A Study on the Financial Statement Analysis of Selected Indian Tyres Companies

Dr. R. Jayanthi

Associate Professor, Vidhya Sagar Women's College, Department of Commerce, G.S.T. Road, Vedanarayanapuram, Chengalpattu – 603 111, Kancheepuram District, Tamil Nadu, India

Abstract: ***Tyre Industry is one of the mature and seasoned sectors in India. The industry has been a prominent ally in the Government's developmental agenda ever since independence and especially after economic liberalization. The tyre industry provides the wheels on which an economy rides. India tyre market reached a consumption volume of 184 Million units in 2018. India represents the fourth largest market for tyres in the world after China, Europe and the United States. In India, the market is currently being driven by increasing radialization of tyres especially in buses and trucks. Moreover, the tyre industry consists of a vast consumer base; they are used in all type of vehicles which include passenger cars, buses, military vehicles, motorcycles, trucks, etc. The demand of tyres is primarily catalyzed from two end-user segments - OEMs and the replacement segment. The Replacement market currently dominates the tire market accounting for most of the total sales. Demand by the OEM segment is driven by new automobile sales trend, whereas, the replacement market is linked to the usage patterns and replacement cycles. The market for tyres is quite concentrated in India with the top 10 manufacturers accounting for around 80 per cent of the total market. MRF, Apollo Tyres, CEAT Tyres and JK Tyres currently represent the top players in this market. Globalization has led to the linking of the economies of all the nations and therefore major Indian players in the tyre industry are pursuing global strategies to enhance their competitiveness in world markets. The main purpose of this paper is to study and to do financial statement analysis on selected Indian Tyre Companies (like Apollo Tyres, CEAT Tyres, JK Tyres, Modi Rubber and TVS Srichakra). This study was done based on secondary data collected from multiple sources of evidence, in addition to books, journals, websites, and newspapers. "The best tyres in the world have Goodyear written all over them (Goodyear Tyres advertising slogan)"***

Keywords: Current Ratio, Inventory, Financial Statement, Profit, Mean and Standard Deviation

1. Introduction

Tyre Industry is one of the mature and seasoned sectors in India. The industry has been a prominent ally in the Government's developmental agenda ever since independence and especially after economic liberalization. The tyre industry provides the wheels on which an economy rides.

India tyre market reached a consumption volume of 184 Million units in 2018 and expects the market to reach a volume of 239 Million Units by 2024 growing at a CAGR of nearly 5% during 2019-2024. India represents the fourth largest market for tyres in the world after China, Europe and the United States. In India, the market is currently being driven by increasing radialization of tyres especially in buses and trucks. Moreover, the tyre industry consists of a vast consumer base; they are used in all type of vehicles which include passenger cars, buses, military vehicles, motorcycles, trucks, etc. The demand of tyres is primarily catalyzed from two end-user segments - OEMs and the replacement segment. The Replacement market currently dominates the tire market accounting for most of the total sales. Demand by the OEM segment is driven by new automobile sales trend, whereas, the replacement market is linked to the usage patterns and replacement cycles. The market for tyres is quite concentrated in India with the top 10 manufacturers accounting for around 80 per cent of the total market. MRF, Apollo Tyres, CEAT Tyres and JK Tyres currently represent the top players in this market.

Globalization has led to the linking of the economies of all the nations and therefore major Indian players in the tyre industry are pursuing global strategies to enhance their competitiveness in world markets.

Indian tyre industry has been reporting good growth figures over the past few years, spurred by the growing passenger vehicle and two-wheeler market. It has emerged as one of the most competitive markets in the world and with the emergence of new technology, ultra-modern production facilities and availability of raw materials, the sector is poised to grow further. Major technological changes have taken place in tyre design from conventional bias or diagonal ply from the past to the current steel radial tyres, tubeless tyres, with low aspect ratio tyres, puncture resistant tyres etc. Testing standards have also evolved accordingly to ensure high performance, mileage, safety, reliability and longevity of the tyres. The Indian tyre industry has been quick in adopting the latest technology trends through foreign collaborations and tailoring these to Indian needs. The manufacturers are also investing in the development of „green tyres and in capacity expansion for radial tyres. Finance is the one of the important departments in every organization good financial position is necessary for smooth running of every business it is for appropriate raise of funds and utilization of funds effectively. The analysis of financial statement is meant to get data, classify data, store data for future purpose and present the data such a way that it becomes useful for management at the time of decision making. The techniques of financial analysis include comparative financial statement, ratios, trend analysis and so on. In the present study we are analyzing selected Indian Tyre Companies (like Apollo Tyres, CEAT Tyres, JK Tyres, Modi Rubber and TVS Srichakra) financial statements.

2. Company Profile

Apollo Tyres Ltd is the world's 11th biggest tyre manufacturer, with annual consolidated revenues of Rs.146.74 billion (US$2.28 billion) in March 2018. It was incorporated in 1972. Its first plant was commissioned in Perambra, Thrissur, Kerala, India. The company now has four manufacturing units in India, the Netherlands and Hungary. It has a network of nearly 5,000 dealerships in India, of which over 2,500 are exclusive outlets. It gets 69% of its revenues from India, 26% from Europe and 5% from other geographies. Apollo announced its entry into the two-wheeler tyre segment with contract manufacturing in March 2016. In November 2016, the company signed a MoU with the Government of Andhra Pradesh to set up a new factory in Andhra Pradesh to manufacture tyres for two-wheelers and pick-up trucks. The company's second plant in Europe was inaugurated by the Hungarian Prime Minister, Viktor Orban, on April 2017. As of March 31, 2018, the company traded in India on the Bombay Stock Exchange and National Stock Exchange, with 59.68% of shares held by the public, government entities, banks and financial institutions.

CEAT (Cavi Elettrici e Affini Torino, commonly known by the abbreviation) Tyres Ltd, is the flagship company of RPG Group. It was established in 1924 in Turin, Italy. CEAT is one of India’s leading tyre manufacturers and has presence in global markets. CEAT produces over 165 million tyres a year and manufactures tyres for passenger cars, two-wheelers, trucks and buses, light commercial vehicles, earth-movers, forklifts, tractors, trailers, and auto-rickshaws. The current capacity of CEAT Tyres plants is over 800 tonnes per day. The company offers the widest range of tyres to leading Original Equipment Manufacturers across the world. They manufacture a range of tyres catering various segments, which includes tires for heavy duty trucks and buses (T&B), light commercial vehicles (LCVs), earthmovers and forklifts (specialty segment), tractors, trailers, passenger cars (PC), motorcycles, scooters and auto-rickshaws. The company has their presence in 110 countries. CEAT Tyre Ltd. was incorporated in the year 1958 as CEAT Tyres of India Ltd in collaboration with Tata Group. The company was established with the main object to construct, produce, prepare, manufacture, press, vulcanize, repair, retread, purchase, sell, import and to deal in tyres, semi-tyres for all types of vehicles and inner tubes, flaps and repairs material in general. Over the last 50 years, the company has established a strong presence in both the domestic and the international markets.

JK Tyre & Industries Ltd is an automotive tyre, tubes and flaps manufacturing company based in Delhi, India. The name JK is derived from the initials of Kamlapatji (1884–1937) and his father Seth Juggilal (1857–1922). JK Tyre has global presence in 100 countries across six continents, backed by production support from 12 plants - 9 in India and 3 in Mexico. It is a part of J. K. Organization group of Companies. JK Tyre acquired Mexican tyre major – Tornel in 2008. With production facilities in all 9 plants, total production capacity is almost 20 million tyres per annum. JK Tyre is the only tyre manufacturer in India to be included in the list of Super brands in 2017, the sixth time the honour has been conferred upon the company. JK Tyre & Industries Ltd has a strong network of 4000 dealers and over 450 dedicated Brand shops called as Steel Wheels and Xpress Wheels providing complete solutions to its customers. The company produces and sells tyres and tubes under the brand name 'JK Tyre' for Truck, Buses, Passenger Cars, Jeeps, Light Commercial Vehicles, Multi Utility Vehicles and Tractors. J.K. Industries acquired Vikrant Tyres, Mysore in 1997. J.K. Industries and Vikrant Tyres are the only tyre companies in India to have received all three ISO 9001, QS 9000 and ISO 14001 certificates. The company design tyres for the vehicles using the latest tools & techniques.

Modi Rubber Limited (MRL) was incorporated in 1971 to manufacture automotive Tyres & Tubes. The Plants of MRL were located at Meerut, Partapur (Meerut Dist.) and Modinagar (District Ghaziabad) all situated in the State of Uttar Pradesh. The Tyres were manufactured in technical collaboration with Continental A.G. of Germany.MRL was one of the Leader of TBS Tyre Segment till 2001 when operations of the plants were shut due to illegal strike by the workers. Operation in Meerut Plants were commenced in June 2009 after Rehabilitation Scheme sanctioned by the BIFR in April 2008, through its 100% subsidiary namely Modi Tyre Company Pvt. Ltd, (MTCPL). In 2011 due to business exigencies and losses in MTCPL all shares of MTCPL were sold out to Continental Holdings Netherlands. Thereafter MTCPL became subsidiary of Continental Netherland. Operation at Modinagar Plant continues to be suspended as Seal put in by the Official Liquidator has still not desealed. MRL promoted several other Companies for undertaking for manufacture for Float Glass, Resin Coated Sand and Hair Salon & Academy as Joint Venture with Foreign Partners in India and business activities through its 100% subsidiaries. The company was declared as a sick company by the Board for Industrial & Financial Reconstruction (BIFR) on May 17, 2006.

TVS Srichakra Ltd is one of India's leading two- and three -wheeler tyre manufacturer rolling out more than 26 million tyres annually. It is recognized as a large manufacturer of industrial pneumatic tyres, flotation tyres, motor grader, farm & implements tyres, skid steer tyres, multipurpose tyres and vintage tyres. TVS Srichakra is engaged in the business of tyre manufacturing. Incorporated in 1982 as Srichakra Tyres, today it is one of the leading two– and three–wheeler tyre manufacturers in India. TVS Srichakra was founded by Sri T V Sundaram Iyengar.TVS Srichakra is part of $2.2 billion largest auto ancillary TVS Group. The company provides a complete range of two– and three–wheeler tyres and tubes catering to the domestic market.TVS Srichakra supplies tyres to majors’ companies namely TVS Motors, Hero Honda, Bajaj Auto and Yamaha Motors. The company has a network of over 2050 dealers and 23 depots spread across in India. Globally, it exports to USA, Europe, Africa, South America and South East Asia. TVS Srichakra has received various certifications such as ISO 9001, ISO 14001, ISO 9001–2000 and TS 16949 for its quality management. The company is also honoured with TPM Excellence Award in 2003 and TPM Consistency Award in 2005. The Company won for third successive year the Energy Conservation Award from the Government of India, which is a unique and singular achievement in optimum utilization of energy.

3. Objective of the Study

The present study made an attempt to examine the financial soundness and performance of Selected Indian Tyres Companies. The main objectives are:

- To evaluate the financial statement analysis of Selected Indian Tyres Companies namely Apollo Tyres, CEAT Tyres, JK Tyres, Modi Rubber and TVS Srichakra using the different statistical tools.
- To make comparative analyze of their financial soundness and performance under the study period (i.e. for a period of 6 Years - between 1st April 2014 and 31st March 2019).

4. Research Methodology

This research follows the analytical research methodology which is based on the quantitative data. The main source of data used for the study is secondary data derived from the published Annual Reports of the selected Indian Tyres Companies. The information related with theoretical background has been collected from websites, journals, magazines, newspapers and books. Present study covers the financial statement analysis of Selected Indian Tyres Companies namely Apollo Tyres, CEAT Tyres, JK Tyres, Modi Rubber and TVS Srichakra for Six consecutive years. The year of the study is between 2014 and 2019. The Rationale behind selecting this year is the availability of data. For this purpose, exploratory method has been adopted as it helps to investigate any problem with suitable hypothesis, and it is also important for the clarification of the concept.

5. Limitations of the Study

- The financial statements and annual report were used; hence the data collected is secondary in nature.
- False Results: In case the data upon which the ratios are computed are incorrect, then the ratios calculated would also be incorrect.
- Limited Comparability: The different accounting policies followed by firms will not make some of the accounting ratios strictly comparable.
- Ratio analysis is only a quantitative method of performance analysis and hence ignores qualitative factors.
- Ratio analysis is only to measure profitability, efficiency and financial soundness but they aren't the solution to real time problem.
- The scope of study analysis is only for 6 years (between 2014 and 2019).

6. Tools and Techniques of Analysis

The collected data have been suitably re-arranged, classified and tabulated as per the requirement of the study and the following techniques have been applied:

a) **Accounting Ratios:** Accounting ratios like Current Ratio, Quick Ratio, Inventory Turnover Ratio, operating profit Ratio and Net Profit Ratio for Six financial years have been calculated. Comparison of current to past performance using ratios enables analyst to assess a firm's progress.

b) **Statistical Tools**
   - In order to facilitate study Arithmetic Mean, Standard Deviation, and Coefficient of Variation have been calculated.
   - Analysis is the key element of any research as it is the reliable way to test the hypothesis framed by the investigator. This paper deals with the analysis of the secondary data collected through published Annual Reports of the Selected Indian Tyres Companies. The collected data has been codified, tabulated and analysis has been conducted using the different statistical tools such as Descriptive Statistics (like Mean, Standard Error, Standard Deviation, Median, Mode, Sample Variance, Maximum, Minimum, Range, Count and Confidence Level - 95%).

Financial Statement Analysis

Description	APOLLO TYRES						CEAT TYRES					
	2019	2018	2017	2016	2015	2014	2019	2018	2017	2016	2015	2014
Net Sales (Rs. in Crore)	12353.77	10299.7	8933.77	8757.18	8937.82	8711.73	6831.3	6161.34	5701.73	5494.15	5591.66	5354.81
Variable cost (Rs. in Crore)	11136.12	9039.77	7924.63	7064.54	7602.62	7728.68	6388.02	5440.64	5117.88	4706.59	4896.71	4837.62
Contribution = Net Sales – Variable Cost (Rs. in Crore)	1217.65	1259.93	1009.14	1692.64	1335.2	983.05	443.28	720.7	583.85	787.56	694.95	517.19
EBT (Rs. in Crore)	806.4	867.31	1085.64	1414.53	934.15	614.45	404.58	416.48	463.48	636.06	442.87	377.13
Combined Leverage % = (Contribution ÷EBT) * 100 (%)	151.00	145.27	92.95	119.66	142.93	159.99	109.57	173.05	125.97	123.82	156.92	137.14
Total Debt (Rs. in Crore)	2736.36	2511.82	1618.03	631.01	796.6	894.4	1217.03	415.94	761.5	611.88	611.16	997.27
Net Worth (Rs. in Crore)	7638.04	7260.62	5331.19	4657.83	3267.56	2736.7	2751.04	2546.82	2306.15	1991.26	1598.54	967.1
Debt Equity Ratio = Total Debt ÷ Net Worth (in times)	0.36	0.35	0.3	0.14	0.24	0.33	0.44	0.16	0.33	0.31	0.38	1.03
Current Asset (Rs. in Crore)	2888.87	2532.16	2255.27	1603.48	1713.04	1745.35	1751.35	1540.12	1532.96	1221.35	1373.54	1537.08
Current Liability (Rs. in Crore)	2895.88	3059.97	2564.63	1947.89	1643.03	2186.24	1957.11	1733.79	1386.77	1246.74	1295.19	1326.68
Current Ratio = Current Asset ÷ Current Liability (in times)	1.00	0.83	0.88	0.82	1.04	0.8	0.89	0.89	1.11	0.98	1.06	1.16
Total Assets (Rs. in Crore)	10374.41	9772.41	6949.23	5288.85	4064.18	3631.1	3968.07	2962.76	3067.65	2603.13	2209.71	1964.39
Proprietary Ratio = Net Worth ÷ Total Assets (in times)	0.74	0.74	0.77	0.88	0.8	0.75	0.69	0.86	0.75	0.76	0.72	0.49

EBIT (Rs. in Crore)	944.26	1004.85	1174.42	1504.67	1106.23	859.06	469.1	502.93	542.95	725.22	573.33	546.29
Interest = EBIT – EBT (Rs. in Crore)	137.86	137.54	88.78	90.14	172.09	244.61	64.52	86.45	79.47	89.16	130.46	169.16
Interest Coverage Ratio = EBIT ÷ Interest (in times)	6.85	7.31	13.23	16.69	6.43	3.51	7.27	5.82	6.83	8.13	4.39	3.23
Net Profit (Rs. in Crore)	592.11	622.39	802.76	1002.15	645.08	442.62	288.91	278.72	362.73	452.52	298.97	253.78
Net Profit Ratio = Net Profit÷ Net Sales (in times)	0.05	0.06	0.09	0.11	0.07	0.05	0.04	0.05	0.06	0.08	0.05	0.05
Inventory (Rs. in Crore)	2051.48	1721.49	1729.4	1019.75	1185.19	1283.69	965.15	754.96	923.44	619.25	642.11	718.28
Liquid Asset = Current Asset – Inventory (Rs. in Crore)	837.39	810.67	525.87	583.73	527.85	461.66	786.2	785.16	609.52	602.1	731.43	818.8
Quick Ratio = Liquid Asset÷ Current Liability (in times)	0.29	0.26	0.21	0.3	0.32	0.21	0.40	0.45	0.44	0.48	0.56	0.62
Sales Turnover (Rs. in Crore)	12353.77	10554.59	9923.69	9760.15	9936.82	9690.94	6831.3	6330.25	6376.52	6156.52	6183.16	5896.8
Inventory Turnover Ratio = Sales Turnover ÷ Inventory (in times)	6.02	6.13	5.74	9.57	8.38	7.55	7.08	8.38	6.91	9.94	9.63	8.21
Equity Share Capital (Rs. Cr.)	57.21	57.21	50.9	50.9	50.9	50.4	40.45	40.45	40.45	40.45	40.45	35.96
Earnings Per Share (Rs.)	10.35	10.88	15.77	19.69	12.67	8.78	71.42	68.9	89.67	111.87	73.91	70.58
Book Value (Rs.)	133.52	126.92	104.73	91.51	64.19	54.08	680.11	629.62	570.12	492.28	395.19	268.97
Equity Dividend (%)	325	300	300	200	200	75	120	115	115	115	100	100
Shares in issue (lakhs)	5720.5	5720.5	5090.25	5090.25	5090.25	5040.25	404.5	404.5	404.5	404.5	404.5	359.56

(Source: Secondary Data through Audited Annual Report)

Financial Statement Analysis												
Description	JK TYRES						MODI RUBBER					
	2019	2018	2017	2016	2015	2014	2019	2018	2017	2016	2015	2014
Net Sales (Rs. in Crore)	7613.35	6453.35	5979.12	5880.43	6125.23	5951.08	5.24	5.93	5.15	5.39	5.23	4.47
Variable cost (Rs. in Crore)	7062.39	6035.81	5301.9	4875.6	5326.1	5271.54	20.91	23.64	19.37	18.55	22.6	18.61
Contribution = Net Sales – Variable Cost (Rs. in Crore)	550.96	417.54	677.22	1004.83	799.13	679.54	-15.67	-17.71	-14.22	-13.16	-17.37	-14.14
EBT (Rs. in Crore)	304.68	63.85	459.7	590.23	377.11	195.05	5.45	18.69	3.89	3.62	1.09	3.14
Combined Leverage % = (Contribution ÷EBT) * 100 (%)	180.83	653.94	147.32	170.24	211.91	348.39	-287.52	-94.76	-365.55	-363.54	-1593.58	-450.32
Total Debt (Rs. in Crore)	3010.07	2980.13	3131.82	2377.97	2380.38	2208.17	2.87	3.22	3.56	2.89	3	2.53
Net Worth (Rs. in Crore)	1995.12	1644.29	1673.95	1416.67	1091.48	848.42	164.63	157.19	159.83	141.99	136.76	135.56
Debt Equity Ratio = Total Debt ÷ Net Worth (in times)	1.51	1.81	1.87	1.68	2.18	2.6	0.02	0.02	0.02	0.02	0.02	0.02
Current Asset (Rs. in Crore)	2868.87	2388.02	2467.7	2012.6	2098.01	2129.85	8.75	13.96	4.71	5.54	4.32	3.01
Current Liability (Rs. in Crore)	2365.84	2523.71	2228.59	2181.68	2192.76	1923.59	33.35	40.07	40.93	38.33	38.43	41.68
Current Ratio = Current Asset ÷ Current Liability (in times)	1.21	0.95	1.11	0.92	0.96	1.11	0.26	0.35	0.12	0.14	0.11	0.07
Total Assets (Rs. in Crore)	5005.19	4624.42	4805.77	3705.72	3471.86	3056.59	167.51	160.42	163.37	139.89	139.75	138.09
Proprietary Ratio = Net Worth ÷ Total Assets (in times)	0.40	0.36	0.35	0.38	0.31	0.28	0.98	0.98	0.98	1.02	0.98	0.98
EBIT (Rs. in Crore)	620.96	337.97	727.28	819.26	617.91	443.35	6.00	19.18	4.36	3.68	1.11	3.15
Interest = EBIT – EBT (Rs. in Crore)	316.28	274.12	267.58	229.03	240.8	248.3	0.55	0.49	0.47	0.06	0.02	0.01
Interest Coverage Ratio = EBIT ÷ Interest (in times)	1.96	1.23	2.72	3.58	2.57	1.79	10.91	39.14	9.28	61.33	55.50	315.00
Net Profit (Rs. in Crore)	204.4	43.09	332.13	400.96	253.3	134.68	4.61	-2.84	6.93	5.23	1.2	1.24
Net Profit Ratio = Net Profit÷ Net Sales (in times)	0.03	0.01	0.06	0.07	0.04	0.02	0.88	-0.48	1.35	0.97	0.23	0.28
Inventory (Rs. in Crore)	1136.12	1026.01	930.78	739.68	741.62	765.7	0.00	0.75	0.75	0.75	0.75	0.75
Liquid Asset = Current Asset – Inventory (Rs. in Crore)	1732.75	1362.01	1536.92	1272.92	1356.39	1364.15	8.75	13.21	3.96	4.79	3.57	2.26
Quick Ratio = Liquid Asset÷ Current Liability (in times)	0.73	0.54	0.69	0.58	0.62	0.71	0.26	0.33	0.1	0.12	0.09	0.05
Sales Turnover (Rs. in Crore)	7613.35	6578.5	6607.51	6564.92	6784.37	6560.29	5.24	5.93	5.15	5.39	5.23	4.47
Inventory Turnover Ratio = Sales Turnover ÷ Inventory (in times)	6.70	6.41	7.1	8.88	9.15	8.57	--	7.91	6.87	7.19	6.97	5.96
Equity Share Capital (Rs. Cr.)	49.24	45.36	45.36	45.36	45.36	41.06	25.04	25.04	25.04	25.04	25.04	25.04
Earnings Per Share (Rs.)	8.3	1.9	14.64	17.68	11.17	32.8	1.84	-1.13	2.77	2.09	0.48	0.5
Book Value (Rs.)	81.03	72.5	73.8	62.46	48.12	203.62	65.74	62.78	63.83	56.7	54.62	54.14
Equity Dividend (%)	75	75	125	125	75	50	--	--	--	--	--	--
Shares in issue (lakhs)	2462.31	2268.13	2268.13	2268.13	2268.13	410.59	250.41	250.41	250.41	250.41	250.41	250.41

(Source: Secondary Data through Audited Annual Report)

Financial Statement Analysis						
Description	TVS SRICHAKRA LTD					
	2019	2018	2017	2016	2015	2014

Net Sales (Rs. in Crore)	2381.76	2152.25	1960.42	2059.87	1895.99	1670.99
Variable cost (Rs. in Crore)	2188.89	1861.65	1731.86	1753.45	1707.74	1533.82
Contribution = Net Sales – Variable Cost (Rs. in Crore)	192.87	290.6	228.56	306.42	188.25	137.17
EBT (Rs. in Crore)	150.3	169.8	216.56	287.41	139.57	55.93
Combined Leverage % = (Contribution ÷EBT) * 100 (%)	128.32	171.14	105.54	106.61	134.88	245.25
Total Debt (Rs. in Crore)	409.57	300.87	299.89	116.4	175.9	265
Net Worth (Rs. in Crore)	743.15	654.26	574.98	418.51	276.29	203.65
Debt Equity Ratio = Total Debt ÷ Net Worth (in times)	0.55	0.46	0.52	0.28	0.64	1.3
Current Asset (Rs. in Crore)	828.84	590.7	624.72	391.33	386.06	480.97
Current Liability (Rs. in Crore)	634.06	474.52	521.04	416.73	306.92	291.09
Current Ratio = Current Asset ÷ Current Liability (in times)	1.31	1.24	1.2	0.94	1.26	1.65
Total Assets (Rs. in Crore)	1152.72	955.13	874.87	490.97	452.19	468.66
Proprietary Ratio = Net Worth ÷ Total Assets (in times)	0.64	0.68	0.66	0.85	0.61	0.43
EBIT (Rs. in Crore)	184.8	199.5	236.69	302.19	169.46	100.16
Interest = EBIT – EBT (Rs. in Crore)	34.5	29.7	20.13	14.78	29.89	44.23
Interest Coverage Ratio = EBIT ÷ Interest (in times)	5.36	6.72	11.76	20.45	5.67	2.26
Net Profit (Rs. in Crore)	103.17	117.61	155.33	197.21	103.79	47.45
Net Profit Ratio = Net Profit÷ Net Sales (in times)	0.04	0.05	0.08	0.1	0.05	0.03
Inventory (Rs. in Crore)	488.75	331.53	411.78	207.93	209.84	206.65
Liquid Asset = Current Asset – Inventory (Rs. in Crore)	340.09	259.17	212.94	183.4	176.22	274.32
Quick Ratio = Liquid Asset÷ Current Liability (in times)	0.54	0.55	0.41	0.44	0.57	0.94
Sales Turnover (Rs. in Crore)	2381.76	2202.66	2130.84	2237.69	2060.34	1670.99
Inventory Turnover Ratio = Sales Turnover ÷ Inventory (in times)	4.87	6.64	5.17	10.76	9.82	8.09
Equity Share Capital (Rs. Cr.)	7.66	7.66	7.66	7.66	7.66	7.66
Earnings Per Share (Rs.)	134.74	153.6	202.86	257.55	135.55	61.96
Book Value (Rs.)	970.54	854.45	750.92	546.57	360.83	265.96
Equity Dividend (%)	400	400	507	600	338	160
Shares in issue (lakhs)	76.57	76.57	76.57	76.57	76.57	76.57

(Source: Secondary Data through Audited Annual Report)

Contribution: "Contribution" represents the portion of sales revenue that is not consumed by variable costs and so contributes to the coverage of fixed costs. This concept is one of the key building blocks of break-even analysis.

7. Data Analysis and Interpretation

Table 1 to 8(Source: Secondary Data through Audited Annual Report)

Table 1: Combined Leverage %

Year	APOLLO TYRES	CEAT TYRES	JK TYRES	MODI RUBBER	TVS SRICHAKRA
2014	159.99	137.14	348.39	-450.32	245.25
2015	142.93	156.92	211.91	-1593.58	134.88
2016	119.66	123.82	170.24	-363.54	106.61
2017	92.95	125.97	147.32	-365.55	105.54
2018	145.27	173.05	653.94	-94.76	171.14
2019	151.00	109.57	180.83	-287.52	128.32
Mean	135.30	137.75	285.44	-525.88	148.62
Standard Error	10.09	9.56	79.26	219.12	21.65
Median	144.10	131.56	196.37	-364.55	131.60
Standard Deviation	24.71	23.41	194.14	536.74	53.04
Sample Variance	610.37	548.18	37690.61	288086.51	2813.22
Range	67.04	63.48	506.62	1498.82	139.71
Minimum	92.95	109.57	147.32	-1593.58	105.54
Maximum	159.99	173.05	653.94	-94.76	245.25
Sum	811.80	826.47	1712.63	-3155.27	891.74
Count	6.00	6.00	6.00	6.00	6.00
Confidence Level (95.0%)	25.93	24.57	203.74	563.27	55.66

Interpretation: The above Table 1 describes that the Mean Combined Leverage % of JK Tyres is 285.44% which is Maximum compared to Minimum of -525.88% for Modi Rubber between the Year 2014 and Year 2019.JK Tyre & Industries Ltd has a relatively higher level of combined leverage, which is seen as riskier, as the high leverage means more fixed costs to the firm. Whereas for Apollo Tyres, CEAT Tyres, Modi Rubber and TVS Srichakra; the combined leverage % varies between -525.88% to 148.62, thus it means that a smaller proportion of fixed operating and financial costs results in a lower value Combined Leverage ratio, which means lower incremental EPS on incremental sales and lower sensitivity to the slippage in sales.

Table 2: Debt Equity Ratio

Year	APOLLO TYRES	CEAT TYRES	JK TYRES	MODI RUBBER	TVS SRICHAKRA
2014	0.33	1.03	2.60	0.02	1.30
2015	0.24	0.38	2.18	0.02	0.64
2016	0.14	0.31	1.68	0.02	0.28
2017	0.30	0.33	1.87	0.02	0.52
2018	0.35	0.16	1.81	0.02	0.46
2019	0.36	0.44	1.51	0.02	0.55
Mean	0.29	0.44	1.94	0.02	0.63
Standard Error	0.03	0.12	0.16	0.00	0.14
Median	0.32	0.36	1.84	0.02	0.54
Standard Deviation	0.08	0.30	0.39	0.00	0.35
Sample Variance	0.01	0.09	0.15	0.00	0.12
Range	0.22	0.87	1.09	0.00	1.02
Minimum	0.14	0.16	1.51	0.02	0.28
Maximum	0.36	1.03	2.60	0.02	1.30
Sum	1.72	2.65	11.65	0.12	3.75
Count	6.00	6.00	6.00	6.00	6.00
Confidence Level (95.0%)	0.09	0.32	0.41	0.00	0.37

Interpretation: The above Table 2 describes that the Mean Debt Equity Ratio of JK Tyres is 1.94 which is Maximum compared to Minimum of 0.02 for Modi Rubber between the Year 2014 and Year 2019.JK Tyre & Industries Ltd has higher debt to equity ratio between the Year 2014 and Year 2019 and which is considered riskier to both creditors and investors. A high debt-to-equity ratio also indicates that a company may not be able to generate enough cash to satisfy its debt obligations. Whereas for Apollo Tyres, CEAT Tyres, Modi Rubber and TVS Srichakra; the debt to equity ratio varies between 0.02 and 0.63, thus it means that investors and creditors have an equal stake in the business assets.

Table 3: Current Ratio

Year	APOLLO TYRES	CEAT TYRES	JK TYRES	MODI RUBBER	TVS SRICHAKRA
2014	0.80	1.16	1.11	0.07	1.65
2015	1.04	1.06	0.96	0.11	1.26
2016	0.82	0.98	0.92	0.14	0.94
2017	0.88	1.11	1.11	0.12	1.20
2018	0.83	0.89	0.95	0.35	1.24
2019	1.00	0.89	1.21	0.26	1.31
Mean	0.90	1.02	1.04	0.18	1.27
Standard Error	0.04	0.05	0.05	0.04	0.09
Median	0.86	1.02	1.04	0.13	1.25
Standard Deviation	0.10	0.11	0.12	0.11	0.23
Sample Variance	0.01	0.01	0.01	0.01	0.05
Range	0.24	0.27	0.29	0.28	0.71
Minimum	0.80	0.89	0.92	0.07	0.94
Maximum	1.04	1.16	1.21	0.35	1.65
Sum	5.37	6.09	6.26	1.05	7.60
Count	6.00	6.00	6.00	6.00	6.00
Confidence Level (95.0%)	0.11	0.12	0.12	0.11	0.24

Interpretation: The above Table 3 describes that the Mean Current Ratio of TVS Srichakra is 1.27 which is maximum compared to minimum of 0.18 for Modi Rubber between the Year 2014 and Year 2019. Modi Rubber Limited (MRL) has lower Current Ratio (0.18) between the Year 2014 and Year 2019; this indicates that the company may have problems meeting its short-term obligations (Current Liabilities). Since the current ratio is less than 1.0 indicates the poor quality and the debt repayment capacity of the firm is not satisfactory. Also, it doesn't ensure the safety of the investments made by the creditors. Whereas for Apollo Tyres, CEAT Tyres, JK Tyres and TVS Srichakra; the Current Ratio varies between 0.90 and 1.27, thus it also indicates that the company may have problems meeting its short-term obligations and doesn't ensure the safety of the investments made by the creditors. The current ratio measures the company's ability to pay short-term and long-term obligations.

Table 4: Proprietary Ratio

Year	APOLLO TYRES	CEAT TYRES	JK TYRES	MODI RUBBER	TVS SRICHAKRA
2014	0.75	0.49	0.28	0.98	0.43
2015	0.80	0.72	0.31	0.98	0.61
2016	0.88	0.76	0.38	1.02	0.85
2017	0.77	0.75	0.35	0.98	0.66

2018	0.74	0.86	0.36	0.98	0.68
2019	0.74	0.69	0.40	0.98	0.64
Mean	0.78	0.71	0.35	0.99	0.65
Standard Error	0.02	0.05	0.02	0.01	0.06
Median	0.76	0.74	0.36	0.98	0.65
Standard Deviation	0.05	0.12	0.04	0.02	0.13
Sample Variance	0.00	0.02	0.00	0.00	0.02
Range	0.14	0.37	0.12	0.04	0.42
Minimum	0.74	0.49	0.28	0.98	0.43
Maximum	0.88	0.86	0.40	1.02	0.85
Sum	4.68	4.27	2.08	5.92	3.87
Count	6.00	6.00	6.00	6.00	6.00
Confidence Level (95.0%)	0.06	0.13	0.05	0.02	0.14

Interpretation: The above Table 4 describes that the Mean proprietary ratio of Modi Rubber is 0.99 which is maximum compared to minimum of 0.35 for JK Tyres between the Year 2014 and Year 2019. Modi Rubber Limited (MRL) has higher proprietary ratio (0.99) between the Year 2014 and Year 2019, it means stockholders has contributed 99% of the total tangible assets and the remaining 1% have been contributed by creditors. The proprietary ratio shows the contribution of stockholders' in total capital of the company. A high proprietary ratio, therefore, indicates a strong financial position of the company and greater security for creditors. Whereas for Apollo Tyres, CEAT Tyres, JK Tyres and TVS Srichakra; the proprietary ratio varies between 0.35 and 0.78, A low ratio indicates that the company is already heavily depending on debts for its operations. A large portion of debts in the total capital may reduce creditor's interest, increase interest expenses and the risk of bankruptcy. Having a very high proprietary ratio does not always mean that the company has an ideal capital structure. A company with a very high proprietary ratio may not be taking full advantage of debt financing for its operations that is also not a good sign for the stockholders.

Table 5: Interest Coverage Ratio

Year	APOLLO TYRES	CEAT TYRES	JK TYRES	MODI RUBBER	TVS SRICHAKRA
2014	3.51	3.23	1.79	315.00	2.26
2015	6.43	4.39	2.57	55.50	5.67
2016	16.69	8.13	3.58	61.33	20.45
2017	13.23	6.83	2.72	9.28	11.76
2018	7.31	5.82	1.23	39.14	6.72
2019	6.85	7.27	1.96	10.91	5.36
Mean	9.00	5.95	2.31	81.86	8.70
Standard Error	2.01	0.76	0.34	47.47	2.67
Median	7.08	6.33	2.27	47.32	6.20
Standard Deviation	4.92	1.85	0.83	116.27	6.53
Sample Variance	24.25	3.42	0.68	13519.47	42.63
Range	13.18	4.90	2.35	305.72	18.19
Minimum	3.51	3.23	1.23	9.28	2.26
Maximum	16.69	8.13	3.58	315.00	20.45
Sum	54.02	35.67	13.85	491.16	52.22
Count	6.00	6.00	6.00	6.00	6.00
Confidence Level (95.0%)	5.17	1.94	0.87	122.02	6.85

Interpretation: The above Table 5 describes that the Mean Interest Coverage ratio of Modi Rubber is 81.86 which is maximum compared to minimum of 2.31for JK Tyres between the Year 2014 and Year 2019. Modi Rubber Limited (MRL) has higher Interest Coverage ratio (81.86) between the Year 2014 and Year 2019. Whereas for Apollo Tyres, CEAT Tyres, JK Tyres and TVS Srichakra; the Interest Coverage ratio varies between 2.31 and 9.00. Since Interest Coverage Measurement is above 1, it means that the company is making more than enough money to pay its interest obligations with some extra earnings left over to make the principle payments. Most creditors look for coverage to be at least 1.5 before they will make any loans. In other words, banks want to be sure a company make at least 1.5 times the amount of their current interest payments. The interest coverage ratio of a company states how easily a company can pay its interest expense on outstanding debt. A higher ratio is preferable. The interest coverage ratio deteriorated during FY18, from during FY17 for Apollo Tyres, CEAT Tyres, JK Tyres and TVS Srichakra except Modi Rubber.

Table 6: Net Profit Ratio

Year	APOLLO TYRES	CEAT TYRES	JK TYRES	MODI RUBBER	TVS SRICHAKRA
2014	0.05	0.05	0.02	0.28	0.03
2015	0.07	0.05	0.04	0.23	0.05

2016	0.11	0.08	0.07	0.97	0.10
2017	0.09	0.06	0.06	1.35	0.08
2018	0.06	0.05	0.01	-0.48	0.05
2019	0.05	0.04	0.03	0.88	0.04
Mean	0.07	0.06	0.04	0.54	0.06
Standard Error	0.01	0.01	0.01	0.27	0.01
Median	0.07	0.05	0.04	0.58	0.05
Standard Deviation	0.02	0.01	0.02	0.66	0.03
Sample Variance	0.00	0.00	0.00	0.43	0.00
Range	0.06	0.04	0.06	1.83	0.07
Minimum	0.05	0.04	0.01	-0.48	0.03
Maximum	0.11	0.08	0.07	1.35	0.10
Sum	0.43	0.33	0.23	3.23	0.35
Count	6.00	6.00	6.00	6.00	6.00
Confidence Level (95.0%)	0.03	0.01	0.02	0.69	0.03

Interpretation: The above Table 6 describes that the Mean Net profit ratio of Modi Rubber is 0.54 which is maximum compared to minimum of 0.040 for JK Tyres between the Year 2014 and Year 2019. Modi Rubber Limited (MRL) has higher Net profit ratio (0.54) between the Year 2014 and Year 2019. Whereas for Apollo Tyres, CEAT Tyres, JK Tyres and TVS Srichakra; the Net profit ratio varies between 0.040 and 0.070. Net profit ratio (NP ratio) is a popular profitability ratio that shows relationship between net profit after tax and net sales. Net profit (NP) ratio is a useful tool to measure the overall profitability of the business. A high ratio indicates the efficient management of the affairs of business. There is no norm to interpret this ratio. To see whether the business is constantly improving its profitability or not, the analyst should compare the ratio with the previous years' ratio, the industry's average and the budgeted net profit ratio. The use of net profit ratio in conjunction with the assets turnover ratio helps in ascertaining how profitably the assets have been used during the period.

Table 7: Quick Ratio

Year	APOLLO TYRES	CEAT TYRES	JK TYRES	MODI RUBBER	TVS SRICHAKRA
2014	0.21	0.62	0.71	0.05	0.94
2015	0.32	0.56	0.62	0.09	0.57
2016	0.30	0.48	0.58	0.12	0.44
2017	0.21	0.44	0.69	0.10	0.41
2018	0.26	0.45	0.54	0.33	0.55
2019	0.29	0.40	0.73	0.26	0.54
Mean	0.27	0.49	0.65	0.16	0.58
Standard Error	0.02	0.03	0.03	0.05	0.08
Median	0.28	0.47	0.66	0.11	0.55
Standard Deviation	0.05	0.08	0.08	0.11	0.19
Sample Variance	0.00	0.01	0.01	0.01	0.04
Range	0.11	0.22	0.19	0.28	0.53
Minimum	0.21	0.40	0.54	0.05	0.41
Maximum	0.32	0.62	0.73	0.33	0.94
Sum	1.59	2.95	3.87	0.95	3.45
Count	6.00	6.00	6.00	6.00	6.00
Confidence Level (95.0%)	0.05	0.09	0.08	0.12	0.20

Interpretation: The above Table 7 describes that the Mean Quick ratio of JK Tyres is 0.65 which is maximum compared to minimum of 0.16 for Modi Rubber between the Year 2014 and Year 2019. JK Tyre & Industries Ltd has higher Quick ratio (0.65) between the Year 2014 and Year 2019. Whereas for Apollo Tyres, CEAT Tyres, Modi Rubber and TVS Srichakra; the Net profit ratio varies between 0.16 and 0.58. Quick ratio (also known as "acid test ratio" and "liquid ratio") is used to test the ability of a business to pay its short-term debts. It measures the relationship between liquid assets and current liabilities. Liquid assets are equal to total current assets minus inventories and prepaid expenses. Quick ratio is considered a more reliable test of short-term solvency than current ratio because it shows the ability of the business to pay short term debts immediately. Inventories and prepaid expenses are excluded from current assets for the purpose of computing quick ratio because inventories may take long period of time to be converted into cash and prepaid expenses cannot be used to pay current liabilities. Generally, a quick ratio of 1:1 is considered satisfactory. Like current ratio, this ratio should also be interpreted carefully. Having a quick ratio of 1:1 or higher does not mean that the company has a strong liquidity position because a company may have high quick ratio but slow paying debtors. On the other hand, a company with low quick ratio may have fast moving inventories. The analyst, therefore, must have a hard look on the nature of individual assets.

Table 8: Inventory Turnover Ratio

Year	APOLLO TYRES	CEAT TYRES	JK TYRES	MODI RUBBER	TVS SRICHAKRA
2014	7.55	8.21	8.57	5.96	8.09
2015	8.38	9.63	9.15	6.97	9.82
2016	9.57	9.94	8.88	7.19	10.76
2017	5.74	6.91	7.10	6.87	5.17
2018	6.13	8.38	6.41	7.91	6.64
2019	6.02	7.08	6.70	--	4.87
Mean	7.23	8.36	7.80	6.98	7.56
Standard Error	0.63	0.51	0.49	0.31	0.99
Median	6.84	8.30	7.84	6.97	7.37
Standard Deviation	1.54	1.25	1.20	0.70	2.43
Sample Variance	2.36	1.57	1.44	0.49	5.88
Range	3.83	3.03	2.74	1.95	5.89
Minimum	5.74	6.91	6.41	5.96	4.87
Maximum	9.57	9.94	9.15	7.91	10.76
Sum	43.39	50.15	46.81	34.90	45.35
Count	6.00	6.00	6.00	5.00	6.00
Confidence Level (95.0%)	1.61	1.32	1.26	0.87	2.55

Interpretation: The above Table 8 describes that the Mean Inventory Turnover ratio of CEAT Tyres is 8.36 which is maximum compared to minimum of 6.98 for Modi Rubber between the Year 2014 and Year 2019. CEAT Tyres has higher Inventory Turnover ratio (8.36) between the Year 2014 and Year 2019. Whereas for Apollo Tyres, JK Tyres, Modi Rubber and TVS Srichakra; the Net profit ratio varies between 6.98 and 7.80.Inventory turnover ratio (ITR) is an activity ratio and is a tool to evaluate the liquidity of company's inventory. It measures how many times a company has sold and replaced its inventory during a certain period. Inventory turnover ratio varies significantly among industries. A high ratio indicates fast moving inventories and a low ratio, on the other hand, indicates slow moving or obsolete inventories in stock. A low ratio may also be the result of maintaining excessive inventories needlessly. Maintaining excessive inventories unnecessarily indicates poor inventory management because it involves tiding up funds that could have been used in other business operations.

8. Indian Tyre Industry

The Indian Tyre Industry is an integral part of the Auto Sector – It contributes to ~3% of the manufacturing GDP of India and ~0.5% of the total GDP directly. So, let's understand the dynamics of the Tyre Industry in India.

Indian tyre industry has almost doubled from ~Rs 30,000 crores in 2010-11 to ~Rs 59,500 crores in 2017-18 of which 90-95% came from the domestic markets. The top three companies – MRF, Apollo Tyres and JK Tyres have ~60% of the market share in terms of revenue. In terms of segmentation tyres can be divided in two ways – based on end market and based on product.

9. Findings

APOLLO TYRE Financial Analysis:

- Net profit for the year declined by 4.87% YoY (2018 & 2019).
- The company's current liabilities during FY19 stood at Rs 2895.88 crore as compared to Rs 3059.97 crore in FY18, thereby witnessing a decrease of 5.36%.
- Current assets rise 14.09% and stood at Rs 2,888.87 crore.
- Overall, the total assets and liabilities for FY19 stood at Rs 132.70 billion as against Rs 128.32 billion during FY18, thereby witnessing a growth of 3.41%.
- The trailing twelve-month earnings per share (EPS) of the company stands at Rs 10.35 (2019), a decline from the EPS of Rs 10.88 recorded last year (2018).
- **Current Ratio:** The Company's current ratio improved and stood at 1.00 during FY19, from 0.83 during FY18.
- **Interest Coverage Ratio:** The Company's interest coverage ratio deteriorated and stood at 6.85x during FY19, from 7.31x during FY18. The interest coverage ratio of a company states how easily a company can pay its interest expense on outstanding debt. A higher ratio is preferable.

CEAT TYRE Financial Analysis:

- Net profit for the year inclined by 3.66% YoY (2018 & 2019).
- The company's current liabilities during FY19 stood at Rs 1957.11 crore as compared to Rs 1733.79crore in FY18, thereby witnessing an increase of 12.88%.
- Current assets rise 13.71% and stood at Rs 1,751.35 crore.
- Overall, the total assets and liabilities for FY19 stood at Rs 59.25 billion as against Rs 46.97 billion during FY18, thereby witnessing a growth of 26.14%.
- The trailing twelve-month earnings per share (EPS) of the company stands at Rs 71.42 (2019), an incline from the EPS of Rs 68.9 recorded last year (2018).
- **Current Ratio:** The Company's current ratio had no change and stood at 0.89 during FY19 and during FY18.
- **Interest Coverage Ratio:** The Company's interest coverage ratio improved and stood at 7.3x during FY19, from 5.8x during FY18.

JK TYRE Financial Analysis:

- Net profit for the year inclined by 374.36% YoY (2018 & 2019).
- The company's current liabilities during FY19 stood at Rs 2365.84 crore as compared to Rs 2,523.71 crore in FY18, thereby witnessing a decrease of 6.26%.
- Current assets rise 20.14% and stood at Rs 2868.87 crore.

- Overall, the total assets and liabilities for FY19 stood at Rs 73.71 billion as against Rs 71.48 billion during FY18, thereby witnessing a growth of 3.12%.
- The trailing twelve-month earnings per share (EPS) of the company stands at Rs 8.3 (2019), an incline from the EPS of Rs 1.9 recorded last year (2018).
- **Current Ratio:** The Company's current ratio improved and stood at 1.21 during FY19, from 0.95 during FY18.
- **Interest Coverage Ratio:** The Company's interest coverage ratio improved and stood at 1.96x during FY19, from 1.23x during FY18.

MODI RUBBER Financial Analysis:

- Net profit for the year inclined by 262.32% YoY (2018 & 2019).
- The company's current liabilities during FY19 stood at Rs 33.35 crore as compared to Rs 40.07 crore in FY18, thereby witnessing a decrease of 16.77%.
- Current assets fall37.32% and stood at Rs 8.75 crore.
- Overall, the total assets and liabilities for FY19 stood at Rs 200.86 crore as against Rs 200.49 crore during FY18, thereby witnessing a growth of 0.1845%.
- The trailing twelve-month earnings per share (EPS) of the company stand at Rs. 1.84 (2019), an incline from the EPS of (-) Rs 1.13 recorded last year (2018).
- **Current Ratio:** The Company's current ratio deteriorated and stood at 0.26 during FY19, from 0.35 during FY18.
- **Interest Coverage Ratio:** The Company's interest coverage ratio deteriorated and stood at 10.91x during FY19, from 39.1x during FY18.

TVS SRICHAKRA Financial Analysis:

- Net profit for the year declined by 12.28% YoY (2018 & 2019).
- The company's current liabilities during FY19stood at Rs 634.06 crore as compared to Rs 474.52 crore in FY18, thereby witnessing an increase of 33.62%.
- Current assets rise 40.31% and stood at Rs 828.84 crore.
- Overall, the total assets and liabilities for FY19 stood at Rs 17.87 billion as against Rs 14.30 billion during FY18, thereby witnessing a growth of 24.97%.
- The trailing twelve-month earnings per share (EPS) of the company stands at Rs 134.74 (2019), a decline from the EPS of Rs 153.6 recorded last year (2018).
- **Current Ratio:** The Company's current ratio improved and stood at 1.31 during FY19, from 1.24 during FY18.
- **Interest Coverage Ratio:** The Company's interest coverage ratio deteriorated and stood at 5.4x during FY19, from 6.7x during FY18.

10. Conclusion

- India tyre market reached a consumption volume of 184 Million Units in 2018 and expects the market to reach a volume of 239 Million Units by 2024 growing at a CAGR of nearly 5% during 2019 - 2024. India represents the fourth largest market for tyres in the world after China, Europe and the United States.
- The Indian Tyre Industry is an integral part of the Auto Sector.
- In India, the market is currently being driven by increasing radialization of tyres especially in buses and trucks.
- MRF, Apollo Tyres, CEAT Tyres and JK Tyres currently represent the top players in this market.
- Indian tyre industry has almost doubled from ~Rs 30,000 crores in 2010-11 to ~Rs 59,500 crores in 2017-18 of which 90-95% came from the domestic markets.
- Demonetization, the GST rollout and a steep rise in raw material costs had some impact on the tyre industry.
- Since Automakers are reporting pressure on sales due to Demonetization, thus reflecting impact on tyre industry.
- The tyre makers in India are gearing up to intensify their role in the modernization phase, largely driven by demand and supply conditions as also directly proportional to automobile sales to some extent.
- The present study on "Financial Statement Analysis of Selected Indian Tyres Companies" using the ratios and leverage helps to have a better insight about the financial background and financial performance of the company.
- From the analysis it was found that the overall financial performance of the company was moderate, this was due to steep rise in raw material costs and largely driven by demand and supply conditions as also directly proportional to automobile sales to some extent.
- Net profit was in a declining tread for all the selected tyre companies.
- Total assets and Liabilities for CEAT Tyres & TVS SRICHAKRA was Satisfactory and Good, whereas for J.K Tyres and Apollo Tyres; Growth was minimal between 3 and 3.5%. Modi Rubber Ltd faced a minimal growth of 0.1845% as far as Total assets and Liabilities is concern.
- Modi Rubber Limited (MRL) has very low Current Ratio between 2014 and 2019, this indicates that the company may have problems meeting its short-term obligations (Current Liabilities).Whereas for Apollo Tyres, CEAT Tyres, JK Tyres and TVS Srichakra; the Current Ratio varies between 0.90 and 1.27 which is moderate. Hence depict that none of the companies has been able to maintain ideal current asset ratio i.e. 2:1.

References

[1] Annual Reports of Selected Indian Tyres Companies for Six consecutive years: Apollo Tyres, CEAT Tyres, JK Tyres, Modi Rubber and TVS Srichakra.

[2] Apollo Tyres, JK Tyres, CEAT Tyres, TVS Srichakra & Modi Rubber - Key Financial Ratios (https://www.dynamiclevels.com) [Accessed: 17/02/2020].

[3] C.R Kothari (1990), Research Methodology, second revised – edition, New Age international (P) Limited, Publishers, New Delhi

[4] Gupta S P (2007), Statistical Tools and Techniques, GK Publications

[5] India Tyre Market: Industry Trends, Share, Size, Growth, Opportunity and Forecast 2019-2024; https://www.imarcgroup.com/india-tyre-market [Accessed: 17/02/2020].

[6] Statistical Data Analysis using Excel 2016.

[7] Source: Dion Global Solutions Limited - Apollo Tyres, CEAT Tyres, JK Tyres, Modi Rubber & TVS Srichakra
[8] Understanding The Indian Tyre Industry, Key Players & The Road Ahead;an article available at https://www.alphainvesco.com/blog/understanding-the-indian-tyre-industry/ [Accessed: 22/07/2019].