



"Assessing the Market Competitiveness of MRF Tyres: A Comprehensive Feasibility Analysis"

Dr. Siva Prakash J. S, Assistant Professor, School of Management,
Y. Sharath Kumar Reddy, School of Computing,
SASTRA Deemed to be University, Thanjavur, India-613401.

ABSTRACT:

The goal of the feasibility study is to examine MRF Tyres dominant position in the Indian Tyre market. For many years, the well-known Tyre maker MRF Tyres has dominated the market. This research looks into the success and dominance of MRF Company in the Tyre industry by collecting responses from customers.

The research is started by gathering the appropriate financial statements, such as the income statement, balance sheet, and cash flow statement for the given period, in order to conduct research on MRF's financial performance from 2012 through 2022. The success of the company would then be assessed using financial ratios and measures, such as profitability, liquidity, and solvency ratios. Comparing the company's performance to industry benchmarks and competitors would show where it is outperforming or falling short. To evaluate the company's financial performance, trends, strengths, weaknesses, or areas for improvement would be found. The implications of the findings for possible business opportunities and investment opportunities will be examined. The research's results would be presented simply and plainly using visual aids like charts and graphs.

A deeper knowledge of the company's sales and profitability trends over the past ten years could be one of the expected consequences of this study on the financial performance of MRF Tyres from 2012 to 2022. The analysis of MRF's profitability using indicators like net income and profit margins could reveal any patterns or variations in revenue growth. The financial situation and debt levels of the organization, as well as its cash flow and working capital management, might all be examined in this study. The study also assess the company's future growth potential and investment options, as well as compare MRF's performance to industry benchmarks and rivals. In the end, the anticipated study findings may offer insightful information to stakeholders, investors, and the management team of the organization. The research is carried out from the aspects of people collected through the survey conducted to study the reasons for the success of MRF. Then the collected data is analyzed and represented using visual representation tools such as pie charts and line graphs.

KEYWORDS: *Cricket Icons, Profitability, Debt, Regulatory environment, Industry trends, Cash flow, Competitors, Working Capital, Return on Assets, Return on Equity.*

INTRODUCTION:

Understanding a company's financial situation is essential to making wise choices when investing in it. In order to give investors a thorough overview of MRF Tyres financial health, we will dig deeply into the company's financial performance in this research paper. We'll look at important financial indicators like revenue expansion, profitability, debt loads, and cash flow management. We seek to provide insights that can assist investors in making educated decisions by assessing MRF Tyres financial status and comparing it to industry benchmarks and rivals.

It is crucial for businesses to assess their market position to find growth prospects as the tyre industry develops and becomes more competitive. In order to assess MRF Tyres competitiveness in the market, we shall conduct a thorough feasibility analysis in this research report. We seek to offer insights into the strengths and weaknesses of MRF Tyres in the market by studying elements like product quality, pricing tactics, brand recognition, and distribution networks. External elements that affect the tyre market will also be taken into account in our analysis, such as consumer preferences and business trends. In the end, this paper will help you make wise financial selections.

One of the top Tyre-producing companies in India is MRF Tyres. Since its foundation in 1946, it has offered clients all over the world dependable and high-quality Tyres. A number of new technologies have been introduced into the Tyre business by MRF Tyres, which has been at the forefront of innovation. Tyres for automobiles, motorcycles, trucks, buses, and other commercial vehicles are available from MRF Tyres. The emphasis on research and development at MRF Tyres is one of its standout characteristics. The MRF Tyres R&D Centre, a specialized R&D facility they created, is in charge of creating new Tyre technologies and improving already existing ones.

The use of high-performance materials in Tyre manufacturing is a new innovation from MRF Tyres. As a result, Tyres with better grip, handling, and durability have been created. New Tyre designs, like the radial tyre, which offers better fuel economy and a smoother ride, have also been introduced by MRF Tyres. Overall, MRF Tyres emphasis on innovation and research has contributed significantly to the Tyre business. Customers all over the world rely on its goods, and its dedication to quality has elevated it to the position of leadership in the Tyre industry.

With a focus on MRF's financial performance over the time period, this study aims to provide a comprehensive financial analysis of the company. (2012-2022). The study will use a variety of financial ratios, such as profitability ratios, liquidity ratios and solvency ratios, to assess the company's financial performance and health. The research paper's conclusion will be a review of MRF's potential for development and the competitive landscape.

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PROBLEM STATEMENT:

MRF Tyres faces several challenges, including the increase in competition from both domestic and international Tyre manufacturers. With the influx of new players, the market has become highly competitive, leading to price wars and reduced profit margins. Fluctuating raw material prices,

Dependence on the domestic market: Although MRF Tyres has a strong presence in India, it is heavily dependent on the domestic market. The company needs to expand its global footprint to reduce its dependence on the Indian market.

Brand perception: MRF Tyres has struggled with brand perception in recent years. The company has been criticized for its lack of innovation and perceived low-quality products.

OBJECTIVE:

The main objective of the study is to evaluate MRF's financial performance from the year 2012 to 2022. The precise goals include the examination of MRF's success during these years using the ratio analysis to analyze the financial position of the company.

METHODOLOGY:

This study uses a descriptive research methodology to examine MRF's financial performance from 2012 to 2022. The research evaluates a company's liquidity, solvency, profitability, and efficiency using a number of financial analysis methodologies, such as collecting and analyzing the financial statements, conducting the ratio, trend and industry analysis and also comparing with the competitors. The annual reports and financial statements of the company as well as papers and publications from the industry are used to create the analytical data. The study also looked at how the COVID-19 pandemic affected the industry's performance.

ANALYSIS:

Income Statement Analysis:

According to this statistics, MRF Tyres has normally seen constant revenue growth throughout the years, with minor deviations caused by the status of the economy. With the exception of 2020 due to the pandemic, net income has been growing as well.

The percentage change in total income from 2013 to 2022 is 58.75%.

Balance Sheet Analysis:

MRF Tyres' total current assets have steadily increased throughout the years. Total current assets were 4670.99 in 2013, and will be 9944.21 in 2022, representing a 113.48% rise. This expansion can be attributed to the company's efforts to increase production capacity, expand its distribution network, and invest in new technology and research.

Similarly, the company's total non-current assets have increased over time, rising from 3586.35 in 2013 to 12749.19 in 2022, a 255.81% increase. This expansion can be attributed to the company's investments in fixed assets such as land, plant, and machinery, as well as R&D.

However, the company's total current liabilities have increased over time, rising from 2318.96 in 2013 to 6846.71 in 2022, a 195.26% increase. This expansion can be attributed to the company's increased borrowing to fund its expansion initiatives.

The company's total non-current liabilities, on the other hand, have not changed significantly throughout the years, rising from 2293.24 in 2013 to 2069.42 in 2022.

Overall, the increase in current and non-current assets reflects the company's development and investment plans, whilst the increase in current liabilities implies greater borrowing to finance these projects. However, the company's stable non-current liabilities indicate that it has effectively managed its long-term debts.

Cash Flow Analysis:

Except for 2022, when it reported a negative cash flow of -657.37, MRF Tyres has continually earned positive net cash flow from operational operations. The company's net cash flow from operating operations has grown over time, with a large increase from 2020 to 2021 suggesting greater operational efficiency.

The net cash utilized in investment operations has fluctuated over time, with a substantial decline from 2018 to 2019, a slight increase in 2020, and a significant fall in 2021. The net cash utilized in investment activities went positive in 2022, suggesting a cash inflow from investing. This shows that MRF Tyres has been pursuing new business opportunities and acquisitions.

For the most part, the net cash utilized in financing activities has been negative, suggesting that MRF Tyres has been repaying its loans and paying dividends to shareholders. However, the company reported a small positive cash flow from financing activities in 2014, indicating a cash inflow. The net cash utilized for finance operations became positive in 2022, reflecting a cash inflow from financing activities.

Overall, the company's activities have generated positive cash flow, and it has been investing in new projects and acquisitions. In addition, the corporation has been repaying its loans and paying dividends to shareholders, resulting in negative cash flow from financing operations.

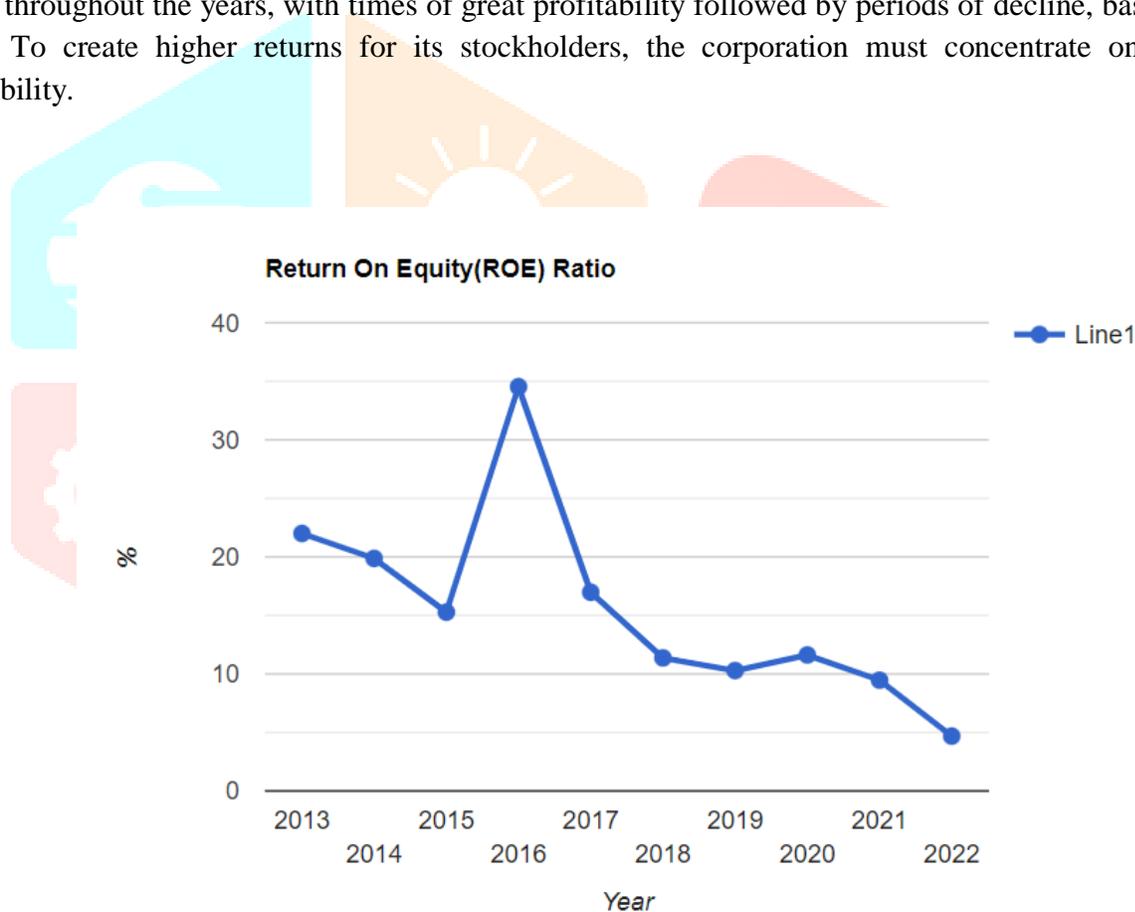
Ratio Analysis:

Return on Equity (ROE) is a financial measurement that calculates net income as a proportion of shareholders' equity. It is an important indication of a company's profitability and how efficiently it uses its assets to create earnings.

Looking at MRF Tyres ROE ratios from 2013 to 2022, there is a history of variation in profitability over time. In 2013, the firm had a comparatively high ROE of 22%, indicating that it was able to earn a large return for its owners. However, the ROE fell to 19.87% in 2014, which is still a good return but indicates a slight drop in profitability.

The downward trend in ROE continued in 2015, with a ROE of 15.28%, a considerable decrease from the previous year. However, the company was able to rebound in 2016 with a ROE of 34.54%, a significant improvement over the previous year. Unfortunately, the company was unable to maintain this level of profitability, as the ROE fell to 16.98% in 2017. In 2018, the ROE fell further to 11.37%, a significant decrease from the prior year. This trend continued in 2019, with a ROE of 10.29% suggesting that the company's profitability fell further.

However, profitability increased slightly in 2020, with a ROE of 11.62%. However, in 2021, the ROE plummeted to 9.47%, indicating a drop in profitability. The trend continued in 2022, with a ROE of 4.69%, suggesting a major drop in profitability and causing alarm among the company's shareholders. MRF Tyres has had a mixed record throughout the years, with times of great profitability followed by periods of decline, based on the ROE ratios. To create higher returns for its stockholders, the corporation must concentrate on increasing its profitability.



The **Total Debt/Equity Ratio** is a financial ratio that gauges a company's debt in relation to its equity. It shows how much debt a firm uses to fund its operations and growth. A lower debt/equity ratio is typically seen to be preferable since it reflects a lower amount of financial risk.

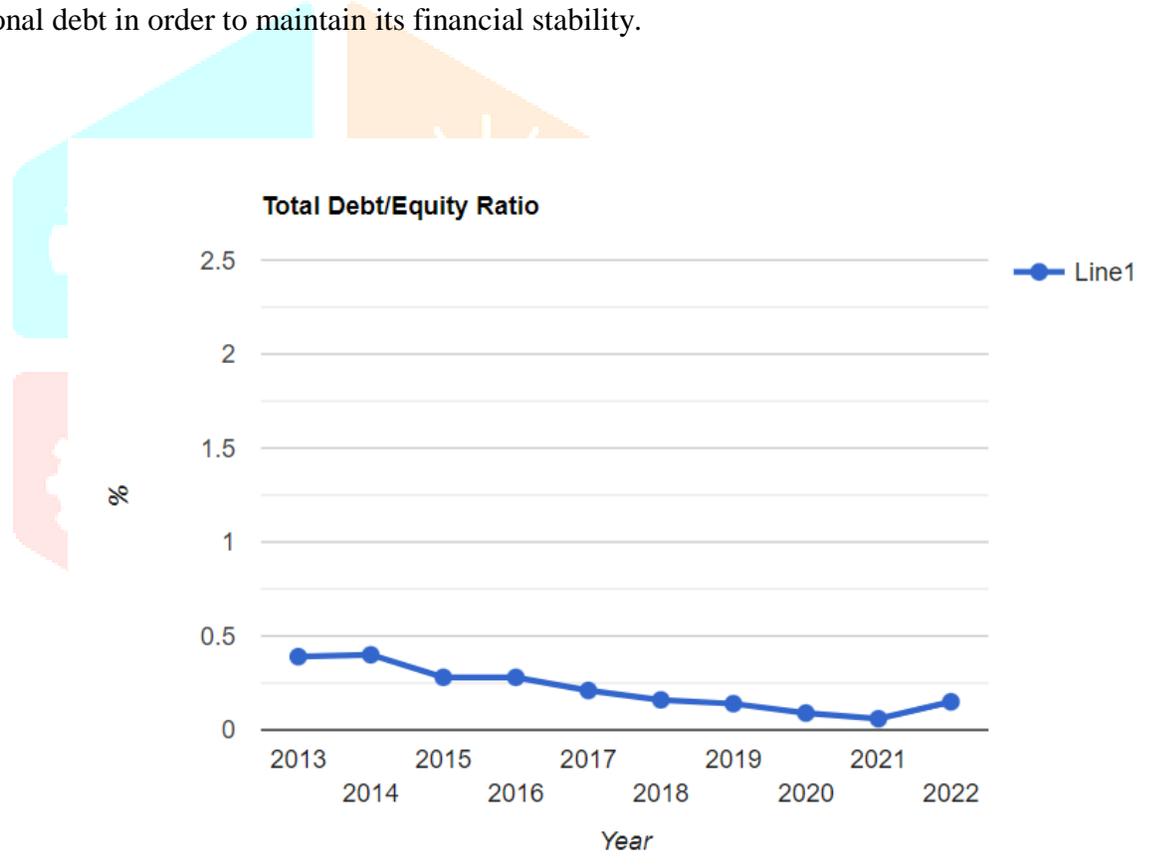
Looking at MRF Tyres total debt to equity ratios from 2013 to 2022, it is obvious that the firm is utilizing less debt to support its expansion and operations.

The company's total debt/equity ratio in 2013 was 0.39%, showing that it had a low amount of debt relative to its equity. This pattern persisted in 2014, when the ratio was 0.4%.

The overall debt/equity ratio stayed reasonably steady at 0.28% in 2015 and 2016, showing that the company's use of debt to support operations and expansion was not expanding. The overall debt/equity ratio fell dramatically to 0.21% in 2017, showing that the firm was becoming less reliant on debt to finance its operations and expansion. The overall debt/equity ratio fell further in 2018 and 2019, hitting 0.16% and 0.14%, respectively. This suggests that the company's financial situation was improving.

The overall debt/equity ratio fell further in 2020 and 2021, hitting 0.09% and 0.06%, respectively. This suggests that the firm was utilizing less debt to fund its operations and expansion, which is a good indicator for investors.

The total debt/equity ratio climbed significantly to 0.15% in 2022, indicating that the firm may have taken on more debt to support its operations and expansion. MRF Tyres has used less debt to support its operations and development throughout the years, indicating a reduced level of financial risk, according to total debt/equity ratios. However, the slight increase in 2022 suggests that the company should exercise caution when incurring additional debt in order to maintain its financial stability.



The **Return On Assets (ROA) ratio**, on the other hand, assesses a company's profitability by measuring the amount of net income earned per dollar of assets. The following is a study of MRF Tyres based on ROA ratios:

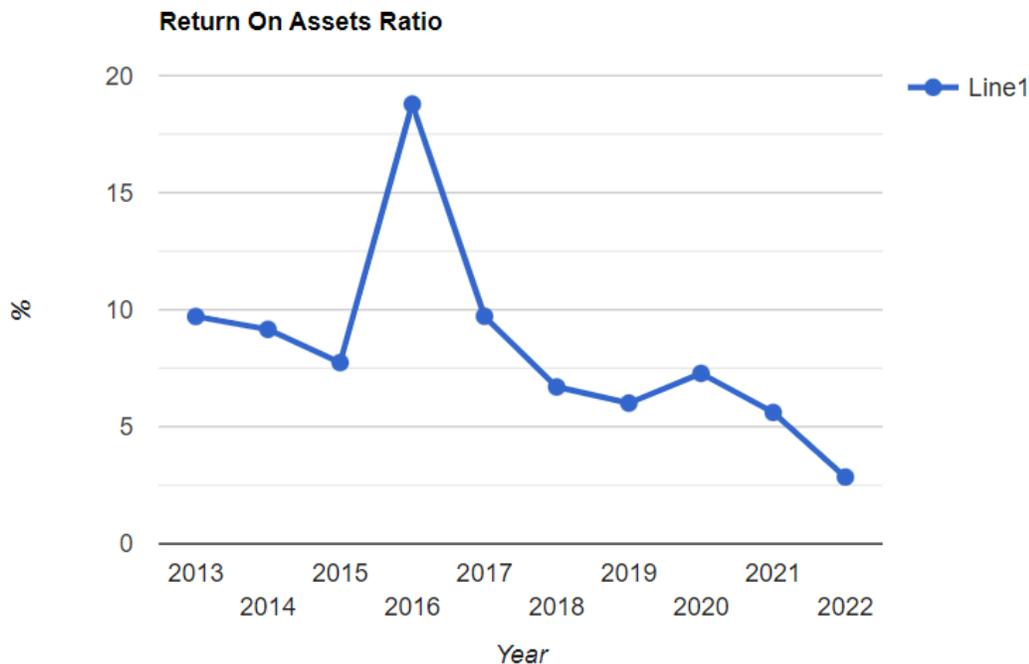
MRF Tyres' ROA ratio has fluctuated throughout the years, reaching a high of 18.78% in 2016 and a low of 2.85% in 2022.

The company's ROA ratio decreased in 2015, falling to 7.74% from 9.16% the previous year. The little increase in 2022 shows that the corporation should exercise caution while incurring new debt in order to retain its financial

health. Following the low in 2015, the ROA ratio steadily improved until 2016, indicating that the company was profitably utilizing its assets.

The ROA ratio has gradually decreased from 2017 to 2022, showing a fall in the company's profitability or a decrease in the efficiency of the company's assets.

Overall, the trend shows that MRF Tyres should work on increasing the company's profitability or better utilizing its assets to create larger returns.



The **Current Ratio** is a financial statistic that assesses a company's capacity to pay short-term commitments using current assets. A current ratio of one or over is typically seen as healthy, showing that the firm has sufficient current assets to meet its short-term commitments.

Looking at MRF Tyres' current ratios from 2013 to 2022, there is a variation in the company's capacity to pay its short-term commitments.

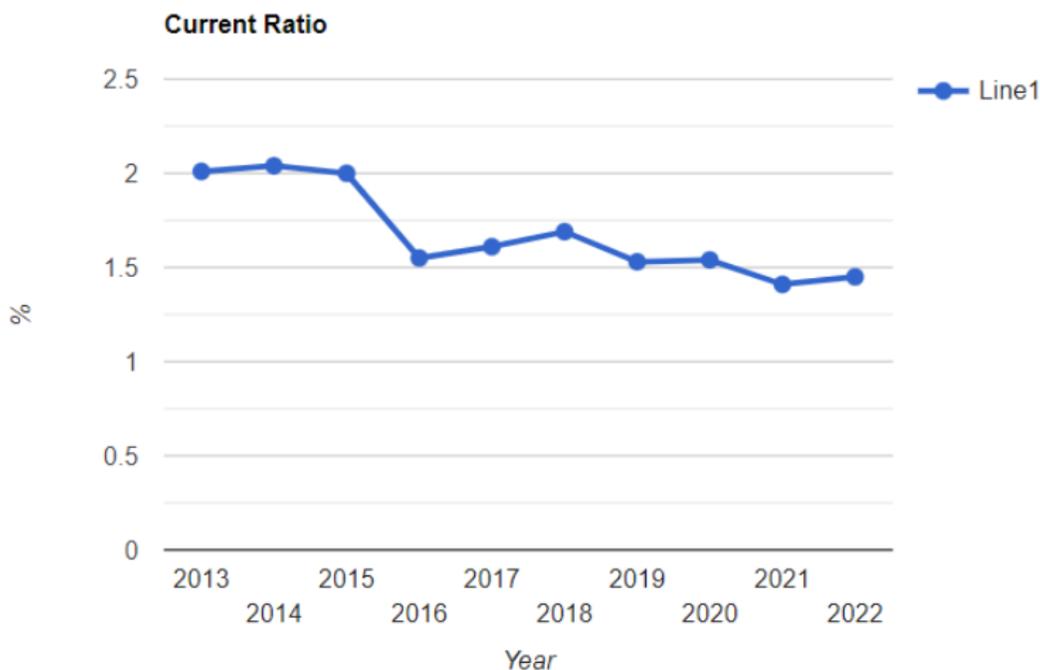
In 2013, the company's current ratio was 2.01%, which is considered good and shows that the company's current assets were sufficient to meet its short-term liabilities. This pattern persisted in 2014 and 2015, with current ratios of 2.04% and 2%, showing that the firm was in good financial shape.

However, the current ratio fell to 1.55% in 2016, indicating that the company's ability to pay its short-term liabilities with current assets was deteriorating. With a current ratio of 1.61% in 2017, the trend continued.

The current ratio increased modestly in 2018 to 1.69%, showing that the company's capacity to meet its short-term commitments was increasing. However, the current ratio fell significantly to 1.53% in 2019, indicating a deterioration in the company's financial position.

The current ratio stayed reasonably constant at 1.54% in 2020. However, the current ratio fell to 1.41% in 2021, indicating a decrease in the company's ability to pay its short-term liabilities. This pattern persisted in 2022, with a current ratio of 1.45%, still below the healthy level of 1.

Overall, MRF Tyres' capacity to pay its short-term commitments with current assets has fluctuated throughout time, according to the current ratios. To guarantee that it can meet its short-term commitments and maintain a solid financial position, the firm must focus on strengthening its current assets.



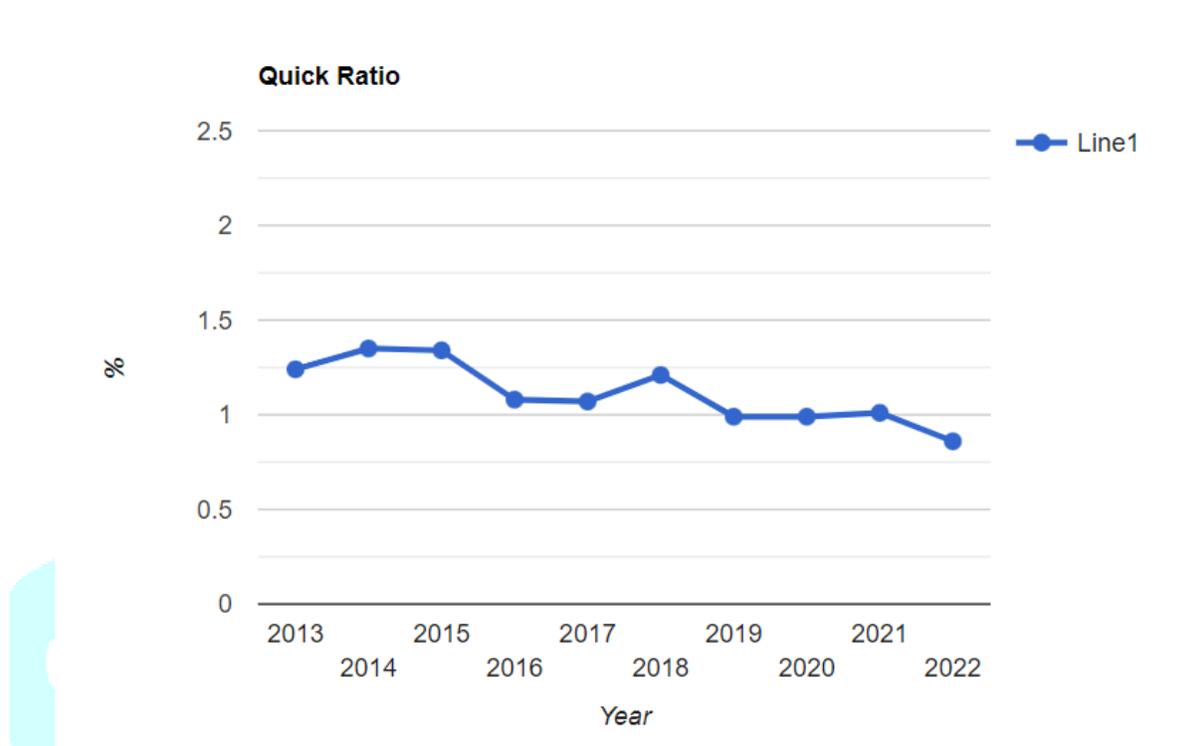
The **Quick Ratio**, also known as the acid-test ratio, is a financial ratio that assesses a company's capacity to pay its short-term liabilities with its fast assets, which are current assets that can be turned into cash rapidly, such as cash, marketable securities, and accounts receivable. A quick ratio of one or greater is regarded healthy, suggesting that the firm has adequate short-term assets to pay its short-term obligations. When the quick ratios of MRF Tyres are compared from 2013 to 2022, there is a pattern of variation in the company's ability to satisfy its short-term obligations with its quick assets. In 2013, the firm had a strong quick ratio of 1.24%, indicating that it had enough fast assets to pay its short-term obligations. This pattern persisted in 2014 and 2015, with fast ratios of 1.35% and 1.34%, showing that the firm was in good financial shape.

However, the quick ratio fell to 1.08% in 2016, indicating that the company's ability to pay its short-term liabilities with its quick assets was deteriorating. With a fast ratio of 1.07% in 2017, this trend persisted.

The quick ratio increased modestly in 2018 to 1.21%, showing that the company's capacity to meet its short-term commitments was strengthening. However, the quick ratio fell significantly to 0.99% in 2019, indicating a deterioration in the company's financial position.

The quick ratio remained relatively constant in 2020 and 2021, at 0.99% and 1.01%, respectively. However, by 2022, the quick ratio had dropped dramatically to 0.86%, well below the healthy threshold of 1.

Overall, MRF Tyres' capacity to meet its short-term liabilities with its quick assets has fluctuated throughout time, according to the quick ratios. To guarantee that it can meet its short-term commitments and maintain a good financial position, the firm must focus on strengthening its fast assets.



The **Inventory Turnover Ratio** calculates the number of times a firm sells and replaces inventory in a particular period to determine how efficiently it manages its inventory. A greater inventory turnover ratio often implies that a company's inventory is selling rapidly, which is a good thing.

The inventory turnover ratio of MRF tyres has fluctuated between 2013 and 2022. The firm had relatively high inventory turnover ratios of 6.76% and 7.33% in 2013 and 2014, showing that it was selling and replacing goods swiftly.

However, the inventory turnover ratio fell significantly to 1.99% in 2015, indicating that the company was keeping its inventory for a longer period of time. This might be due to a slowing in demand or overproduction, both of which could harm the company's financial success.

The inventory turnover ratio rose dramatically to 10.58% in 2016, showing that the firm had improved its inventory management and was selling and replacing goods more effectively.

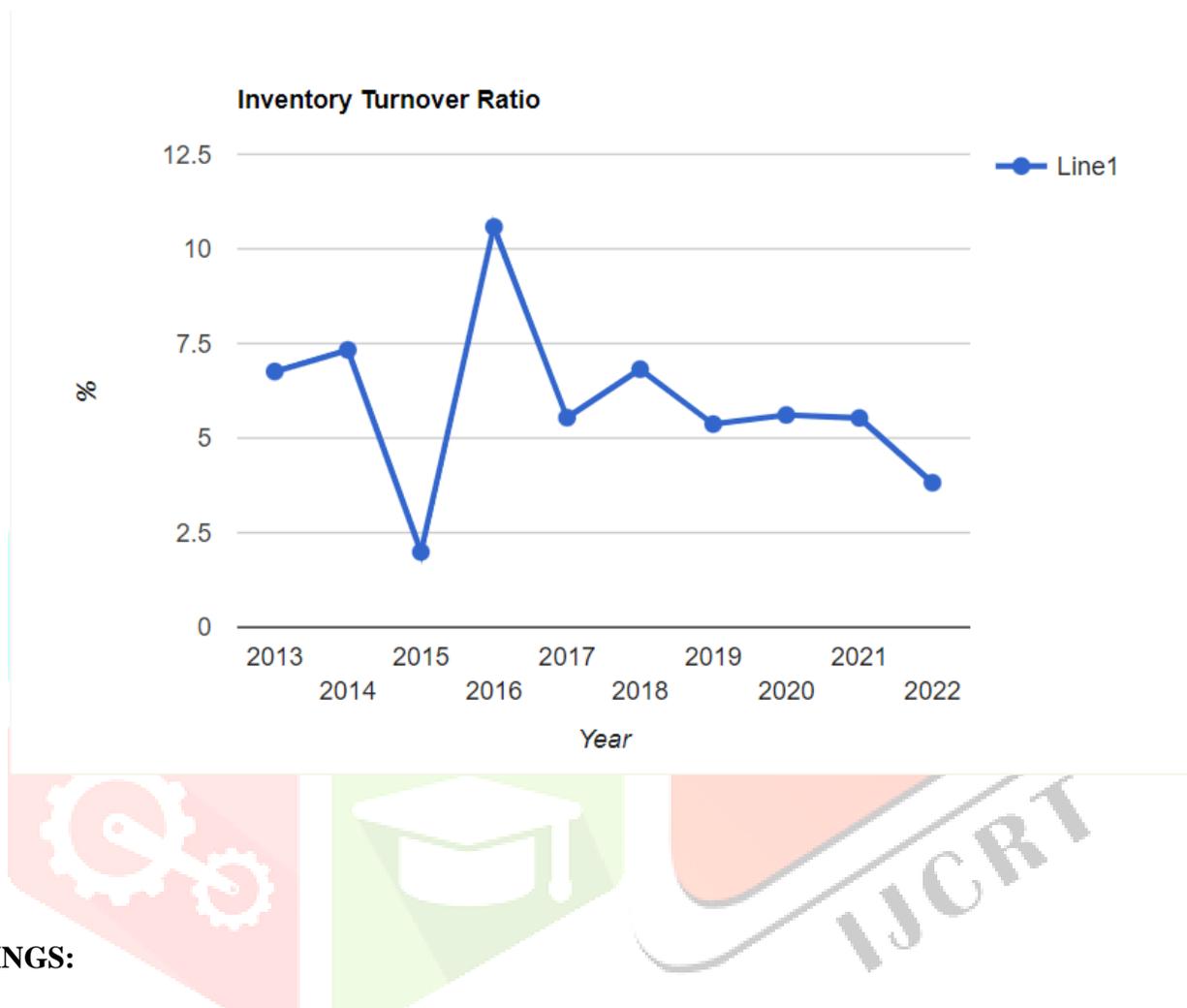
The inventory turnover ratio fell to 5.54% in 2017, showing that the firm was hanging onto its goods for a longer length of time. Inventory turnover percentages were largely steady in 2018 and 2019, with 6.82% and 5.37%, respectively.

The inventory turnover ratios were consistent in 2020 and 2021, at 5.61% and 5.53%, respectively, showing that the firm was still managing its inventory efficiently.

However, the inventory turnover ratio fell significantly to 3.82% in 2022, indicating that the company was keeping its inventory for a longer period of time. This might be due to a number of circumstances, including a slowdown in demand, problems in the supply chain, or overproduction.

MRF Tyres has had a mixed record in terms of inventory turnover percentages throughout the years. While the company has experienced high inventory turnover ratios in some years, it has also experienced low ratios in others.

The big decline in 2022 shows that the corporation may need to reconsider its inventory management practices and change its manufacturing and sales strategy to increase efficiency.



FINDINGS:

- MRF Tyres overall income has grown at a remarkable rate throughout the years, increasing by 58.75% between 2013 and 2022. The rise may be attributable to the company's current assets increasing by 113.48% and non-current assets increasing by 255.81% over the same time.
- However, from 2013 to 2022, the company's total current liabilities increased by 195.26%, while non-current liabilities remained relatively stable. This suggests that the corporation may have taken on additional short-term liabilities, which might cause liquidity concerns in the future.
- With the exception of 2022, the company's net cash flow from operational operations has been constantly positive. This might be reason for concern, and the company's operations may need to be reassessed in order to enhance its cash flow.
- ROE ratios have been unpredictable over the years, reaching highs of 34.54% in 2016 and lows of 4.69% in 2022. This indicates that the company's profitability has been volatile, with a gradual fall in recent years. The firm may need to concentrate on growing profitability by cutting expenses or increasing sales.

- MRF Tyres has kept its current ratio steady, showing that the firm has regularly met its short-term obligations. However, the recent decrease in the current ratio could indicate that the company is experiencing liquidity issues. Quick ratios have also fallen in recent years, indicating a possible weakening in the company's capacity to satisfy short-term obligations. To pay its short-term obligations, the corporation may need to regularly manage its liquidity situation.
- The company's overall debt/equity ratio has continually remained low, suggesting a secure financial situation. The ratio, however, grew somewhat in 2022, which may be reason for concern.
- Inventory turnover percentages have changed over time but have stayed generally steady in recent years, showing that the corporation manages its inventory efficiently. Finally, MRF Tyres has demonstrated impressive growth in total revenue and assets over the years. To retain its financial stability, the firm may need to focus on enhancing its profitability and managing its short-term liabilities. To boost efficiency even further, the organization may need to optimize its inventory management.

RECOMMENDATIONS:

Based on MRF Tyres financial ratios and cash flow statistics, here are some suggestions for improving the company's financial results:

- **Improve ROE:** Since 2016, the Return on Equity (ROE) ratio has been dropping, and it is now at a low of 4.69% in 2022. To boost ROE, MRF Tyres should focus on enhancing profitability and efficiency. This may be accomplished via lowering expenses, boosting income, and optimizing asset utilization.
- **Increase liquidity:** The current and quick ratios have both been dropping over the years, indicating that the firm may be struggling to fulfil its short-term commitments. MRF Tyres should concentrate on strengthening its liquidity position by lowering inventory and building cash reserves.
- **Debt reduction:** MRF Tyres has a low total debt-to-equity ratio, which is a good indicator. However, the ratio has been rising since 2021, and the company should prioritize debt reduction to maintain financial stability.
- **Improve inventory turnover:** Since 2016, the inventory turnover ratio has been falling, indicating that the firm may be storing too much inventory or having difficulty selling its items. MRF Tyres should prioritize inventory management and sales tactics in order to boost inventory turnover.
- **Improve cash flow from operations:** MRF Tyres has a positive net cash flow from operations, which is a good indicator. However, the company should prioritize increasing cash flow from operations by improving profitability and efficiency.

To create improved financial outcomes, MRF Tyres should focus on enhancing its profitability, liquidity, and efficiency. To ensure financial stability, the organization should also prioritize debt reduction and inventory turnover.

LIMITATIONS:

It is challenging to maintain the study's accuracy and validity due to limited access to data. Only a few analytical methods and tools were used in this study.

WAY FORWARD:

Further research can be conducted using a variety of technological and data collection tools such as Google Sheets, combination research, focus groups, qualitative and quantitative methods, and so on.

Other financial statement analysis tools, such as Common Size Statement Analysis, Cash Flow Analysis, and Fund Flow Analysis, can help you better understand MRF's financial situation.

CONCLUSION:

Finally, the financial analysis of MRF Tyres reveals that the company's financial performance has fluctuated over the last ten years. Return on equity (ROE) ratios, current ratios, quick ratios, inventory turnover ratios, and return on assets (ROA) ratios have all seen distinct patterns. Despite these fluctuations, the company has maintained a low level of total debt/equity ratios, indicating that it has effectively managed its debt levels.

For the majority of the years under consideration, the net cash flow from operating activities has been positive, indicating that the company has been generating enough cash from its operations.

However, in most years, the net cash used in investing activities has been negative, indicating that the company has been heavily investing in its operations. In most years, the net cash utilized from financing activities has likewise been negative, showing that the firm has been funding its operations with its own funds. According to MRF Tyres financial analysis, the firm should focus on boosting its inventory turnover rates, which have been dropping in recent years. This might be accomplished through improving inventory management systems and decreasing the amount of outmoded goods. The corporation may also think about lowering its spending in non-core activities and concentrating on its core operations.

Finally, the corporation might look into measures to enhance its net cash utilized in investment by looking into other financing sources or optimizing capital expenditures.

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