

# **An Organisation Study**

On

**“MRF ”**

Submitted to

**Visvesvaraya Technological University (VTU), Belgaum, Karnataka.**



In partial fulfilment for the award of the degree of

**MASTER OF BUSINESS ADMINISTRATION (MBA)**

Submitted By

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### CERTIFICATE BY THE INSTITUTION

This is to certify that Mr. RAGHAVA S bearing USN 1CR19MBA68 is a bonafide student of Master of Business Administration of our Institution during 2019-21 batch. The organization study report on MRF is prepared by him under the guidance of Mrs. Namitha P Konnur, Assistant Professor, in partial fulfillment of the requirements for the award of the degree of Master of Business Administration, affiliated to Visvesvaraya Technological University, Belagavi Karnataka.

  
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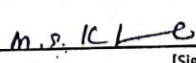
  
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## **DECLARATION**

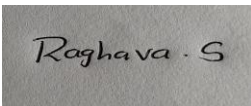
I, **Mr. Raghava S.** bearing **USN 1CR19MBA68** hereby declare that the organization study conducted at **MRF** . is record of independent work carried out by me under the guidance of **Prof Namita P Konnur.** faculty of M.B.A Department of CMR Institute of Technology, Bengaluru. I also declare that this report is prepared in partial fulfilment of the university Regulations for the award of degree of Master of Business Administration by Visvesvaraya Technological University, Belagavi. I have undergone an organization study for a period of four weeks. I further declare that this report is based on the original study undertaken by me and has not been submitted for the award of any degree/diploma from any other University /Institution.

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Date: **27/09/2020**



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**1CR19MBA68**

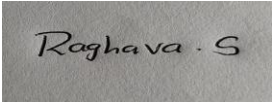
## **ACKNOWLEDGEMENT**

It is gratitude and great pleasure to thank the beloved once for helping and motivating me for doing this Organization report a successful one.

I would like to express my sincere thanks to **Dr. Sanjay jain**, Principal of CMR Institute of Technology, Bengaluru for his valuable support and guidance throughout the course of organization study.

I would like to express my heart-felt gratitude to **Mr. Sandeep Kumar N-** HOD , Dept.of Management Studies CMR Institute of Technology.

I am gratefully thank to my internal guide **Prof.NAMITA** , Department of MBA CMR Institute of Technology, for encouraging me and for the constant support throughout the course of the project and helping me complete it successfully.



Raghava . S

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## **EXECUTIVE SUMMARY:**

As part of the course curriculum of degree of Master of Business Administration of Visvesvaraya Technological University I am required to undertake an organization study in an organization.

MRF Ltd is the most reputed tyre manufacturer in India. MRF is the first Indian company to compete in the international tyre industry. This rich heritage prompted me to choose this company for my study. In MRF Ltd during my four weeks of study I mainly focused on the functioning of various departments and the overall structure of the organization.

The objectives of my study are, to know the tyre industry in general and the organizational structure of the company, various functioning of the company, and different departments of the company.

This report also tells us the Mc. Kensey's 7s Framework that includes Strategy, Structure System, Staff, Style, Skills and also the Shared Values. It also includes the Porter Five Forces model.

We can see the Actual SWOT (Strength, Weakness, Opportunities and Threats) That MRF Company are having or facing. An analysis regarding the Financial Statements (Balance Sheet, Profit and loss a/c and Cash Flow Statement) is been made.

Last but not least the very important stage is the learning experience, We simply not only prepare the report but at the end of the report there is definitely lot of things to learn that maybe presentation of the report, Vocabulary, Methodology used for the research etc. and many more of them.

# CHAPTER:1





## **INTRODUCTION:**

**MRF Limited (MRF)** is an Indian multinational and the largest manufacturer of tires in India and the fourteenth largest manufacturer in the world. It is headquartered in Chennai, India the company manufactures rubber products including tyres, treads tubes and conveyor, belts, paints and toys .MRF also runs the MRF Pace Foundation, Chennai and MRF Challenge in motorsport.



<b>Type</b>	Public
<b>Traded as</b>	BSE: 500290 NSE: MRF
<b>ISIN</b>	INE883A01011
<b>Industry</b>	Tyres Rubber products
<b>Founded</b>	Tiruvottiyur, Madras, Tamil Nadu, India (1946; 74 years ago)
<b>Founder</b>	K. M. Mammen Mappillai
<b>Headquarters</b>	Chennai, Tamilnadu
<b>Area served</b>	Worldwide

<b>Key people</b>	Late K.M.Mammen (Chairman & MD)
<b>Products</b>	Tyres Toys Sports equipment Conveyor belt Paints Coats

### **About The Tyre Industry:**

The tyre industries in India come into existence with establishment of trading outlets by U.S based Fire Stone Tyre and Company in 1922 and followed by Dunlop Rubber Company in 1926. The Indian Tyre industry has witnessed a Cumulative Annual Growth Rate (CAGR) 7.7% over the last decade. Economic expansion, investments and road developments have all contributed to this increase in demand for vehicles. This has helped the growth in the tyre industry. The tyre industry is the major consumer of the domestic rubber production. The tyre industry is mainly dominated by organized sector; the unorganized sector holds in bicycle tyres. The major players in the organized sector consist of MRF, Apollo tyres, Ceat, and J K Industries, which account of the 63% of the organized tyre market.

### **About The Company:**

MRF Ltd was established in the year 1946. The company name is an acronym for “Madras Rubber Factory”. It was started by KM Mammen Mappilai at Thiruvattiyur Chennai. In the year 1951, the company took up the manufacture of trade rubber. MRF Ltd was incorporated towards the end of 1960 and was converted into Public Limited Company in 1961. Since then it has emerged as the largest tyre manufacturer in India and 12 th largest in the world with turnover of Rs 10637 Cr. with capacity of six million tyres from six production units in India. With a profit margin of 1.3% in tyre manufacturing sector, MRF hold 24% of market share. MRF tyres are rolled out of six interdependent facilities, which are built over 450 acres and with over 15,000 dedicated people. MRF has over 3000 strong dealer network with 180 offices. What this means is that the company boasts of the largest range of

tyres in India. from heavy duty truck tyres to 2-wheeler tyres, The MRF Pace Foundation is synonymous with training and teaching the world best fast bowlers.

**Manufacturing facilities in India:**

1. Kottayam Plant in Kerala
2. Puducherry Plant
3. Goa Plant
4. Trichi Radial Plant in Tiruchirappalli, Tamil Nadu
5. Trichi Bias Plant in Tiruchirappalli, Tamil Nadu
6. Arakonam Plant in Tamil Nadu
7. Tiruvottiyur Plant in Chennai, Tamil Nadu
8. Medak Plant in Telangana

**CHAPTER:2**  
**ORGANISATION PROFILE**

## **BACKGROUND:**

Madras Rubber Factory, popularly known as **MRF**, is a major tyre manufacturing company located in Chennai, Tamil Nadu, and India. MRF is mainly involved in making vehicle tyres. It is India's largest tyre manufacturing Company. The company was established in the year 1946. The company name is an acronym for Madras Rubber Factory. MRF Ltd was started by a young pioneer called K.M.MAMMEN MAPILLAI as small toy balloon manufacturing unit in a small shed at Thiruvottiyur in Chennai. Since then over this long golden 60years it has emerged as the largest tyre manufacturer in India. It is also the world's 13th largest tyre manufacturing company. It is one of the largest rubber companies both worldwide and in Indian private sector. MRF holds more than 20% of the market share. It is the only tyre company to straddle the continent with giant manufacturing facilities at Chennai, Arakonam, Kottayam, Goa, Medak, and Pondicherry. The company caters to all vehicle segment from commercial vehicle and passenger cars to 2 -3wheelers and tractors and has a strong presence in both radial and cross ply segments. It is also involved in arrange of other activities via subsidiaries. Funskool India, a joint venture between Hasbro and MRF LTD. Is a major toy manufacturing company in the country. MRF Pre treads offers world class procured tyre retreading service, and MRF Muscle flex is involved in making conveyor belts. It is presently under the leadership of Vinoo Mammen, son of the Late K.M.Mammen Mappillai. It has a distribution network of more than 2500 outlets in the country, overseas offices in United Arab Emirates, Bangladesh and Vietnam and export tyres in over 75 countries globally. MRF LTD. Enjoys of manufacturing the largest range of tyres in India and it has the highest brand preference for superior quality, appearance and wear ability. It manufactures the largest range of tyres in the country and is the market leader with the largest market share in almost every segment of the tyre industry. MRF LTD. is the first Indian company to export tyres to the U.S., the very birth place of the tyre technology. It is also the first company in India to manufacture and market Nylon tyres and passenger tyres commercially. In 2007, the company's turnover crossed INR 50 billion mark. MRF LTD. is the pioneer in motor racing tyres in India. MRF tyres are made to run at speeds exceeding 150kmph, at which they are exposed to extreme conditions of speed and traction. The molecular stability of the rubber compounds is tested against severe gravitational

stress. MRF's tyre experts and rubber technologists are present at every stage to observe, analyze and gather information at the pits and the dirt track, which they pass on to the R & D department. This is then reviewed and used to safer and better quality tyres, not only for the formula cars and racing bikes, but also for cars that rough it out on the tough Indian roads everyday.

## EVOLUTION OF MRF:

### **EVOLUTION OF MRF A race from the birth to success.....**

#### **1946**

A young entrepreneur, K. M. Mammen Mappillai, opened a small toy balloon manufacturing unit in a shed at Tiruvottiyur, Madras (now Chennai).

#### **1949**

Although the factory was just a small shed without any machines, a variety of products, ranging from balloons and latex-cast squeaking toys to industrial gloves and contraceptives, were produced. During this time, MRF established its first office at 334, Thambu Chetty Street, Madras (now Chennai), Tamil Nadu, India.

#### **1952**

MRF ventured into the manufacture of tread rubber. And with that, the first machine, a rubber mill, was installed at the factory. This step into tread-rubber manufacture was later to catapult MRF into a league that few had imagined possible.

#### **1956**

The quality of the product manufactured was of such a high standard that by the close of 1956, MRF had become the market leader with a 50% share of the tread-rubber market in India. So effective was MRF's hold on the market, that the large multinationals had no other option but to gradually withdraw from the tread rubber business in India.

#### **1961**

With the success achieved in tread rubber, MRF entered into the manufacture of tyres. MRF established a technical collaboration with the Mansfield Tire & Rubber Company of USA. Around the same time, it also became a public company. It set up a pilot plant for tyre

manufacture at Tiruvottiyur, Madras (now Chennai). The Chief Minister of Madras Mr. K. Kamaraj released the first tyre from the tyre plant.

### **1963**

On June 12, 1963, India's first Prime Minister, Late Pandit Jawaharlal Nehru laid the foundation stone for the Rubber Research Centre at Tiruvottiyur to commemorate the inauguration of the Tiruvottiyur factory.

### **1964**

With the commissioning of the main plant in 1964, MRF also made progress in the export of tyres. An overseas office at Beirut (Lebanon) was established to develop the export market, and it was amongst India's very first efforts on tyre exports. This year also marked the birth of the now famous MRF Muscleman.

### **1967**

MRF became the first Indian company to export tyres to USA - the very birthplace of tyre technology.

### **1970**

MRF inaugurates its Kottayam unit.

### **1971**

MRF opens its factory in Goa.

### **1972**

MRF's Arakkonam plant is inaugurated.

### **1973**

MRF scored a major breakthrough by being among the very first in India to manufacture and market Nylon passenger tyres commercially.

### **1978**

MRF developed the MRF Superlug-78, a sturdy tyre for heavy-duty trucks. The tyre was a significant improvement over its existing products, and went on to become the country's largest selling truck tyre in later years.

### **1979**

MRF's turnover crossed INR one billion.

**1980**

MRF entered into a technical collaboration with the B.F. Goodrich Tyre Company of USA, which was involved with the development of tyres for the NASA space-shuttle. With this began a significant exercise in quality improvement and new product development.

**1984**

Sales crossed INR two billion. MRF tyres were the first tyres selected for fitment onto the Maruti Suzuki 800 - India's first small, modern car.

**1985**

MRF Nylogrip tyres for two-wheeler vehicles were launched.

**1986**

MRF was selected by the National Institution of Quality Assurance for their most prestigious award. Pitted against 20 tyre companies worldwide, MRF also won 6 Quality Improvement Awards instituted by the B.F. Goodrich Tyre Company from USA.

**1987**

MRF crossed the INR three billion mark and also became the No. 1 tyre company in India. MRF Legend, the premium nylon car tyre was introduced.

**1988**

The MRF Pace Foundation was set up, with international pace bowler, Dennis Lillee as its Director. Not long thereafter, pace bowlers trained at the Foundation were selected for the Indian Cricket Team.

**1989**

1989, MRF was the clear market leader in every tyre segment. Once again, in recognition of excellence, MRF was awarded the Visvesvaraya Award for the Best Business House in South India. MRF collaborated with Hasbro International USA, the world's largest toy makers.

**1997**

MRF launches its first ever F3 car.

**1998**

MRF launches its Super Lug tyre for trucks.

**2000**



MRF Launched ZVTS tyres for passenger cars. MRF launched the Smile campaign on Indian roads.

**2001**

The MRF rally team wins the APRC rally.

**2002**

MRF wins the JD Power award. The MRF Nylogrip Zapper for two-wheelers is launched.

**2003**

MRF wins the JD Power award. MRF registers its second APRC victory.

**2004**

MRF's turnover crossed INR 30 billion mark.

**2005**

MRF wins its third APRC rally.

**2006**

MRF's turnover crosses the 5000 Crore mark.

**2007**

MRF launches ZSLK tyres. MRF launches the Super Lug FS which many users claim to have provided them fuel savings. MRF launches the Super Lug 505 - A premium mileage, rear fitment truck tyre for national highway operations on rated roads. MRF wins the JD Power award. Australian PM visits the MRF Pace Foundation.

## **NATURE OF MRF:**

MRF Ltd gives an insight about the functioning of the different departments. Each department is headed by the general manager who possesses expertise, knowledge in the area under his supervision. There always exists an ergonomic atmosphere which is often made possible by the close interaction between all members in each department. The top management moulds the strategies and policies that make sure that the middle management implements them. Weekly interdepartmental meeting aims at bringing coordination between the different departments. Open forums are held once in a week in all plants where the employees can raise their concerns, suggestions etc.

The various departments headed at MRF Ltd Kottayam are enlisted below:

### 1. Production department:

- Production is the primary function of the company and hence all other functions are support functions. Planning for production process every month, a monthly plan is given to the plant by central planning. Based on the monthly plan-planning department will prepare a simulation plan by dividing the month into 3 segments of 10 day each.

### 2. Production Planning Department:

- Production plan for the coming month will be issued from the Central Planning at Corporate office. Based on this, plant planning in-charge will issue the monthly simulation plan to central planning, plant production and to shipping. Based on the monthly plan and the inventory norms the monthly requirements of raw materials and consumables will be prepared by plant planning and is sent to central planning, Corporate purchase and to Raw material stores. Monthly requirement of raw materials is calculated from software and it is validated every six months.

### 3. Quality Assurance Department:

- Quality is considered as the most effective tool to improve productivity, to achieve cost effectiveness, to improve profitability and market share and to remain competitive in the global market. In the business environment of today, quality impacts not only the products and services but also many other relevant entities such as process, systems, people and organization.

### 4. Technical Engineering Department:

- Technical department at the corporate level carries out R&D activities and the results of those activities are transferred to the plants. Some of the activities carried out at corporate, technical are new moulds, selection and evaluation of new and alternative sources, selection and evaluation of alternative materials, finished product testing and analysis, heat engineering and in problem solving.

### 5. Plant Purchase Department:

The items purchased by the plant can be categorized as follows:

- Items which come under the head capital expenditure.
- Items which come under engineering spares (non-capital expenditure)
- Stationary and miscellaneous items (items which don't come under the preview of raw materials)
- Services (repairing for machinery)

### 6. Raw materials Stores Department:

- Raw material stores will receive a copy of the raw material requirement for the month which is prepared and sent by the plant planning. This is also sent to the central planning and central purchase by plant planning. Based on the requirement, central purchase arranges for procurement of materials and issues a delivery schedule to the plant. Delivery schedule is the schedule by which the supplier will release the specified quantity of raw materials at the specified dates to the plant.

- Raw materials, consumables, fuel etc are received at the factory gate in line with the delivery schedule and plant purchase orders. The documents are verified to ensure that the materials are from approved sources and the correct quality as ordered is delivered.

#### 7. Shipping (dispatch) Department:

- Finished goods will be stored size wise on pallets with transfer slips showing the size, quantity, date of receipt etc. Tractor rear tyres ,truck tyres and such others will be stacked on floor. Stacking norms for finished goods, where ever specified will be followed.
- Shipping will publish Daily Dispatch Simulation Plan and copies of it will be sent to plant planning, central planning and QAD. Daily Dispatch plan is prepared based on simulation plan, allocation plan and urgency as intimated by central planning /marketing, transportation time required, availability of truck, shelf life of the product etc. Trucks are checked before loading to ensure that damages will not occur to goods.
- Daily production Receipts and transfer are fed into computer and reports are generated. Daily details are transmitted to central planning /EDP/Marketing and data are consolidated for report generation and monitoring .Dispatch report is published for every 10 day period. Non moving /slow moving items report is published monthly and distributed to central planning ,plant planning , plant head, marketing etc.
- Shipping coordinates with central planning to get allocation for none moving and slow moving items. Tread rubber/cushion which exceeds the shelf life of 3 months and damaged products/tyres packed with wrong tubes will be given to production.

#### 8.Engineering Department:

Engineering department functions are divided into Mechanical, Electrical,Instrumentation, Civil & Environmental engineering. The main functions are new machinery lay out preparation ,erection and commissioning of new machinery ,preventive maintenance, and other related equipments.

#### 9. Industrial Engineering Department:

- Conducting studies for fixing Standards and Crew Strength in all areas.
- Negotiating of disputes by participating.
- Participating in discussions for setting labor disputes
- Manpower requirement assessment
- Planning o Factory Layout
- Expansion Project Coordination
- Preparation and publication of MIS Reports
- Works related to long term agreement.

#### 10. Safety Department:

Responsibility of this department is to ensure the working ambience to all the personnel within the factory and the premises. The safety officer through the mechanism of audits and subsequent reporting – Feedback, builds in the safety consciousness and the safety culture within the personnel.

Safety policy of MRF:

- “It is the policy of the company that the safety & health of the employees shall be our 1st priority”
- “It is the responsibility of everyone in this organization, regardless of the position he occupies, to ensure that everyone in the factory returns home to his beloved ones without any injury today and every day”
- “We shall observe this policy not only in letter but also in spirit and offer “ACCIDENT FREE SAFE PRODUCTION” for the benefit of one and all.

#### 11. Security Department:

Industrial safety in the public and private sector can be defined as protection of men, materials, machines, buildings, classified information, and the company operations and to provide protective services against fire, theft, damage to the company assets and the installation. Protect the valuables of the company as well of the employees.

### **MISSION:**

MRF is a leader in the Indian tyre industry and a significant global player providing customer delight and enhancing shareholder value. MRF has well defined quality environmental safety and health training and human resource policies. The vision of MRF is “to realize their policies and implement the contents letter and spirit.”

### **VISION:**

It is the vision of MRF to emerge as prominent global player in the field of polymers (plastic and rubber) and make India a global super power in terms of technology and quality of life.

### **QUALITY POLICY:**

The quality policy of MRF is to maintain market leadership through continuous quality improvement. To achieve this goal, all the MRF plants and the corporate office shall pay particular attention to the following:

- Product process improvement by field or plant performance monitoring and prompt service to the customer
- Upgradation of machinery to meet the increasing needs of the customer.
- Continuous training of all employees in order to acquire necessary skills and knowledge.

### **WORK FLOW MODEL:**

**Organisation Structure**  
**Organisation Chart of MRF Corporate Office**

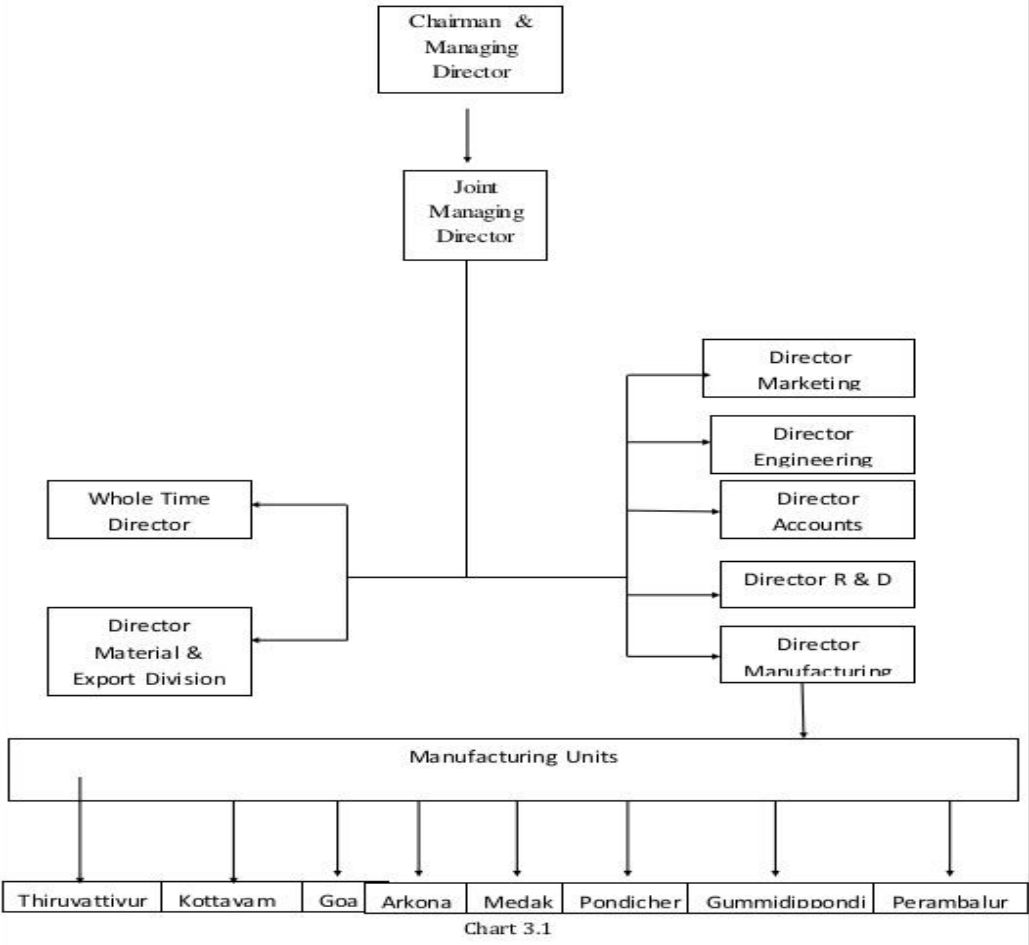
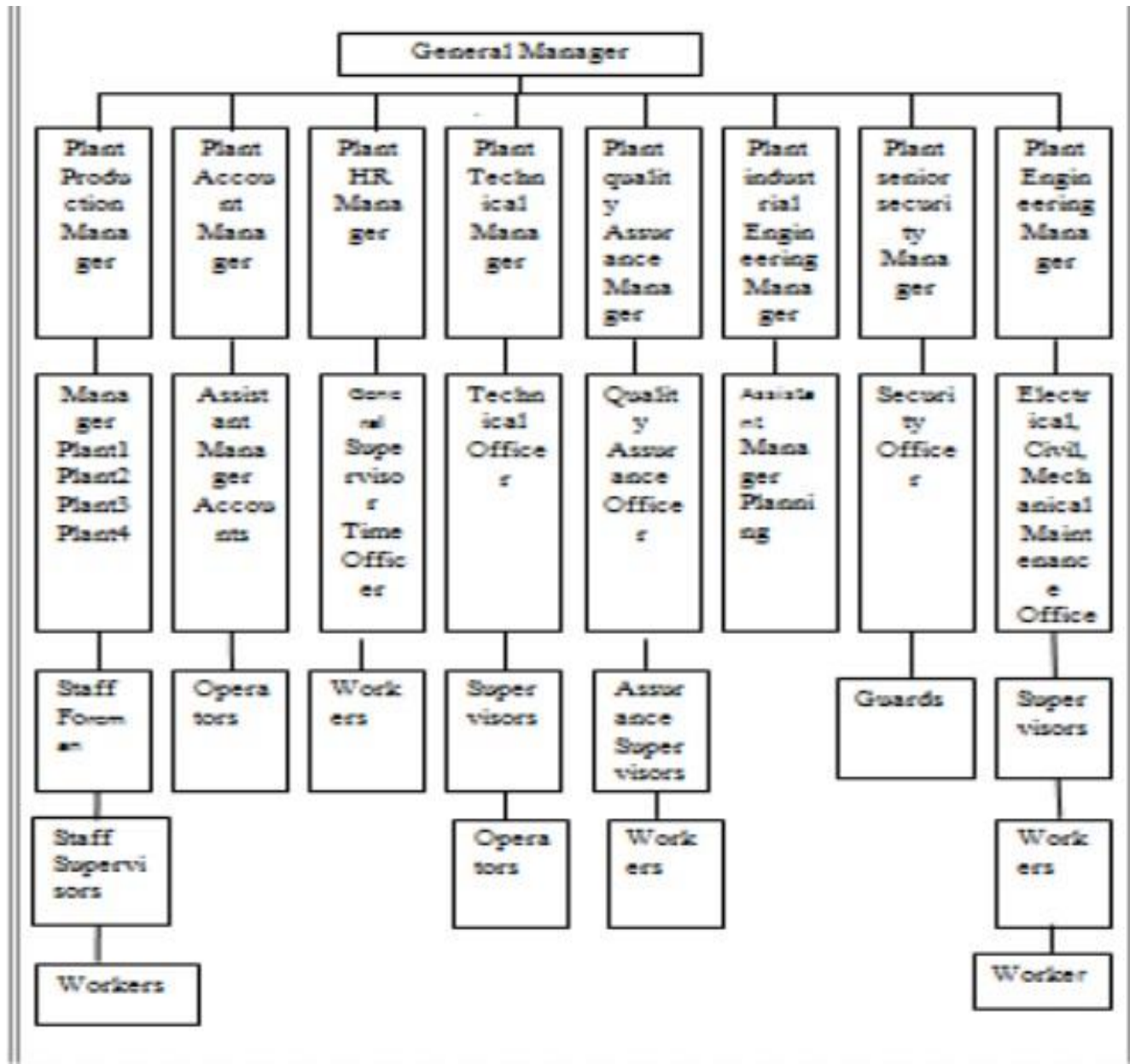


Chart 3.1





## **PRODUCT/SERVICE PROFILE:**

- Tyres manufactures various tyres for passenger cars, two-wheelers, trucks, buses, tractors, light commercial vehicles, off-the-road tyres and aero plane tyres, MRF ZVTS and MRF Wanderers for cars and SUVs, MRF Meteor all terrain tyres, MRF Steel Muscle for trucks and buses.
- MRF ZLX is the latest one which is well known for its comfort in passenger segment
- Conveyor Belting – manufactures its in-house brand of Muscle flex conveyor belts.
- Pre treads – MRF has the most advanced pre-cured retreading system in India. MRF forayed into retreading in 1970 and manufactures pre treads for tyres.
- Paints - manufactures polyurethane paint formulations and coats used in automotive, decorative and industrial applications.

## **PRODUCT RANGE**

Automotive tyres are the main products of the company.

- Truck tyres-tube type and tubeless type
- Light truck tyres
- Special tyres for defence
- Tyre for industrial applications
- Agricultural tractor and tiller tyres
- Off the road tyres-solid tyres and earth mover tyres
- Passenger tyre-bias ply and radial
- 2/3 wheeler tyres
- Specialized tyre for motor rallies

## **NON TYRE PRODUCTS**

- Automotive tubes
- Toys

- Flaps
- Conventional tread rubbers
- Pre-cured tread rubber
- Vulcanizing solution
- Tyre repair materials

**ADDING MUSCLE TO  
THE NATION'S SECURITY.**

**MRF**  
**AERO MUSCLE**



**OWNERSHIP PATTERN:**

<b>Sl.No</b>	<b>HOLDERS NAME</b>	<b>NO.OF SHARES</b>	<b>PERCENTAGE OF SHARES</b>
1.	Promoters	1158263	27.31
2.	Foreign Institutions	265203	6.25
3.	NBank mutual Funds	488533	11.52
4.	Others	1253228	29.55
5.	General public	764649	18.03
6.	Financial institutions	287236	6.77
7.	Foreign Promoter	24031	0.57

## **ACHIEVEMENTS / AWARDS:**

1. **MRF** Brand of Car/SUV tyres ranked Highest in Customer Satisfaction. The 13th win for MRF. MRF won the silver award and is the only Indian company to win this excellence award. MRF won the award for customer satisfaction not once but 12 times till date.



2. Award for the Most customer satisfaction on MRF products.



### **FUTURE GROWTH AND PROSPECTUS:**

MRF plans to increase its revenue to around Rs. 20,000-22,000 crore by 2020-21. To back this target, the company plans to invest around Rs 800-1,000 crore every year on products and brown field expansion. And, it also expects Rs 4,000 crore facility in Gujarat to go live by 2020. MRF's total income for the financial year-ended March 31, 2017, was Rs 15,078.01 crore.

After unveiling Perfinza range of luxury and premium range of tyre, MRF Vice-Chairman and Managing Director (MD) Arun Mammen said that the companies been investing around Rs 800-1,000 crore every year and this will continue.

Koshy K Varghese, executive vice president of marketing, added that the investment will be towards expanding existing facilities, on automation, research & development (R&D) and others. He added, apart from regular capital expenditure, the company is planning to invest

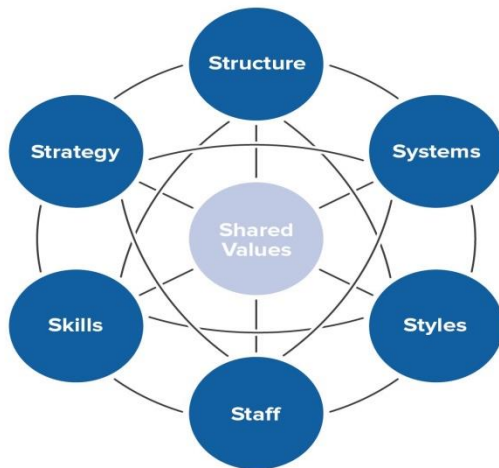
around Rs 2,000 crore to commence Phase-I of the Gujarat facility. MRF's total commitment in this facility is around Rs 4,000 crore. The new facility will produce the full range of tyres.

"The facility will be one of our biggest facilities," said K M Mammen, chairman and MD, MRF. The market leader currently manufactures around 8-9 lakh tyres per month across its nine manufacturing facilities, of which seven are in South India and one in Goa. All these expansions will support the company's revenue target of around Rs 20,000-Rs 22,000 crore by 2020-21, said Mammen. Mammen said that the company has been the market leader for nearly three decades. However, the competition has become stronger with tyre companies increasing their manufacturing capacities. MRF will continue to strive to be the customers' preferred brand in the market by constantly improving product superiority, widening distribution network and ensuring brand dominance across all segments. On Chinese competition, which tyre industry said it is worrying them, Mammen said MRF with its brand position and quality products can take on competitions in any part of the World. Varghese said that the new range of Perfinza tyres will be available in India and later it will be exported. The Perfinza range of hi-speed rated tyres currently available for over 60 luxury and premium cars in India.

**CHAPTER:3**  
**McKenzie's 7s framework**  
**and**  
**Porter's five forces model**



## **MCKENSY'S 7'S FRAMEWORK:**



### **1.STRATEGY:**

- Business is done on promise of high quality.
- It has around 2500 stores and exports to over 65 countries.
- MRF tyres targeted sports to promote its brand.

### **2.STRUCTURE:**

- Organizational Structure
- Structure describes the hierarchy of authority and accountability in an organization. These relationship are frequently diagrammed in organizational charts. Most organizations use some mix of structures- pyramid, matrix or networked ones-to accomplish their goals.

### **3.SYSTEMS:**

- System is the formal and informal procedures, and including the innovation systems, compensation systems, management information systems and capital allocation system that govern everyday activity.

#### **4.STYLE:**

- Management style of MRF is top to down as per the organizational structure.
- Participative style of management has resulted in the development of committed and motivated work force, which is ready to meet the challenges of the future.

#### **5.STAFF:**

- MRF is staffed by 16505 including both administrative and other remaining departments. And it has overall 8 manufacturing plant in India.

#### **6.SKILL:**

- Skill is what the company does best, the distinctive capabilities and competencies that reside in the organization.
- 1. Accounting skill
- 2. Production skill
- 3. Technical skill

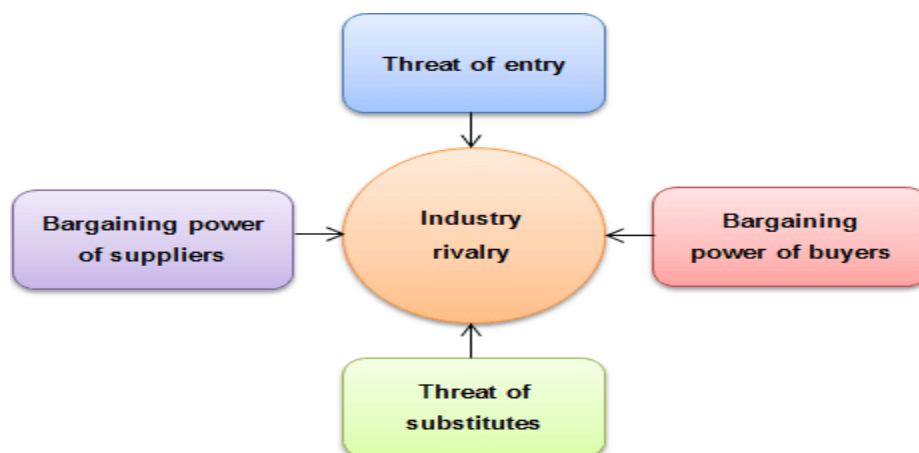
#### **7.SHARED VALUES:**

- Shared values are what engender trust. Values are the identity by which a company is known throughout its business areas. These values must be explicitly stated as both corporate objectives and individual values.

## **PORTER'S FIVE FORCES MODEL:**

Porter's five forces is the frame work for the industry analysis and business strategy development developed by Michael. E. Porter of Harvard Business School in 1979. It draws upon Industrial Organization economics to derive five forces that determine the competitive intensity and therefore attractiveness of a market. Attractiveness in this context refers to the overall industry profitability. Industry is one in which the combination of these five forces acts to drive down overall profitability. Three of Porter's five forces refer to competition from external sources. The remainders are internal threats.

Porter referred to these forces as the micro environment, to contrast it with the more general term macro environment. They consist of those forces close to a company that affect its ability to serve its customers and make a profit. A change in any of the forces normally, requires a business unit to re-assess the marketplace given the overall change in industry information. The overall industry attractiveness does not imply that every firm in the industry will return the same profitability. Firms are able to apply their core competencies, business model or network to achieve a profit above the industry average. The bargaining power of suppliers and the bargaining power of customers. The following figure gives the structure of Porter's five force analysis.



### **1.The threat of the entry of new competitors:**

In tyre Industry the threat of entry of new competitors is very high. Potential entry for new competitors is also the factor to intensify the competition in the industry. A larger pool of new entrants results in more changes of intense competition. Barriers to entry, however can restrict the firms from entering the market, more number of entry barriers will make it difficult for the new entrants to exploit the opportunity of new market. Government policy creates hurdles for new entrants by heavy taxes and interest rates. New firms must get to know the Government regulations and policies before making an entry decision into the country.

### **2.The intensity of competitive rivalry:**

In tyre Industry the intensity of competitive rivalry is high. The ongoing war between the firms competes in the same industry for gaining customer share in order to increase their revenues and profits. The tyre industries which engaged in the production of various types of utensils and vessels compete each other to achieve more market share. The competition is more intense if the firm pursues strategies that give it a competitive advantage over the strategies pursued by its rivals. Developing new strategies is easier than retaining the uniqueness of the strategies so as to gain a competitive edge over the rivals in the industry. Changes in strategy by one firm may be met with retaliatory countermoves, such as lowering the prices, enhancing quality, adding features, providing services, extending warranties and increasing advertising.

### **3.The threat of substitute product or services:**

Firms mostly monitoring the trends within the industry to track the strategies but competition not only arise within the similar industry but also in different industry. Companies in other industry offer products with similar features and functionality or even better act as substitute for the products. MRF tyre face heavy competition with other tyre manufacturing alternatives such as Ceat, Appolo, in respect of price, models distribution channel etc...

### **4.Bargaining power of customers:**

Consumers are the final users of the product; performance of the companies totally depends Upon the consumers. Bargaining power of consumers is more especially when they are huge In number and consumers purchase in large quantity. Rival firms offer discounts, warranty and services to switch the consumer from one brand to another in the same industry. As the

satisfaction level of consumer goes up more the intensity level of competition increases.

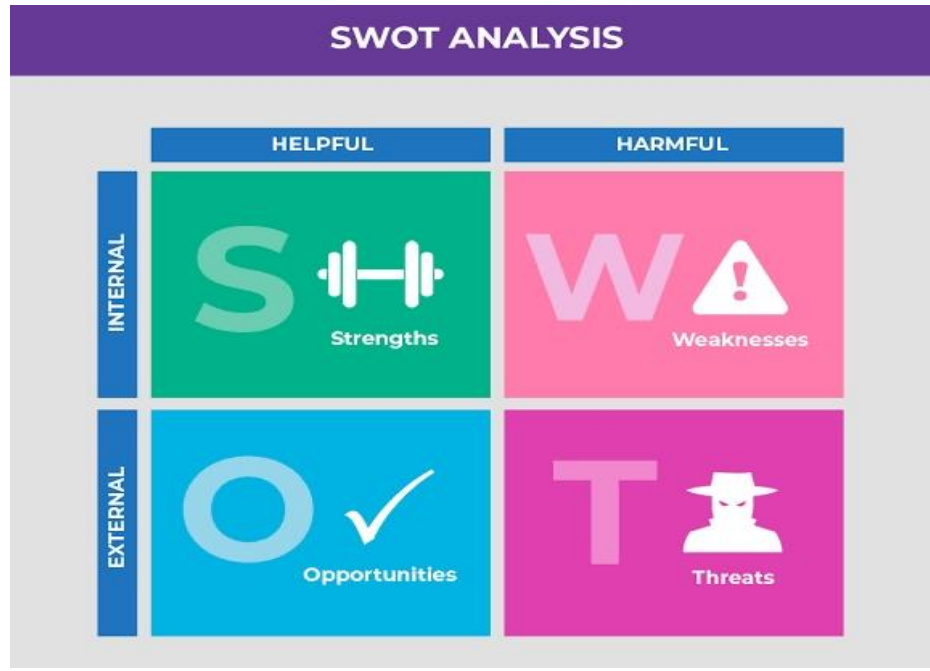
**5.Bargaining power of supplier's:**

Supplier and producer relation always matters especially in manufacturing industries.

Suppliers play an important role in the production of goods and services, making the raw material better and till the final product are made. Bargaining power of suppliers affect the intensity of competition especially if there are huge number of suppliers, less availability of raw material and the cost of switching between suppliers or raw material is high.

**CHAPTER:4**  
**SWOT ANALYSIS**

## SWOT ANALYSIS:



### 1.STRENGTH:

- Company has remained in no.1 position in tyre industry and was the first to reach annual turnover of Rs.5000Crore in India.
- They have 6 manufacturing facilities in India (all in south) in proximity of rubber belt of India, with sales network divided in 4 zones; east(14), west (23), south(33) and north(27 dealers)- very strong and developed distribution network.
- Good export market with company exporting tyres and conveyor belts to 65 countries.
- Complete product portfolio with tyres for all types of vehicles-heavy duty vehicles, SUVs, small & luxury cars, two & three wheelers, conveyor belts, paints & coats and pre treads.
- It enjoys strong brand equity and loyalty of customers.

## **2.WEAKNESS:**

- Volatility in industrial relations. Ex: the labour unrest.
- Intense competition due to presence of other global brands.

## **3.OPPORTUNITIES:**

- Emerging markets and growth of automobile industry.
- More tie-ups with Automobile companies as it's mainly into B2B market.
- Horizontal and concentric Diversification.

## **4.THREATS:**

- Price wars.
- Stiff competition from national and international brands.
- Cheaper technologies.
- Volatility in prices and availability of raw material as India's rubber production is less than its demand.
- Government Policies w.r.t export duties, import duties, tax levied on automobile industries and economic condition of nation as it determines the sale of automobiles.
- Introduction of other transport facilities like metro, monorails and local trains keeping pollution hazards caused by combustion of automobile fuels.



**CHAPTER: 5**  
**ANALYSIS OF FINANCIAL STATEMENTS**

**FINANCIAL STATEMENT ANALYSIS:****BALANCE SHEET - MRF Ltd.**

Rs (in Crores)

Particulars	Mar'20	Mar'19	Mar'18	Mar'17	Mar'16
<b>Liabilities</b>	<b>12 Months</b>	<b>12 Months</b>	<b>12 Months</b>	<b>12 Months</b>	<b>18 Months</b>
Share Capital	4.24	4.24	4.24	4.24	4.24
Reserves & Surplus	12000.11	10649.06	9599.96	8540.18	7156.97
<b>Net Worth</b>	<b>12004.35</b>	<b>10653.30</b>	<b>9604.20</b>	<b>8544.42</b>	<b>7161.21</b>
Secured Loan	1021.02	1463.59	728.37	1086.99	1058.01
Unsecured Loan	.00	.00	819.33	724.67	916.87
<b>TOTAL LIABILITIES</b>	<b>13025.37</b>	<b>12116.89</b>	<b>11151.90</b>	<b>10356.08</b>	<b>9136.09</b>
<b>Assets</b>					
Gross Block	10583.74	9353.43	7935.61	6705.39	5244.55
(-) Acc. Depreciation	.00	2585.91	1860.30	1217.81	650.75
<b>Net Block</b>	<b>10583.74</b>	<b>6767.52</b>	<b>6075.31</b>	<b>5487.58</b>	<b>4593.80</b>
Capital Work in Progress	.00	1403.19	1078.84	846.96	1058.40
Investments	1540.18	3848.39	4146.44	3394.35	3147.39
Inventories	2852.69	2950.93	2172.07	2392.92	1879.74
Sundry Debtors	2257.03	2361.62	2135.92	1959.95	1831.72
Cash and Bank	1106.85	60.07	139.41	274.42	80.45
Loans and Advances	813.62	835.96	553.81	568.94	578.25

<b>Total Current Assets</b>	<b>7030.19</b>	<b>6208.58</b>	<b>5001.21</b>	<b>5196.23</b>	<b>4370.16</b>
Current Liabilities	5786.50	5793.76	4854.33	4310.90	3818.88
Provisions	342.24	317.03	295.57	258.14	214.78
<b>Total Current Liabilities</b>	<b>6128.74</b>	<b>6110.79</b>	<b>5149.90</b>	<b>4569.04</b>	<b>4033.66</b>
<b>NET CURRENT ASSETS</b>	<b>901.45</b>	<b>97.79</b>	<b>-148.69</b>	<b>627.19</b>	<b>336.50</b>
Misc. Expenses	.00	.00	.00	.00	.00
<b>TOTAL ASSETS(A+B+C+D+E)</b>	<b>13025.37</b>	<b>12116.89</b>	<b>11151.90</b>	<b>10356.08</b>	<b>9136.09</b>

<b>PROFIT &amp; LOSS ACCOUNT OF MRF (in Rs. Cr.)</b>	<b>MAR '20</b>	<b>MAR '19</b>	<b>MAR '18</b>	<b>MAR '17</b>	<b>MAR '16</b>
<b>INCOME</b>					
Sales Turnover	15,991.14	15,837.00	15,227.07	14,742.99	22,162.04
Net Sales	15,991.14	15,837.00	14,821.92	13,245.81	19,887.24
Other Income	330.50	417.47	282.48	335.02	321.17
<b>TOTAL INCOME</b>	<b>16,296.76</b>	<b>16,863.07</b>	<b>15,028.36</b>	<b>13,802.91</b>	<b>20,223.36</b>
<b>EXPENDITURE</b>					
Raw Materials	9,484.03	10,607.60	9,304.12	8,023.08	11,660.63
Power & Fuel Cost	0.00	762.93	637.65	580.32	842.05
Employee Cost	1,320.51	1,144.28	1,074.65	983.14	1,258.91
Other Manufacturing Expenses	0.00	0.00	0.00	0.00	0.00
Miscellaneous Expenses	2,838.02	1,381.36	1,199.73	1,038.51	1,418.46
<b>TOTAL EXPENSES</b>	<b>13,642.56</b>	<b>14,200.12</b>	<b>12,475.94</b>	<b>10,881.87</b>	<b>15,537.21</b>
<b>OPERATING PROFIT</b>	<b>2,323.70</b>	<b>2,245.48</b>	<b>2,269.94</b>	<b>2,586.02</b>	<b>4,364.98</b>
PBDIT	2,654.20	2,662.95	2,552.42	2,921.04	4,686.15
PBDT	2,379.94	2,415.16	2,307.25	2,675.52	4,340.71
Depreciation	980.62	806.27	705.34	609.15	734.76

Profit Before Tax	1,399.32	1,608.89	1,601.91	2,066.37	3,605.95
PBT (Post Extra-ord Items)	1,399.32	1,608.89	1,601.91	2,066.37	3,605.95
Tax	4.34	512.02	509.63	615.29	1,132.05
<b>REPORTED NET PROFIT</b>	<b>1,394.98</b>	<b>1,096.87</b>	<b>1,092.28</b>	<b>1,451.08</b>	<b>2,473.90</b>

### **CASH FLOW STATEMENT:**

Rs (in Crores)

Particulars	Mar'19	Mar'18	Mar'17	Mar'16	Sep'14
Profit Before Tax	1608.89	1601.91	2066.37	3605.95	1338.89
<b>Net Cash Flow from Operating Activity</b>	<b>1380.22</b>	<b>2541.49</b>	<b>1790.19</b>	<b>3407.23</b>	<b>1685.25</b>
Net Cash Used in Investing Activity	-	-	-	-	-
<b>Net Cash Used in Investing Activity</b>	<b>1309.83</b>	<b>1982.16</b>	<b>1393.89</b>	<b>3406.22</b>	<b>1784.71</b>
Net Cash Used in Financing Activity	-111.66	-638.89	-295.31	-178.74	68.78
<b>Net Inc/Dec In Cash and Cash Equivalent</b>	<b>-41.27</b>	<b>-79.56</b>	<b>100.99</b>	<b>-177.73</b>	<b>-30.68</b>
Cash and Cash Equivalent - Beginning of the Year	98.79	178.35	77.36	255.09	285.77
Cash and Cash Equivalent - End of the Year	57.52	98.79	178.35	77.36	255.09

## **Analysis**

### **Balance sheet**

The balance sheet is a report of a company's financial worth in terms of book value. It is broken into three parts to include a company's assets, liabilities, and shareholder's equity. Shareholder's equity includes details on equity capital investments and retained earnings from periodic net income. The balance sheet must balance with assets minus liabilities equaling shareholder's equity.

Here we can see that every liabilities are matching with the assets . Here for the year 2020 we can see the assets and liabilities are standing at 13025.37 Crores and 12116.89, 11151.90, 10356.08 and 9136.09 crores respectively for the year 2019,2018,2017,2016.

### **Profit and Loss A/C**

The profit and loss statement is generally prepared and forms part of the accounting documents a limited company and sole trader need to produce to satisfy the tax authorities.

The profit of 1394.98, 1096.87, 1092.28, 1451.08, 2473.90 crores for the year of 2020, 2019,2018,2017,2016.

### **Cashflow Statement**

A cash flow statement is a financial statement that provides aggregate data regarding all cash inflows a company receives from its ongoing operations and external investment sources. It also includes all cash outflows that pay for business activities and investments during a given period.

MRF have a cashflow of 57.52, 98.79, 178.35, 77.36, 255.09 for the year 2020, 2019, 2018, 2017, 2016 respectively.

**CHAPTER: 6**  
**LEARNING EXPERIENCE**

## **LEARNING EXPERIENCE**

It had been privilege to undertake an organization study at “the largest and most profitable company”. It was a wonderful experience and indeed a great learning working in such a company which offers high quality products.

- A part from learning as to how the organization function, its structure, departments, policies and processes the study has opened the doors to explore the organization.
- The commitment of the employees towards quality is great inspiration.
- The cordial relationship between the workers and the management has helped in understanding the fact that, the success of the organization depends not on employee or on management alone but it depends on the combined efforts of both the employees and management.



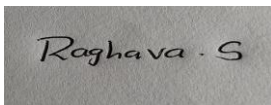
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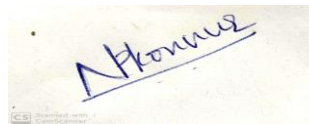
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## WEEKLY PROGRESS REPORT

Student Name	RAGHAVA S
USN	1CR19MBA68
Title of the Study	Organisation study on MRF
Organization	MRF
<b>WEEK-1</b>	
Duration (start date - End date)	<b>6.8.2020 - 12.8.2020</b>
Chapter's covered	Chapter 1 and Chapter 2
Descriptions of activities performed during the week	Introduction to organization, Industry profile and company profile
<b>WEEK-2</b>	
Duration (start date - End date)	<b>13.8.2020 - 18.8.2020</b>
Chapter's covered	Chapter 3
Descriptions of activities performed during the week	McKensy's 7S framework, Porter's Five Force Model.
<b>WEEK-3</b>	
Duration (start date - End date)	<b>19.8.2020 - 26.8.2020</b>
Chapter's covered	Chapter 4 and Chapter 5
Descriptions of activities performed during the week	SWOT Analysis and analysis of financial statements
<b>WEEK-4</b>	
Duration (start date - End date)	<b>27.8.2020 - 30.8.2020</b>
Chapter's covered	Chapter 6
Descriptions of activities performed during the week	Learning experience and Bibliography



**Signature of the Student**



**Signature of the Guide**