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A Comparative Study on Financial Performance Analysis of Apollo Tyres Limited and MRF Limited

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Abstract

This study compares the financial performance of MRF Limited and Apollo Tyres Limited, two leading players in the Indian tyre industry. The main objective of the study is to evaluate and compare their financial strength, profitability, liquidity, and operational efficiency over a selected financial years using ratio analysis. Financial data has been collected from secondary sources such as annual reports, websites of BSE/ NSE. This study focuses on key financial indicators including profitability ratios, liquidity ratios, and leverage ratios to analyse the overall performance of both companies. The findings of the study provide detailed information about which company have better financial stability and efficiency.

***Keywords**: MRF Limited, Apollo Tyres Limited, Financial Performance, Ratio Analysis.*

Introduction

The tyre industry plays a significant role in the growth of the automobile sector and contributes directly to manufacturing growth, and transportation competence. In India, the tyre manufacturing sector has experienced quick growth due to increasing motor vehicle production, rising demand for replacement tyres, better road infrastructure, and growth in logistics and transportation services. The major companies in the Indian tyre industry, Apollo Tyres and MRF Limited have established strong market positions through technological improvement, product diversification, and wide distribution networks. Both companies have significantly influenced the growth of the Indian tyre market while also increasing their business in international markets. Financial performance analysis is crucial tool for evaluating the operational efficiency, profitability, liquidity, and overall financial strength of a company. This study focuses on a comparative financial analysis of Apollo Tyres and MRF Tyres. Both companies are recognized as major players in the Indian tyre industry. The analysis is based on secondary data collected from annual reports, company publications, and financial databases.

Review of Related Literature

Jayashree R, Mythili Priya D and Vijayasri K (2025) study mainly focused on United Tyres with reference to Coimbatore city. Main objective of the study is to evaluate the earning capacity and overall profitability of United Tyres. Study generally based on secondary data which was collected from reliable sources. In the year 2020, gross profit ratio decreased to 37%. In year 2017-2018 Net Profit of the company is 15.60%, but in the year 2018-2019 it was decreased to 14.14 and 13.29. Return on equity ratio for the five years discloses a satisfactory condition of the business. Researcher suggests that, the liquidity position of the company can be used in a better or other effective purpose.

Arun Kumar Gupta researcher analyse profitability of MRF Tyres, Apollo Tyres, and JK Tyres for eight financial years. Gross profit ratio of MRF Tyres decreased throughout the period under study and varied within the range of 24.00% to (0.25%). The gross profit ratio of Apollo Tyres sharply increased to 42.48% during the year 2014-15 but came down to 0.02% in year 2015-16. In case of JK tyres company the ratio of gross profit increased to 9.04% in year 2016-17 but the ratio of gross profit slightly decreased to 7.98 % in year 2017-18. Researcher concludes that gross profit ratio of MRF Tyres and Apollo Tyres were very high while gross profit ratio of JK Tyres is moderate.

Butalal C. Ajmera (2019) main objective of the study is to examine the liquidity position of four selected tyre firms in India. Name of the selected firms are Balkrishna Industries limited. TVS Srichakra limited, Goving Rubber Limited, and JK Tyres Limited. Analysis period of study was 5 years from 2014 to 2018. Current ratio, quick ratio, debt equity ratio and long term debt equity were analytical tools. ANOVA test, mean, standard deviation and coefficient were used as statistical tools. ANOVA test on current ratio shows that all firms have significant difference. ANOAVA test applied on quick ratio of all four selected firms it also shows significant difference. Debt equity ratios of four selected firms have the insignificant difference. Long term debt equity ratio shows significant difference.

S. Venkatesh, W. Infant Emiliya (2024) main objective of the study is to analyse the profitability, liquidity and SWOT analysis of MRF tyres limited. Researcher use combining quantitative and qualitative research methodology approach. Data has been collected from Money Control, Screener, Economic Times, and the company's official reports for five financial years from 2019 to 2023. The financial performance of MRF Tyres Limited shows changes in net profit ratios, with a significant fall in 2022 and 2023 compared to the 2020. Both ROCE and ROA show a declining trend, indicating a decline in efficiency in utilizing capital and assets to make profit.

P. Mohanbabu, R. Kavitha, S. Sathiya (2025) main objective of the study is to analyse the Liquidity Position and profitability of MRF Limited for ten financial year from 2014-15 to 2023–24. The Current Ratio of the company decreased from 2.00 to 1.35 similarly, the Quick Ratio dropped from 1.34 to 0.77. Researcher suggests that Investment in process automation and asset utilization strategies to improve return on assets and equity.

S. Ramya, Porgeetha Angel R., Pavithra S.R. (2018) main objective of the study is to analyse the short-term solvency and liquidity position of the Apollo using ratios. Study is based on secondary data only for 5 financial years from 2013-14 to 2017-18 Combine leverage of Apollo company show decreasing trend from 187.73% in 2013 to 92.95% in 2017. Proprietary ratio of Apollo company was lowest in 2013 0.84 times. Researcher concludes that the overall financial performance of overall financial performance of the company was good with a positive impact although there were some fluctuations.

Research Gap

Existing studies on tyre companies in India have mainly focused on limited firms. There is a lack of comprehensive, long-term comparative studies including advanced financial metrics, post-pandemic data, and systematic models. Additionally, minimal attention has been given to the relationship between liquidity and profitability and the use of advanced statistical tools for deeper financial insights.

Objectives

- To analyse profitability, liquidity, and solvency of both companies using relevant ratios.
- To compare financial performance of both tyre manufacturing company.

Research Methodology

- **Source of data:** The researcher has collected secondary data from annual reports of the company, journals, and Moneycontrol.
- **Period of study:** The study covers a five financial years from 2020-21 to 2024-25.
- **Sample of study:** The study has selected two companies out of all tyre companies in India on the basis of availability of relevant data on website.
- **Research tools:** For analysing financial performance different ratio analysis has been used such as Liquidity Ratios, Profitability Ratios, Solvency Ratios, and Trend analysis.

Data Collection & Analysis

Current Ratio

Table 1: Current Ratio

Financial Year	Apollo Tyre Limited	MRF Limited
2020-21	1.14	1.43
2021-22	1.05	1.46
2022-23	1.11	1.23
2023-24	1.28	1.37
2024-25	1.33	1.50

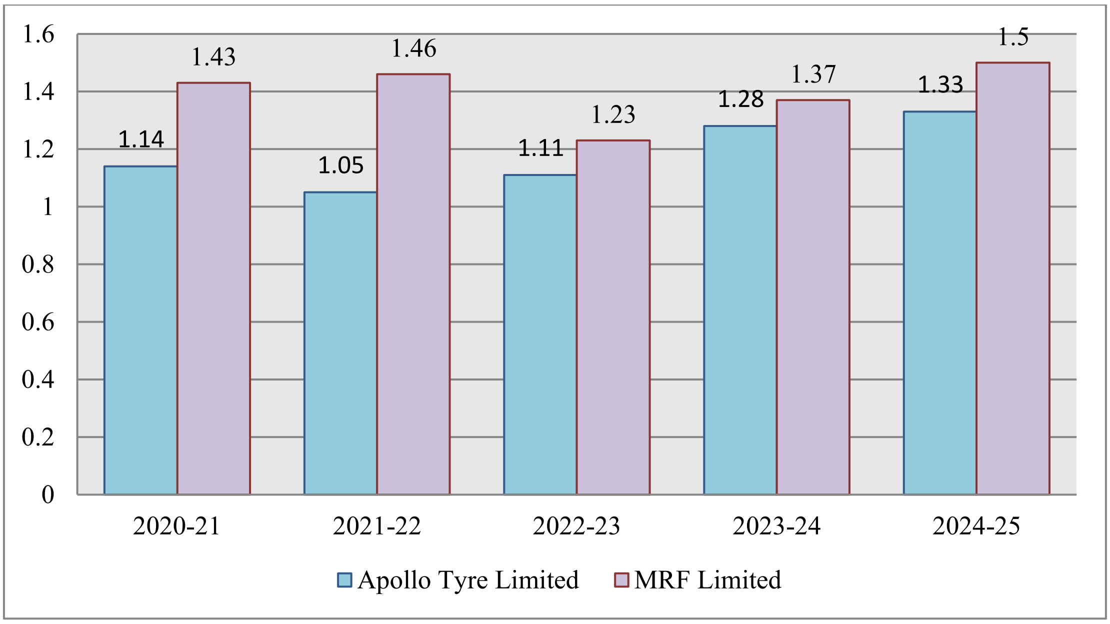

Figure 1: Current Ratio

An analysis of the current ratio divulges that MRF maintained a stronger liquidity position than Apollo Tyres during the study period from financial year 2020-21 to 2024-25. MRF consistently maintained a higher current ratio, indicating a better capability to meet short-term liabilities through current assets. Apollo Tyres showed fluctuations in its current ratio during the initial years which reflect relatively weak short-term solvency. On the other hand, MRF maintained relatively stable liquidity in 2022-23 and achieved the highest ratio of 1.50 in 2024-25. Overall, both companies maintained current ratios above 1, it indicating satisfactory short-term financial health.

Quick Ratio

Table 2: Quick Ratio

Financial Year	Apollo Tyre Limited	MRF Limited
2020-21	0.65	1.02
2021-22	0.50	0.87
2022-23	0.55	0.68
2023-24	0.68	0.79
2024-25	0.64	0.87

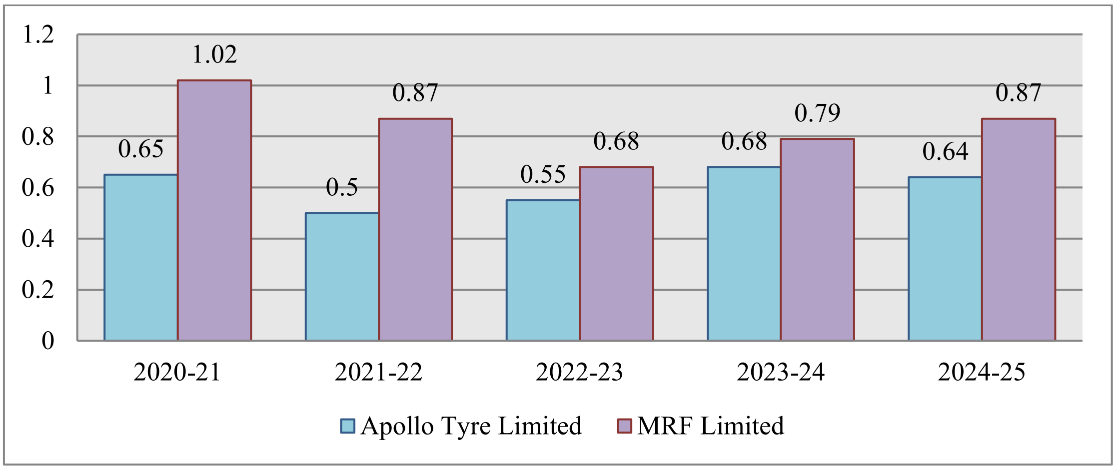

Figure 2: Quick Ratio

The quick ratio analysis of Apollo Tyres and MRF indicates the short-term liquidity position of both companies during financial year 2020-21 to 2024-25. MRF maintained a higher quick ratio than Apollo Tyres during the study period. In financial year 2020-21, MRF maintained the highest quick ratio, while Apollo Tyres reported 0.65. Both tyre companies experienced fluctuation in liquidity over the five financial years. In financial year 2022-23, both companies showed low liquidity. However, both companies improved their ratios in the later financial years. MRF may have better short-term solvency and financial stability than Apollo Tyres. Therefore, MRF had a comparatively strong liquidity position during the study period.

Inventory Turnover Ratio

Table 3: Inventory Turnover Ratio

Financial Year	Apollo Tyre Limited	MRF Limited
2020-21	5.24	5.50
2021-22	3.28	3.79
2022-23	3.33	3.81
2023-24	2.55	3.54
2024-25	5.57	5.58

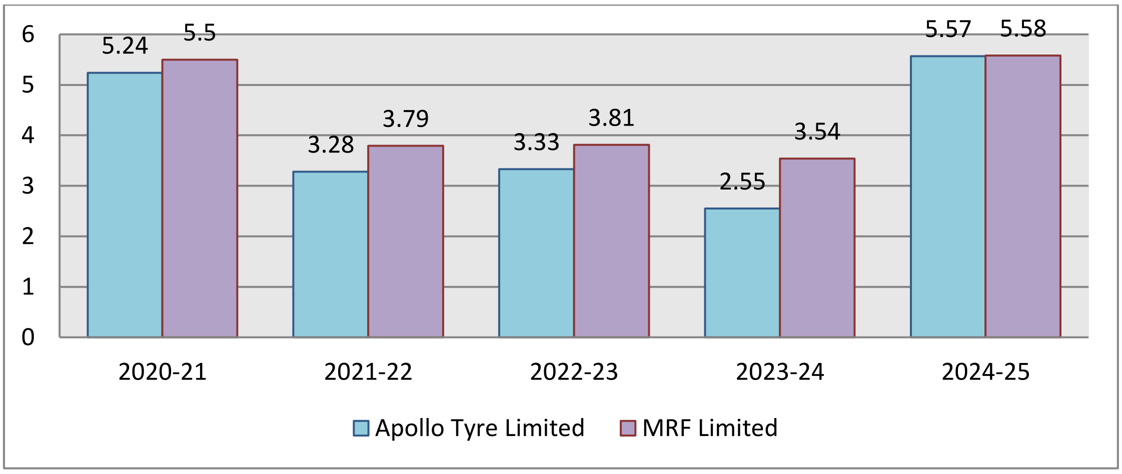

Figure 3: Inventory Turnover Ratio

The Inventory Turnover Ratio of both companies shows the efficiency of inventory management and sales performance. In financial year 2020-21, both companies maintained high inventory turnover ratios. MRF consistently maintained a higher inventory turnover ratio than Apollo Tyre throughout the study period. In financial year 2023-24, Apollo Tyre recorded its lowest inventory turnover ratio, whereas MRF maintained a better position. In financial year 2024-25, both companies disclosed major improvement the improvement on turnover ratio reflects better sales performance and efficient inventory use. Overall, MRF demonstrated more stable inventory management, while Apollo Tyre showed high fluctuations but also achieved strong recovery in the final year.

Gross Profit Ratio

Table 4: Gross Profit Ratio

Financial Year	Apollo Tyre Limited	MRF Limited
2020-21	16.82	19.50
2021-22	12.87	12.25
2022-23	13.65	11.48
2023-24	18.12	18.15
2024-25	14.00	15.95

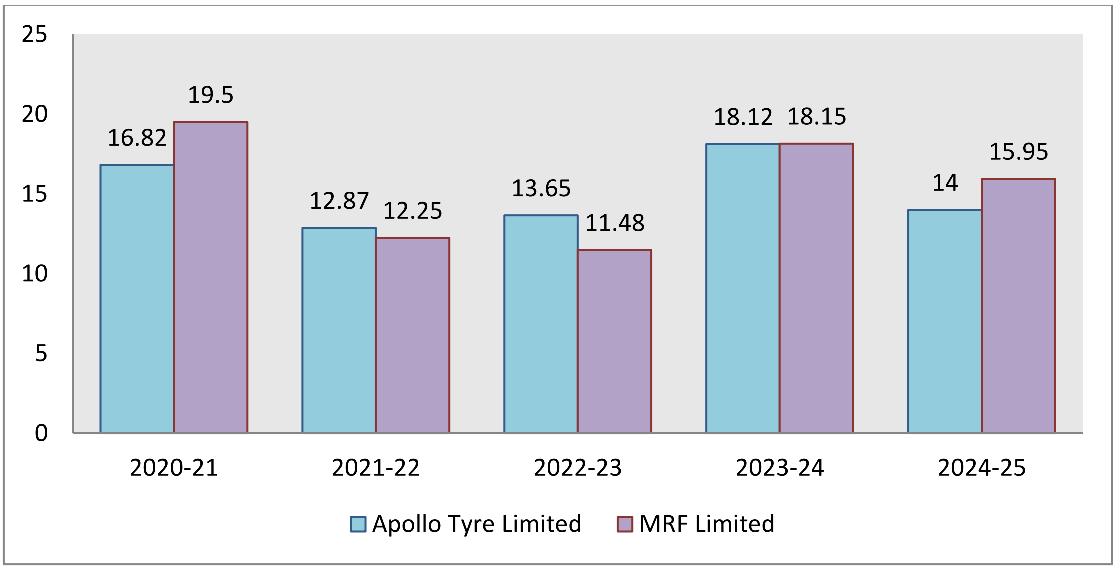

Figure 4: Gross Profit Ratio

In financial year 2020-21, MRF have higher gross profit ratio compared to Apollo Tyre it showing better profitability of MRF tyre. In financial year 2021-22, both companies experienced a decline in the ratio, probably due to increase in raw material and working costs. However, in financial year 2024-25, MRF tyre maintained a higher gross profit ratio than Apollo Tyre. Overall, MRF tyre may comparatively stronger and more stable gross profitability during the study period, while Apollo Tyre showed moderate fluctuations in financial performance.

Net Profit

Table 5: Net Profit Ratio

Financial Year	Apollo Tyre Limited	MRF Limited
2020-21	2.01	7.90
2021-22	3.04	3.46
2022-23	4.49	3.34
2023-24	6.78	8.26
2024-25	2.28	6.63

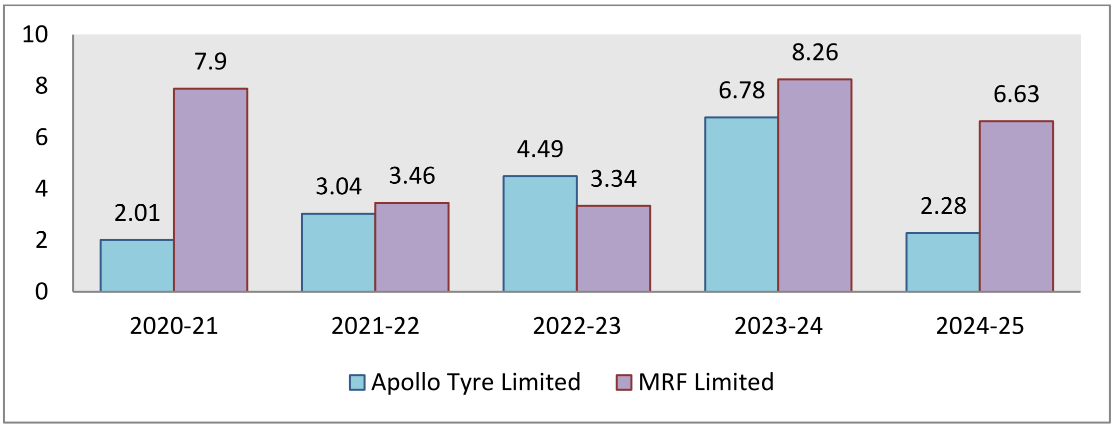

Figure 5: Net Profit Ratio

In financial year 2020-21, MRF recorded a higher net profit ratio compared to Apollo Tyre. It reflects strong profitability and better cost control. In financial year 2021-22, the gap between both tyre companies narrowed as Apollo Tyre improved its net profit ratio to 3.04%, while net profit ratio of MRF declined to 3.46%. In financial year 2024-25, net profit ratio of Apollo Company declined sharply to 2.28%, whereas MRF maintained a comparatively strong net profit ratio. Overall, MRF shows more stable and higher net profitability throughout the study period.

Return on Equity

Table 6: Return on Equity

Financial Year	Apollo Tyre Limited	MRF Limited
2020-21	3.06	9.52
2021-22	5.43	4.76
2022-23	8.57	5.22
2023-24	12.38	12.46
2024-25	7.59	10.11

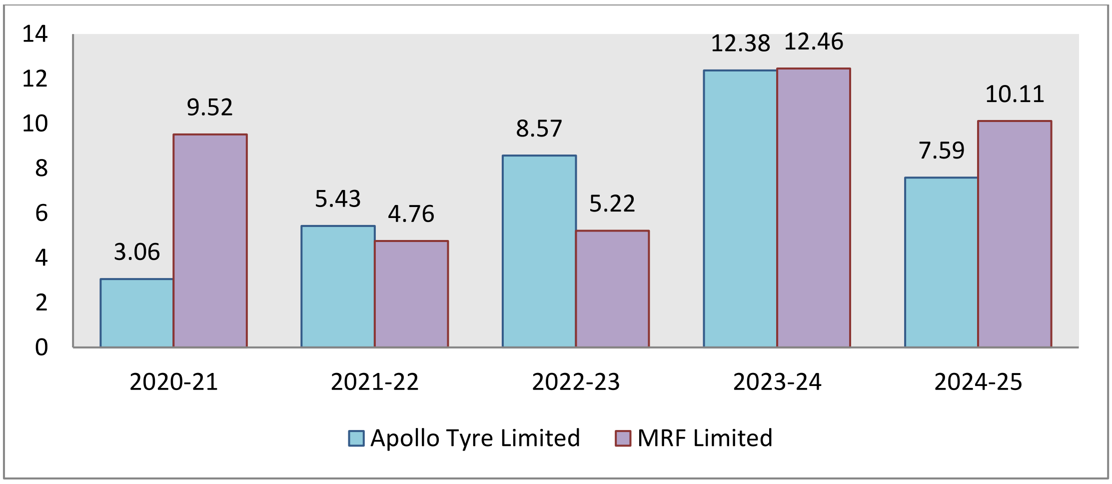

Figure 6: Return on Equity

The Return on Equity (ROE) ratio of both companies shows fluctuations during the study period from financial year 2020-21 to 2024-25 it indicating changes in profitability and shareholders' returns. In financial year 2020-21, MRF covered high ROE as compared to Apollo Tyres. During financial year 2023-

24 both companies achieved almost equal ROE levels, it indicating strong profitability and efficient equity management. But in financial year 2024-25 ROE of Apollo Tyres declined, whereas MRF maintained a strong position. Overall, MRF established comparatively more stable and consistent returns to shareholders throughout study period.

Return on Capital Employed

Table 7: Return on Capital Employed

Financial Year	Apollo Tyre Limited	MRF Limited
2020-21	8.33	13.13
2021-22	6.74	7.21
2022-23	10.00	8.23
2023-24	15.68	16.40
2024-25	10.83	13.77

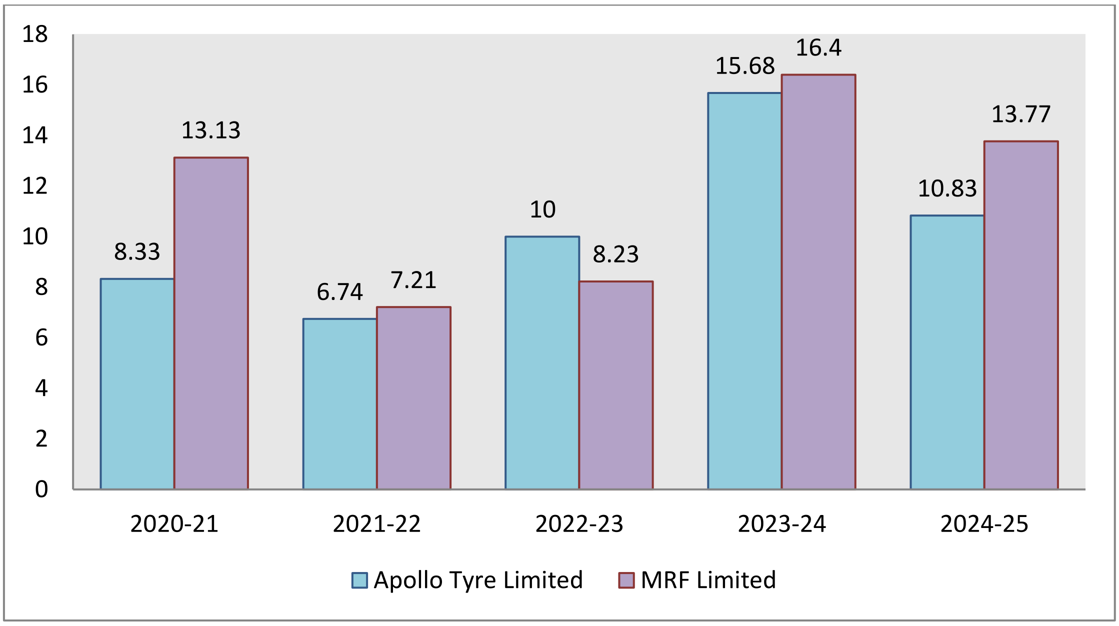

Figure 7: Return on Capital Employed

In financial year 2020-21, MRF achieved a higher ROCE of compared to Apollo Tyres it showing greater working efficiency and better utilization of long-term funds. During financial year 2023-24, both companies achieved their highest ROCE levels. In financial year 2024-25, the ROCE ratio of both companies dropped, but MRF maintained a stronger position as compared to Apollo Tyres. Overall, MRF showed relatively more stable and consistently higher returns on capital employed during the study period, while Apollo Tyres demonstrated significant improvement with some fluctuations.

Return on Assets

Table 8: Return on Assets

Financial Year	Apollo Tyre Limited	MRF Limited
2020-21	1.34	5.65
2021-22	2.39	2.90
2022-23	4.03	3.15
2023-24	6.38	7.75
2024-25	4.10	6.32

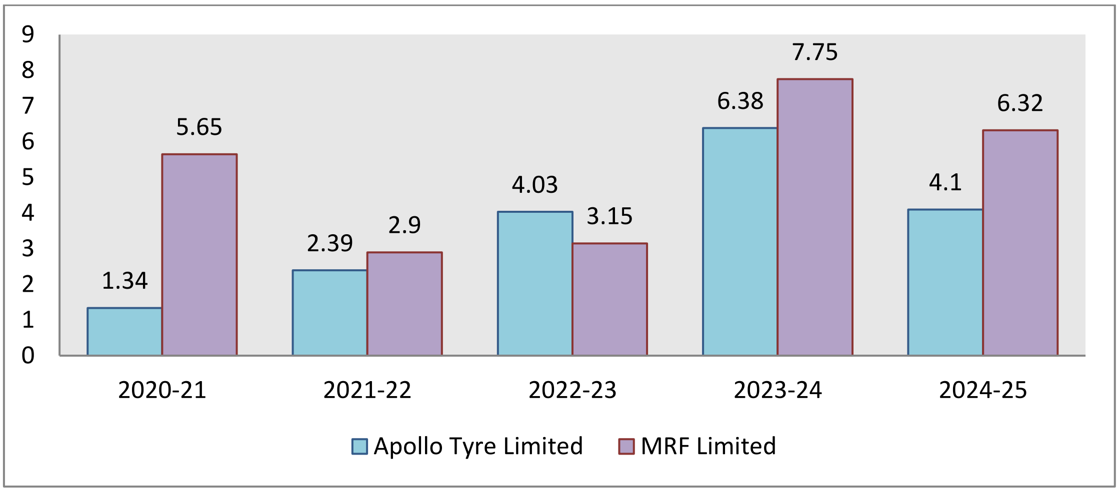

Figure 8: Return on Assets

The Return on Assets (ROA) ratio of both companies reflects the capability of generates profits from their total assets during the study period. In financial year 2020-21, MRF recorded a significantly higher ROA as compared to Apollo Tyres. It indicates better efficiency in utilizing assets to earn profits. In financial year 2023-24, both companies achieved high ROA with Apollo Tyres at 6.38% and MRF at 7.75%. In financial year 2024-25 the ROA ratio of both companies declined. MRF continued to maintain a higher ROA than Apollo Tyres throughout the study period. Overall, MRF demonstrated stronger and more consistent efficiency in generating profits from its assets, whereas Apollo Tyres showed slow progress with some fluctuations. This ratio indicates that MRF managed their total assets more effectively over the long term.

Debt-Equity Ratio

Table 9: Debt-Equity Ratio

Financial Year	Apollo Tyre Limited	MRF Limited
2020-21	0.45	0.13
2021-22	0.52	0.20
2022-23	0.43	0.17
2023-24	0.28	0.12
2024-25	0.23	0.16

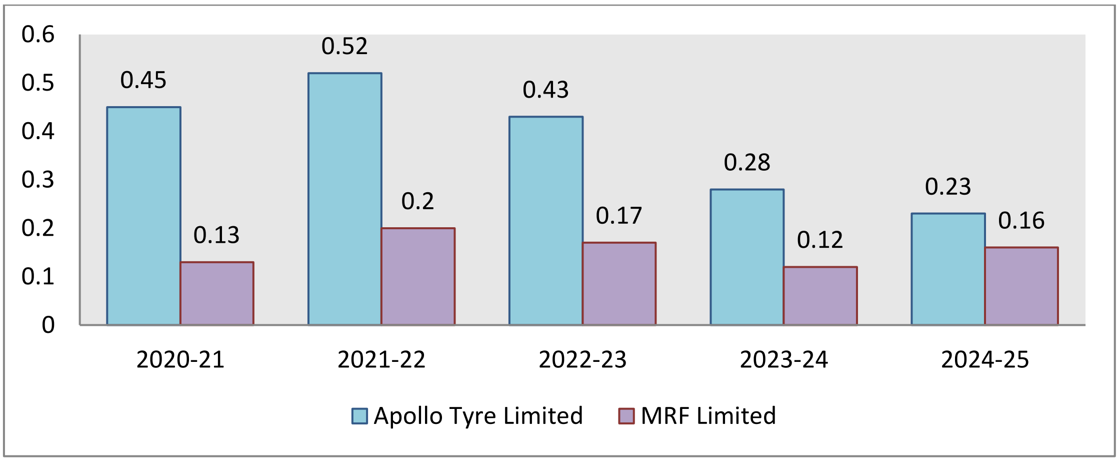

Figure 9: Debt-Equity Ratio

A lower debt-equity ratio reflects lower financial risk and stronger financial stability. During financial year 2020-21, Apollo Tyres recorded a higher debt-equity ratio as compared to MRF. It indicates that Apollo Tyres relied more on borrowed funds for its operations. From financial year 2022-23 Apollo Tyres gradually reduced its debt-equity. Overall, MRF covered a stronger capital structure with minimal dependence on debt, it making the company financially more secure. Debt-Equity ratio of both companies suggests that both companies maintained healthy debt levels, but MRF is financially stronger and less risky during the study period.

Limitations of the Study

- The study depends on publicly available financial reports, industry analyses which may not always provide the most accurate or up-to-date information
- Apollo Tyres and MRF Limited may not use the same accounting methods or reporting standards, which could affect the comparability of certain financial metrics, such as profitability and revenue recognition.
- The study examines financial data from 2020-21 to 2024-25, but market conditions, consumer behaviour, and business strategies could evolve rapidly, making it difficult to predict future performance based solely on historical data.
- The study only focuses on two companies and the result of only two companies may not be generalizable to other food delivery companies.

Conclusion

The comparative study of Apollo Tyres Limited and MRF Limited highlights the overall financial position, operational efficiency, and profitability performance of both companies during financial year 2020-21 to 2024-25. The analysis of various financial ratios such as liquidity ratios, profitability ratios, and solvency ratios specifies that both companies have maintained an important presence in the Indian tyre industry. The study also reveals that MRF Limited has better financial stability and profitability in selected financial years. MRF maintained better liquidity and lower financial risk, which reflects its well established financial structure. On the other hand, growth of Apollo Tyres Limited shows potential and operational improvement in certain years. The fluctuations in profitability and higher dependence on borrowed funds affected its financial dependability.

Suggestion

- Both companies should continue investing in advanced technology, automation, and research & development to improve quality of product.
- Digital marketing strategies and online distribution channels should be enhanced to improve customer reach and brand visibility.
- Effective inventory control and working capital management can help reduce operating costs and improve financial stability.
- Both tyre companies should monitor financial ratios and market trends on a regular basis for better decision-making.

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