the Indian automotive industry and consequently, tyre industry is largely impacted by low demand from OEMs and replacement market. Increased supply vis-a-vis lower demand could exert pressure on margins. The company has a proven track record of not having defaulted in payment of interest or repayment of deposits.

g. Details of default, including the amount involved, duration of default and present status, in repayment of:

Statutory dues	: NIL
Debentures and interest thereon	: NIL
Loan from any bank or financial institution and interest thereon	: NIL

2 PARTICULARS OF THE DEPOSIT SCHEME

- Date of passing of board resolution : 26/11/2014
- Date of passing of resolution in the general meeting authorizing the invitation of such deposits : 30/6/2014
- Type of deposits, i.e., whether secured or unsecured : UNSECURED
- (i) Amount which the company can raise by way of deposits from public as per the Act & the Rules thereunder : ₹ 1129.41 Crore
(ii) Aggregate of deposits actually held on the last day of the immediately preceding financial year : ₹ 35.42 Crore
(iii) Aggregate of deposits actually held on the date of issue of the Circular : ₹ 36.06 Crore
(iv) Amount of deposit proposed to be raised from public only including existing & proposed : ₹ 50.00 Crore
(v) Amount of deposit repayable within the next twelve months : ₹ 7.89 Crore

e. Terms of raising of deposits:

NON-CUMULATIVE		CUMULATIVE		Mode of Payment		Mode of Repayment	
Duration	Rate of interest	Duration	Rate of interest				
1 Year	8.50%	3 Years	9.50%	Local Cheques		At Par Cheques	
2 Years	9.00%	(Compounded monthly)		Payable at Chennai			
3 Years	9.50%						

Minimum amount acceptable on Fixed Deposits is ₹ 20,000 under non-cumulative and cumulative schemes. Additional amounts in multiples of ₹ 1000.

Detailed terms and conditions subject to which deposits are accepted by the Company are set out in the prescribed application forms for such deposits.

f. Proposed time schedule mentioning the date of opening of the Scheme and the time period for which the advertisement is valid:

The scheme will be open from 13/02/2015 and the circular / advertisement will be valid till the date of the next Annual General Meeting.

g. Reasons or objects of raising the deposits: To meet the working capital needs of the Company.**h. Credit rating obtained:**

- Name of the Credit Rating Agencies : CARE
- Rating obtained : CAREAAA (FD)
- Meaning of the rating obtained : Highest degree of safety regarding timely servicing of Financial obligations
- Date on which rating was obtained : 7/8/2014

i. Extent of deposit insurance, Name of the Insurance Company, terms of the insurance coverage, duration of coverage, extent of coverage, procedure for claim in case of default etc.

Ministry of Corporate Affairs has extended the time upto 31/03/2015 for providing Insurance Coverage. The same will be complied with before 31/03/2015.

j. Short particulars of the charge created or to be created for securing such deposits, if any:

Not Applicable, since the Company is accepting only unsecured deposits.

k. Any financial or other material interest of the directors, promoters or key managerial personnel in such deposits and the effect of such interest in so far as it is different from the interests of other persons.

The Promoters hold fixed deposits in the Company. Such deposits are governed by the same terms and conditions as is applicable to other persons.

3 DETAILS OF ANY OUTSTANDING DEPOSITS

- Amount Outstanding : ₹ 36.06 Crores
- Date of acceptance : From 15/07/2011 to 25/11/2014
- Total amount accepted : ₹ 36.06 Crores
- Rate of interest : 8.50%, 9.00%, 9.50%
- Total number of depositors : 443 Nos.
- Default, if any, in repayment of deposits and payment of interest thereon, if any, including number of depositors, amount and duration of default involved : NIL
- Any waiver by the depositors, of interest accrued on deposits : NIL

4. FINANCIAL POSITION OF THE COMPANY**a. Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of issue of circular or advertisement:**

FOR THE FINANCIAL YEAR ENDED	PROFIT BEFORE TAX	PROFIT AFTER TAX
30th SEPTEMBER, 2012	833.12	572.36
30th SEPTEMBER, 2013	1226.80	802.21
30th SEPTEMBER, 2014	1338.89*	897.89*

b. Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid on interest paid)

FOR THE FINANCIAL YEAR ENDED	DIVIDEND EQUITY	INTEREST COVERAGE RATIO
30th SEPTEMBER, 2012	250%	8.40
30th SEPTEMBER, 2013	300%	9.42
30th SEPTEMBER, 2014	500%*	8.86*

* Subject to Adoption by the Shareholders at the ensuing Annual General Meeting to be held on 12.02.2015.

c. A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of issue of circular or advertisement:

EQUITY AND LIABILITIES	₹Crore		
	As at 30.09.2014*	As at 30.09.2013	As at 30.09.2012
Shareholders' Funds			
Share Capital	4.24	4.24	4.24
Reserves and Surplus	4513.40	3640.90	2853.56
	4517.64	3645.14	2857.80
Non-Current Liabilities			
Long-Term Borrowings	1198.75	952.46	1102.71
Deferred Tax Liabilities (Net)	235.31	222.31	186.72
Other Long-Term Liabilities	1144.84	1043.23	908.03
Long-Term Provisions	91.85	75.24	87.29
	2670.75	2293.24	2284.75
Current Liabilities			
Short-Term Borrowings	616.25	476.23	528.72
Trade Payables	1139.72	1021.43	939.43
Other Current Liabilities	539.29	552.23	454.33
Short-Term Provisions	313.31	269.07	147.24
	2608.57	2318.96	2069.72
TOTAL ASSETS	9796.96	8257.34	7212.27
Non-Current Assets			
Fixed Assets			
Tangible Assets	3421.65	2964.15	2907.81
Intangible Assets	7.04	5.39	5.99
Capital Work-in-Progress	626.67	359.12	414.65
	4055.36	3328.66	3328.45
Non-Current Investments	151.76	84.68	71.54
Long-Term Loans and Advances	224.27	138.12	57.23
Other Non-Current Assets	42.11	34.89	30.46
	4473.50	3586.35	3487.68
Current Assets			
Current Investments	936.15	821.48	353.17
Inventories	1799.70	1795.29	1645.59
Trade Receivables	1708.47	1556.14	1454.09
Cash & Bank Balances	707.67	330.81	61.10
Short-Term Loans and Advances	136.75	145.14	203.42
Other Current Assets	34.72	22.13	7.22
	5323.46	4670.99	3724.59
TOTAL ASSETS	9796.96	8257.34	7212.27

* Subject to Adoption by the Shareholders at the ensuing Annual General Meeting to be held on 12.02.2015.

d. Audited Cash Flow Statement for the three years immediately preceding the date of issue of circular or advertisement:

A. CASH FLOW FROM OPERATING ACTIVITIES	₹Crore		
	As at 30.09.2014*	As at 30.09.2013	As at 30.09.2012
NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEM	1338.89	1226.80	833.12
Adjustment for:			
Depreciation	423.09	372.93	301.11
Unrealised Exchange (Gain) / Loss	0.82	4.60	-5.39
Reversal of Provision for Diminution in value of Investment	-	-4.98	-
Provision for Doubtful debts written back	0.15	-0.53	-
Interest - Net	190.02	181.88	151.74
Dividend Income	-0.16	-0.15	-0.05
Loss / (Gain) on Sale / Disposal of fixed assets sold	2.52	0.09	-0.37
Loss / (Gain) on Sale of Investments	-13.45	-0.31	-0.01
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	1941.88	1780.63	1280.15
Trade and other receivables	-157.67	-107.40	-81.81
Inventories	-4.41	-149.70	-119.57
Long-Term Liabilities	101.61	135.20	132.28
Trade Payable & Provisions	211.79	121.19	50.33
CASH GENERATED FROM OPERATIONS	2093.20	1779.68	1261.38
Direct Taxes paid	-407.95	-303.33	-238.61
NET CASH FROM OPERATING ACTIVITIES	1685.25	1476.35	1022.77
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	-1242.26	-429.40	-616.19
Proceeds from sale of Fixed Assets	0.26	2.11	0.63
(Purchase) / Proceeds from Investments Net	-162.22	-472.16	-352.01
Investment in Subsidiary Companies	-6.08	-	-
Fixed Deposits with Banks	-407.45	-43.50	-
Interest & Dividend income	33.04	5.88	1.33
NET CASH USED IN INVESTING ACTIVITIES	-1784.71	-937.07	-966.24
C. CASH FLOW FROM FINANCING ACTIVITIES			
(Repayments) / proceeds from Working Capital Facilities (Net)	140.02	-52.49	118.65
(Repayments) / proceeds from Term Loans	330.13	-31.93	2.75
Repayments Term Loans	-83.38	-	-2.13
Repayment of Debentures	-65.00	-	-
(Repayments) / proceeds from Fixed Deposits (Net)	-1.79	-11.70	-
Sales Tax Deferral	-8.66	-6.51	-3.91
Deferred payment Credit	-7.54	-6.96	-6.42
Interest paid	-220.11	-191.19	-148.07
Dividend and Corporate Dividend Tax	-14.89	-12.35	-12.32
NET CASH FROM FINANCING ACTIVITIES	68.78	-313.13	-51.45
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	-30.68	226.15	5.08
CASH AND CASH EQUIVALENTS	255.09	285.77	59.62

* Subject to Adoption by the Shareholders at the ensuing Annual General Meeting to be held on 12.02.2015.

e. Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company : NIL**DECLARATION BY THE DIRECTORS THAT:**

- the company has not defaulted in the repayment of deposits accepted either before or after the commencement of the Act or payment of interest thereon.
- the board of directors have satisfied themselves fully with respect to the affairs and prospects of the company and that they are of the opinion that having regard to the estimated future financial position of the company, the company will be able to meet its liabilities as and when they become due and that the company will not become insolvent within a period of one year from the date of issue of the circular or advertisement.
- the company has complied with the provisions of the Act and the rules made thereunder.
- the compliance with the Act and the rules does not imply that repayment of deposits is guaranteed by the Central Government.
- the deposits accepted by the company before the commencement of the Act have been repaid (or will be repaid along with interest on the due dates and until they are repaid, they shall be treated as unsecured and ranking pari passu with other unsecured liabilities of the company).
- In case of any adverse change in credit rating, depositors will be given a chance to withdraw deposits without any penalty.
- the deposits shall be used only for the purposes indicated in the Circular or circular in the form of advertisement.
- the deposits accepted by the company are unsecured and rank pari passu with other unsecured liabilities of the company.

BY ORDER OF THE BOARD
FOR MRF LIMITED
RAVI MANNATH
COMPANY SECRETARY

CHENNAI, 26th November, 2014