

FINANCIAL PERFORMANCE OF MRF LTD

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Abstract- *The study of the research entitled “FINANCIAL PERFORMANCE OF MRF LTD”. Financial performance analysis means establishing relationship between the items in the balance sheet and profit and loss account for determining the financial strength and weakness of the firm. The study entitled to know the financial position of the company that helps in making sound decision by analysing the recent trend. In this study, an attempt is made to identify the financial strength and weakness of the firm by properly establishing relationship between the items in the balance sheet and profit and loss account of MRF Ltd on the past five years. The study aims to analyse the liquidity, solvency position of the company. The changes can be observed by comparison of the balance sheet at the beginning and at the end of a period. The present study attempted to discuss the financial performance of the company. For this purpose, the relevant secondary data extracted from the annual report of MRF Ltd. The Financial statements of MRF Ltd have been collected over a period of 5 years from 2018-2022. Ratio analysis and Comparative Balance Sheet have been used to analyse the financial performance of MRF Ltd.*

I. INTRODUCTION

The Rubber industry has established itself as a major industry in India. In a few years' time India is likely to become the second largest global player in this sector. India ranks high in natural rubber production. It is largely produced in Kerala but its production is growing in North-East India. Both Natural rubber and synthetic rubber play a complimentary role in providing the desired end properties to final rubber products made of it. The share of synthetic rubber in total rubber consumption in India is around 30% while the world average is 65%.

STATEMENT OF THE PROBLEM:

To decide the economic problem, the economic overall performance and evaluation to earn enough profitability to manipulate the right functioning of MRF Ltd. Every attempt has been made to finish relevantly and advise for the overall performance of MRF Ltd. Financial statement is used to judge the profitability and financial soundness of a firm. In this study, an attempt is made to identify the financial strength and weakness of the firm by properly establishing

relationship between items in the balance sheet and profit and loss account of MRF Ltd.

OBJECTIVES OF THE STUDY:

- To analyse the Liquidity and Solvency performance of MRF LTD.
- To evaluate the structure of the balance sheet by Common Size Statement.
- To make a comparative study of the balance sheet of MRF LTD.

II. REVIEW OF LITERATURE:

Dr. D. Siva Sakthi, Ms. R. Selvapriya (2021)¹“A Study on Financial Performance of Apollo tyre” studies the financial overall performance is the tries to decide a security’s feedthrough that specialize in underlying elements that have an effect on a business enterprise and its destiny prospectus on a border scope, it’s favorable to carry out economic overall performance on industries or financial as a whole. Its overall

D. Surjith Jiji, M. Maragatham, P. Mariappan(2021)²“Analyzing the performance efficiency of Rubber Industries in India” The primary goal of this study is to use two stage fuzzy data envelopment analysis approach in Fuzzy environment to assess the efficiency of Rubber Industries functioning in India. By using a hybrid learning procedure, the proposed Fuzzy Inference System can construct an input-output mapping based on the form of fuzzy if-then rules and stipulated input-output data pairs. The analysis of the results shows that some Industries are efficient in terms of production, while others are efficient in terms of marketability.

III. RESEARCH METHODOLOGY

RESEARCH DESIGN:

The present study cover over a period of 5 year from 2017-2018 to 2021-2022.

DATA COLLECTION: SECONDARY DATA

The assessment is based on the secondary data collected from the annual report published by MRF Ltd.

TOOLS USED FOR ANALYSIS

1. Ratios
 - Liquidity Ratio
 - Solvency Ratio
2. Common size statement
3. Comparative statement

IV. ANALYSIS AND INTERPRETATION

COMPARATIVE BALANCE SHEET OF 2021-2022

EQUITY AND LIABILITIES	2021 (In Cr.)	2022 (In Cr.)	Changes (In Rs.)	Changes (In %)
SHAREHOLDERS' FUNDS				
Equity Share Capital				
TOTAL SHARE CAPITAL	4.24	4.24	0	0
Reserves and Surplus	13174.62	13773.03	-589.41	-4.54
TOTAL RESERVES AND SURPLUS	13178.86	13777.27	-589.41	-4.54
	811.76	817.21	-5.45	-0.67
	312.63	350.87	-38.24	-12.23
	211.25	218.67	-7.42	-3.51
TOTAL SHAREHOLDERS' FUNDS				
NON-CURRENT LIABILITIES	378.63	393.30	-14.67	-3.87
	211.25	218.91	-7.66	-3.63
	1925.52	1998.96	-73.44	-3.81
Long Term Borrowings				
Deferred Tax Liabilities (Net)				
Other Long Term Liabilities				
TOTAL LIABILITIES	22259.58	22693.40	-433.82	-1.95
II ASSETS				
I. NON-CURRENT ASSETS	9366.83	9445.06	-78.23	-0.84
Property, Plant and Equipment				
Capital Work-in-Progress	1001.03	1225.81	-224.78	-22.45
Other Intangible Assets	24.31	21.21	3.1	12.75
Financial Assets:				
Investments	1150.34	1155.53	-5.19	-0.45
Loans	2.67	0.82	1.85	69.29
Others Financial Assets	18.94	72.94	-54	-285.11
Non-Current Tax Assets (Net)	252.22	241.77	10.45	-4.14
Other non-current assets	291.42	586.05	-294.63	-101.10
	11816.34	12749.19	-932.85	-7.89
II. CURRENT ASSETS				
TOTAL LIABILITIES	22259.58	22693.40	-433.82	-1.95
II ASSETS				

Trade Receivable	2220.5	4061.72	-1841.22	-82.92
Cash and Cash Equivalents	102.8	114.85	-12.05	-11.72
Bank balances other than cash and cash equivalents	2.54	1.74	0.8	31.50
Loans	6.77	3.18	3.59	53.03
Other financial assets	60.28	766.97	-706.69	-1172.35
Other Current assets	152.77	253.39	-100.62	-65.86
	10151.82	9944.21	207.61	2.05
TOTAL ASSETS	22259.58	22693.40	-433.82	-1.95

INTERPRETATION:

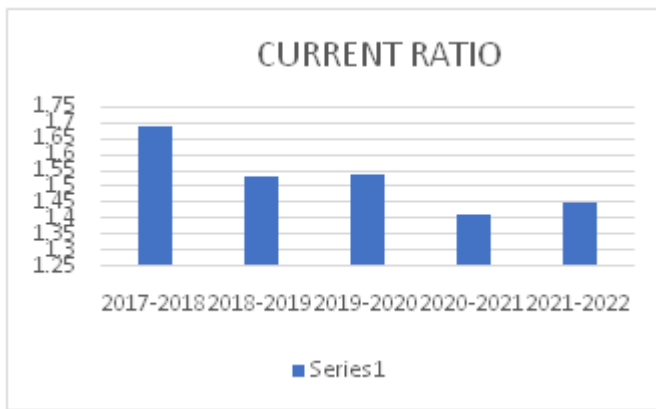
The performance of the company during 2021-2022 is slightly favorable for the company as the company's assets have increased from 22259.58 to 22693.40. The company's liabilities are increased from 22259.58 to 22693.40 but the other current liabilities have been increased from 2039.81 to 2246.29. so, we may say that the company is balanced. When we see investments, they are decreased from 4725.83 to 2509.69 which is 46.89%. in the previous year their borrowings are 40.82% but in current year 58.26%. so, we may say that they hadn't reduced their borrowings.

CURRENT RATIO

Year	Current asset (in Rs Cr.)	Current Liabilities (in Rs Cr.)	Current Ratio
2018	7084.85	4248.44	1.69:1
2019	8520.5	5450.50	1.53:1
2020	7957.81	5175.62	1.54:1
2021	10151.82	7182.50	1.41:1
2022	9944.21	6840.71	1.45:1

INTERPRETATION OF CURRENT RATIO:

The above table shows the current ratio for the year 2017-2022. Current ratio for the year 2017-2018 is 1.69:1 and there is a decrease during the period. It has been decreased to 1.45:1 in 2021-2022. The decrease in the ratio indicates that it may be difficult for the company to pay current liabilities.



DEBT EQUITY RATIO

Year	Long Term Debt(in Rs.Crs)	Shareholder's Fund(in Rs.Crs)	Debt Equity Ratio
2018	6697.60	9604.20	0.70:1
2019	7574.38	10653.30	0.71:1
2020	7149.76	12004.35	0.60:1
2021	9080.72	13178.86	0.69:1
2022	1102.18	13777.27	0.08:1

INTERPRETATION OF DEBT EQUITY RATIO:

The table shows the debt equity ratio. Debt equity ratio for the year 2017-2018 is 0.70:1 and have decreased to 0.08:1 in the year 2021-2022.

