

# Tyre manufacturing company analysis



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**INTRODUCTION:**

MADRAS RUBBER FACTORY is major tyre manufacturing company located in Chennai, southern part of India. It is successful and India's biggest tyre manufacturing company and one of the best competitor in production of tyres worldwide. The MRF products are renowned for its quality and innovation. It exports its products to more than 65 countries in America, Europe, Japan, Middle East, Japan and Pacific.

**HISTORY:**

In 1946, K. M. Mammen Mappillai started this company as a small toy balloon manufacturing unit in a shed. In 1949, the business started producing a variety of products like balloons, toys to industrial gloves and contraceptives. MRF was also established as first office at Thambu Chetty Street, Chennai, India. In 1952, manufacturing of tread-rubber started in that unit by installation of first machine and a rubber mill at that factory.

In 1961, MRF established with Mansfield tire & Rubber Company of USA and started manufacture of tyres with a huge success gained in tread-rubber. In 1964, the export business of tyres made in progress. At Beirut (Lebanon) an overseas office was established for the development export market. MRF muscleman is popularly known now but this year was his birth. In 1967, MRF has become the first Indian company to export tyres to USA. In the next 3 years MRF inaugurates Kottayam unit, a factory in Goa and Arakkonam plant.

This was first company to produce Nylon tyres and gained huge commercial success. And later MRF Superlug-78 was introduced for heavy duty trucks, this largest selling truck tyre in the country.

In 1980, MRF technically collaborated with B. F Goodrich Company of USA which was involved in development with NASA space-shuttle.

In the year 1984, the turnover of company crossed 2 billion INR and the first India tyres produced by MRF for the fitment of MARUTI SUZUKI 800, which is first India's small car. Nylogrip tyres were launched for two wheelers in next year.

In 1986, National Institution of Quality Assurance recognised MRF against 20 tyre manufacturing companies worldwide. B. F. Goodrich Tyre Company has instituted 6 quality improvement awards to MRF.

Due to the company's effectiveness in the market again the turnover has reached to 3 billion INR. Premium Nylon tyre was also launched in the year 1987.

In 1989, once again MRF was awarded the Visvesvaraya award for the best business company in South India. It is recognised for its quality and excellence in the market.

Hasbro International (USA) and MRF collaborated with each other and Funskool India has launched in the year 1989.

From 1993 to 1995, the turnover of company reached 10 billion INR to 15 billion INR. And MRF tyres were chosen for fitment on Daewoo Cielo. Mr and Mrs Mammen Mapillai received gold medal for being first 2 employees of the company, in the golden jubilee year. The first ever F3 car and Super Lug tyres for trucks, ZVTS tyres for passenger cars, Nylogrip Zapper for two-wheelers

were launched. The rally team of MRF wins APRC rally for first time in the 2001, second time in the year 2003 and third time win in the year 2005.

MRF's turnover crossed 30 billion INR in the year 2004 and 50 billion INR in the year 2006. In the year 2007, MRF won JD Power Award. A new type of tyres Super Lug 505 for the trucks was launched. Super Lug FS tyres were also launched because the customers had claimed to be provided them saving fuel. ZLSK tyres were launched. JD Power award was again won by MRF in the year 2008.

#### **AWARDS AND ACHIEVEMENTS:**

MRF achieved to be voted as “ Most Trusted” Tyre Company in India by TNS 2006 global CSR study.

JD POWER ASIA PACIFIC award was won by MRF for the customer satisfaction 6 times in last 7 years.

CAPEXIL award was won by MRF for exports.

#### **MRF PRODUCT DESIGNING PROCESS:**

The process in designing of the product starts directly from the regular customers. From each individual customer, the inputs are compiled Product Development Division or Vehicle specific requirement are received from the OE customers.

A special team of 300 scientists and engineers work for MRF and gives its enormous strength in designing the product.

First the customer's inputs are collected and according to them the team works on to convert them into Design concept.

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The Cutting-Edge technologies are used in design validation and predictive testing is done before it leaves the drawing board.

For new designs, this type of advancement had significantly brought down the time to market.

Usage of advanced raw materials are tested and approved in NABL accredited laboratories of the company.

MRF works for global suppliers very closely in using latest developments. At the time of approval and after the product is released in the market, the quality of materials used in manufacturing the tyres are closely monitored in the laboratories by the latest testing equipment.

All MRF's factories are TS16949/ISO9001 certified in which validation testing and verification of prototypes is manufactured. Then indoor testing of tyres ensures to conform the testing of architecture to meet MRF's standards and the national standards like BIS/JIS/ETRTO/T&RA.

Now the tyres are handed over to Vehicle Dynamics Group who makes the design and validates on the vehicle. Tests of tyres are done on testing tracks in a series at several speeds by pushing the limits of its capabilities. MRF ensure the tyres are tested successfully on all types of roads, race tracks, and company's laboratories. Only after completing these all various types of testing, the tyres are released to customers. MRF tyres are very much demanded by the customers for its quality and standards.

There are 6 manufacturing units in India (GOA, MEDAK, TIRUVOTTIYUR, ARKONAM, PUDUCHERRY and KOTTAYAM.)

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**PRODUCTS AND SERVICES:**

MRF is the leading manufacturing company of the tyres in various segments. Including tyres, Pretreads, Paints, Coats and Toys are diversified business interests of MRF. By innovation of the product and technology, each and every tyre that comes out is tested to weather the toughest conditions and the highest standards that take on any road.

Customers are offered by a host of services of the MRF, they are helped from selecting the tyre of their choice to maintaining their vehicle.

**FUTURE PROJECTS:**

Radialisation in the tyre industry has become the most important factor in trucks and buses category. The future projects of MRF tyres are to produce radialisation in India. Radialisation can be explained as the most important innovation in the tyre technology. As radialisation was introduced in India since 1978, MRF had not reached to catch its pace according to its expectations in spite of several advantages like additional mileage, saving of fuel, improved driving. In India older vehicles had not suitable geometric fitment of radial tyres on Indian roads. But now the situation is completely different, for the passenger car type segment radialisation has reached to 98%. And for medium and heavy vehicles segment radialisation is 8%, LCV segment radialisation is estimated at 18%. The radialisation of trucks, buses and LCV tyres had started obtaining the momentum. MRF have kept its pace with the improvements of technology that radialisation signifies the art of tyres compared to be the best in market.

A special factory was started in Puducherry for manufacturing of radials. MRF tyres were chosen to use on FIAT UNO, OPEL ASTRA and FORD ESCORT

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because of its good quality in the market. MRF in India has collaborated with companies like Maruti, Mahindra & Mahindra, Tata motors, and General motors.

### **PESTLE ANALYSIS OF MRF:**

This analysis is used in every type of business organisations. Let us consider on MRF company. There are 6 type of views considers in PESTLE analysis of this organisation, they are:

### **POLITICAL FACTORS OF MRF:**

The company is politically strong for its high standards and quality assurance in this industry. As the company was started in 1946 before the independence of the country and it is first company which has got success in rubber industry. In 1956, MRF had become leader of market with 50% share of the tread-rubber in India with its good quality and high standards. Many multinational companies had to withdraw from tread-rubber business in India because of an MRF's effective hold on the market. In 1990, the 6th World Cup Boxing Championship was brought to Mumbai, India by MRF where 39 countries had participated. MRF Pace Foundation was setup in the year 1988. Dennis Lille is the director for that academy. Many pace bowlers trained at that foundation were selected to Indian cricket team.

The company has all legally approved certifications and it maintains all the national standards. Company is successful in satisfying every one specially to the customers and rules and regulations of Indian Government.

**ECONOMICAL FACTORS OF MRF:**

By unresolving tax issues, the import duty on natural rubber is more as 20% and 10% as less as on finished tyres is unaddressed because of the issue of tax structure. Due to the increasing cost of raw materials tyre manufacturing companies profit is changing. As the materials based on natural rubber, crude and steel are historically volatility in prices. Domestic natural rubber has increased to 40%. The fact is known that 70% production of price is combines with the manufacturers. As there is a huge demand for tyres of T&B category MRF has builded up expoting business with neighbouring countries like Sri Lanka and China. Globally this T&B tyre segment has more demand for radial tyres. MRF is developing radialisation globally to protect share in international market, and also make complete grip in Indian market. MRF has set up a factory at Puducherry for radial tyres.

**SOCIAL FACTORS OF MRF:**

Presently, small families are demanding for 2/4 wheelers for individuals. The sales of tyres has gained more in past decade. From upper class families with more than 1 car per family observed to be increasing demand of tyres exponentially, mainly in cities where woking couples find difficult to maintain them without more than 1 car. As we know that Indian middle class families are known for its savings frenzy has now been slowly warming up to an idea of EMI and buying on credit. Due to this factors, there is a enormous demand in passenger cars. MRF had gained high profits in providing customer needs in passenger car category.