

**MRF LIMITED**

Registered Office : New No. 114 (Old No.124) Greams Road, Chennai 600006

**POSTAL BALLOT NOTICE  
PURSUANT TO SECTION 192A OF THE COMPANIES ACT, 1956**

To,

**The Members of MRF Limited,**

**NOTICE** Is hereby given pursuant to Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, that a resolution under Section 293(1)(a) of the Companies Act, 1956, is proposed to be passed as an Ordinary Resolution through Postal Ballot.

As required under Rule 4 of the said Rules, your consent for the said proposal as contained in the said resolution is sought to be obtained by means of Postal Ballot.

The draft Resolution along with an Explanatory Statement setting out all the material facts and reasons thereto is enclosed.

The Postal Ballot Form for casting your votes is also enclosed.

The Board of Directors has appointed Mr JACOB KURIAN, Advocate as Scrutiniser for conducting the Postal Ballot voting process in a fair and transparent manner.

Please read carefully the instructions printed on the Postal Ballot form and return the form duly completed and signed in the attached self addressed, business reply envelope, so as to reach the Scrutiniser before the **close of working hours (5.30 p.m.) on the 31<sup>st</sup> day of January, 2011**. Please note that any Postal Ballot form(s) received after the said date will be treated as not having been received. No other form or photocopy thereof is permitted. The Scrutiniser will be submitting his report to the Chairman & Managing Director or in his absence, any person authorised by him, after the completion of the scrutiny of the Postal Ballots. The results will be announced by the Chairman & Managing Director of the Company or in his absence, any person authorised by him, on the **4<sup>th</sup> Day of February, 2011 at 3.00 p.m.** at the Registered Office of the Company at New No.114 (Old No.124) Greams Road, Chennai 600006. The results of the Postal Ballot will also be displayed at the said office besides communicating to the Stock Exchanges where the Company's shares are listed.

The ordinary resolution will be declared as passed if votes cast in favour of the resolution is more in number than the votes cast against the resolution.

**The members are requested to consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 (the "Act") including any statutory modifications or re-enactments thereof for the time being in force, and the provisions of the Memorandum and Articles of Association of the Company, and subject to the applicable provisions of the listing agreement entered into by the Company with the Stock Exchanges, and the applicable statutes, guidelines, regulations, approvals, consents, permissions or sanctions of the Central Government, the Reserve Bank of India and any other appropriate and/or concerned authorities, institutions or bodies (the "Approvals"), and such conditions or modifications as may be prescribed by any of them while granting such approvals, which may be agreed to, in its sole discretion, by the Board of Directors of the Company (hereinafter called "the Board" which term shall be deemed to include any committee thereof), consent of the Company be and is hereby given to the Board to sell and transfer the Speciality Coatings division of the Company (herein referred to as the "Undertaking") which is engaged in the business of manufacture and sale of Paints, with all assets (including cash and cash equivalents) and liabilities relating to the same, to MRF Corp Limited, a 100 percent subsidiary of the Company, as a going concern, on a slump sale basis and on such terms and conditions as are negotiated in the best interest of the Company, for a total consideration to be decided by the Board and payable with effect from such date as the Board may think fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and things for completing the sale of the Undertaking, with such modifications as it may deem necessary and expedient in its discretion and to negotiate, finalize and execute the necessary documents and to do all such acts, deeds and things as may be necessary to give effect to this Resolution, including without limitation, to settle any questions, difficulties or doubts that may arise in regard to the sale and transfer of the Undertaking as it may in its absolute discretion deem fit and also to delegate from time to time, all or any of the powers conferred herein to any Committee of the Board or to the Chairman or to any other Director or any other Officer or Officers of the Company".

Chennai  
Dated : 30<sup>th</sup> December, 2010

By Order of the Board,  
RAVI MANNATH  
Company Secretary

Note: Explanatory Statement pursuant to Sections 173 (2) and 192A(2) of the Act, in respect of the above business is enclosed.

**Explanatory Statement as required under Section 173(2) and 192A(2) of the Companies Act, 1956**

Your Company's current business operations comprise of the business of manufacture and sale of tyres and tubes, speciality coatings, conveyor belting and sports goods. It is proposed that the Company's speciality coatings division be sold to MRF Corp Limited, which is a 100 percent subsidiary of MRF Limited ("Purchaser"). None of the Company's other businesses mentioned above are being sold as part of the current transaction.

The business undertaking being sold viz speciality coatings division is engaged in the business of manufacture and sale of paints viz., metal coat paints, durothane, wood coat paints, etc. The sale is proposed to include all assets (including cash and cash equivalents) including the Company's manufacturing facilities at Gummidipoondi, Tamilnadu, and rights to Trademarks relating to the speciality coatings, licenses, lease hold rights together with liabilities relating to the same. In this Explanatory Statement, the business, assets and liabilities being sold and transferred are referred to as the "Undertaking".

Your Board is of the opinion that the proposed sale of the Undertaking is in the overall best interest of the Shareholders since the Board expects rapid growth in the business of the Undertaking with added focus as a separate company.

The consideration for the sale of the Undertaking on a slump sale basis will be decided by the Board in the best interest of the Company. Closing of the transaction is conditional inter alia upon passing of the Ordinary Resolution by the shareholders of your Company, the transfer to Purchaser of certain Governmental Authorizations and Registrations necessary for the operation of the Undertaking, the effective assignment to the Purchaser of certain contracts to which the Company is a party in connection with the Undertaking and there being no material adverse effect in relation to the Business prior to Closing. It is anticipated that Closing will take place in the first half of 2011.

The Board of Directors of the Company has approved the proposal to transfer the Undertaking as above, on a going concern basis, to MRF Corp Limited on the terms and conditions as referred to in this Explanatory Statement.

The proposed Ordinary Resolution gives adequate flexibility and discretion to the Board to finalize the terms of the sale of the Undertaking to the Purchaser in consultation with the Legal Advisors to the Company and experts or such other authority or authorities as need to be consulted in accordance with the normal practice as the Board may deem fit, without being required to seek any further consent or approvals of the members or otherwise, with the intent that the members shall be deemed to have given their approval thereto expressly by the authority of the proposed Ordinary Resolution.

Since the transfer of the Undertaking amounts to sale/disposal of an undertaking of the Company in terms of Section 293(1)(a) of the Companies Act, 1956, the consent of the shareholders is being sought, pursuant to the Section 293(1)(a) and other applicable provisions of the Companies Act, 1956, provisions of the Memorandum and Articles of Association of the Company, the provisions of the listing agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed, and the applicable statutes, guidelines, regulations, approvals, consents, permissions or sanctions of the Central Government, the Reserve Bank of India and any other appropriate and/or concerned authorities, institutions or bodies to sell, transfer the Undertaking and to pass an effective good title to MRF Corp Limited as stated in the Ordinary Resolution. The approvals are sought to be obtained under the provisions of Companies (Passing of Resolution by Postal Ballot) Rules, 2001, through Postal Ballot as set out in the accompanying Notice. The Board of Directors have considered the proposal of sale of the Undertaking to the Purchaser. The Board considers such terms and conditions and the proposal to be fair and reasonable and in the best interest of the Company and its shareholders and your Directors recommend passing of the resolution as an Ordinary Resolution.

Except for Mr K M Mammen and Mr Arun Mammen, no other director is concerned or Interested in the resolution.

Chennai  
Dated : 30<sup>th</sup> December, 2010

By Order of the Board,  
RAVI MANNATH  
Company Secretary