

## MRF Limited

September 28, 2026

| Facilities/Instruments               | Name of the Regulator <sup>1</sup> | Amount (₹ crore)                    | Rating <sup>2</sup>         | Rating Action |
|--------------------------------------|------------------------------------|-------------------------------------|-----------------------------|---------------|
| Long-term/Short-term bank facilities | RBI                                | 1,500.00                            | CARE AAA; Stable / CARE A1+ | Reaffirmed    |
| Long-term bank facilities            | RBI                                | 2,577.19<br>(Reduced from 2,761.74) | CARE AAA; Stable            | Reaffirmed    |
| Short-term bank facilities           | RBI                                | 1,500.00                            | CARE A1+                    | Reaffirmed    |
| Non-convertible debentures           | SEBI                               | -                                   | -                           | Withdrawn     |

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of and instruments of MRF Limited (MRF) continues to draw comfort from its robust business risk profile marked by its strong brand image, long operational track record, continued market leadership position in the domestic tyre industry characterised by presence across all user segments, strong presence in the replacement market supported by strong distribution network. Ratings also factor the company's robust financial risk profile marked by stable earnings, comfortable debt coverage metrics and strong liquidity position.

These strengths largely offset susceptibility of its revenues to cyclicity in the tyre industry, raw material price volatility, for natural rubber and crude-linked derivatives and competitive nature of the industry.

CARE Ratings Limited (CareEdge Ratings) has withdrawn the rating assigned to MRF's ₹150 crore non-convertible debenture (NCD) issue (ISIN No.: INE883A08016) with immediate effect, following the full redemption of the NCDs by the company on February 24, 2026, and the company's request for withdrawal of the rating. Accordingly, no amount remains outstanding under the rated NCD issue.

### Positive factors

- Not applicable

### Negative factors

- Continuous decline in market share along with increase in debt levels with net overall gearing (including dealer deposits) above 0.50x and net debt to profit before interest, lease rentals, depreciation and taxation (PBILDT) over 1x on a sustained basis.
- Decline in the PBILDT margin in the range of 9%-10% on a sustainable basis

### Analytical approach: Consolidated

CareEdge Ratings has considered consolidated financials of MRF owing to strong operational and strategic linkages with its subsidiaries. The entities are in the same line of business, sell under common brands and have common management and control. Entities considered in consolidation are listed under Annexure-5.

### Outlook: Stable

The stable outlook reflects MRF Limited's established position in the domestic tyre industry and the expectation that healthy tyre demand will enable the company to sustain its strong operating and financial performance in the medium term.

<sup>1</sup>SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

<sup>2</sup>Complete definitions of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE Ratings Limited's publications.

## Detailed description of key rating drivers

### Key strengths

#### Market leadership position in domestic tyre industry with pan-market presence

MRF continues to hold a leading position in the domestic tyre industry, supported by its established brand, extensive distribution network and presence across almost all major tyre categories. Its diversified product portfolio includes tyres for two-wheelers and three-wheelers, passenger vehicles, trucks and buses, small commercial vehicle (SCVs) and light commercial vehicle (LCVs), farm equipment, off-the-road vehicles and aviation applications. MRF accounts for ~31.9% of the total estimated tyre units sold by the domestic industry, highlighting its strong market presence and established competitive position.

#### Strong brand image and wide distribution network

MRF benefits from its long operating track record, strong brand recognition and established pan-India distribution network comprising over 5,000 active dealers. The extensive dealer reach facilitates product availability across urban, semi-urban and rural markets and supports the company's strong position in the replacement segment, which contributed ~69.1% of channel sales in FY26 (PY: 69.5%). The relatively stable and margin-accretive replacement business provides resilience against fluctuations in automobile production and partly mitigates the cyclicity associated with original equipment manufacturer (OEM) demand. Exports accounted for ~8% of channel sales in FY26 (PY: 8%), with the Philippines, Bangladesh, Nepal and the UAE continuing to be the company's principal export markets. However, export growth remained constrained by geopolitical disruptions, elevated freight costs and logistics-related challenges in certain overseas markets.

#### Diversified product portfolio and balanced customer mix

MRF has a balanced customer profile, with replacement and OEM/defence sales contributing ~69.1% and 23.3%, respectively, to total channel sales in FY26 (PY: 69.5% and 22.1%). The company also operates across truck and bus, two-wheeler and three-wheeler, passenger-car, SCV/LCV, farm, OHT and specialised tyre categories. The breadth of its product portfolio reduces concentration in single vehicle category and enables it to benefit from varying demand trends across automobile segments.

#### Healthy operating performance sustained in FY26, with moderation in Q1FY27

In FY26, MRF's total operating income increased by 10.6% to ₹31,155 crore (PY: ₹28,163 crore), supported by healthy demand across the OEM and replacement markets, higher sales volumes and improved realisations. PBILDT increased to ₹4,918 crore (PY: ₹4,102 crore), with the PBILDT margin improving to 15.78% (PY: 14.57%), aided by operating leverage, cost-saving initiatives and a favourable product and business mix. In Q1FY27, revenue grew by 9.6% year-on-year, supported by continued demand; however, the PBILDT margin moderated to 13.77% (PY: 15.35%) owing to the sharp increase in natural-rubber and crude-linked raw-material prices and the lag in passing on higher costs through price revisions. While input-cost volatility is expected to influence near-term profitability, MRF's pricing actions and cost-control measures are expected to support a gradual recovery in margins.

#### Strong financial risk profile

MRF's financial risk profile remained robust, with overall gearing, including acceptances and dealer deposits, improving to 0.29x as on FY26 (PY: 0.34x). The company moved to a net-cash position of ₹1,462 crore (PY: ₹1,238 crore), supported by strong cash generation and lower debt. Debt-servicing capability remained strong, with PBILDT interest coverage improving to 13.14x (PY: 11.17x). Leverage is expected to remain comfortable considering the sizeable liquidity and limited reliance on external debt.

#### Liquidity: Strong

Liquidity remained strong, supported by cash and liquid investments of ₹7,572 crore as on FY26 (PY: ₹5,169 crore), healthy annual cash accruals and limited scheduled debt repayments. Average fund-based working-capital utilisation remained negligible at ~8% for 12 months ended June 2026, while sizeable unutilised bank lines provide adequate headroom for incremental working-capital requirements. The company transitioned to a net-cash position in FY26, supported by strong operating cash flow, repayment of term loans and redemption of the ₹150 crore NCDs. The strong liquidity position is expected to adequately support the planned capex through internal accruals and available liquid balances.

### Key weaknesses

#### Susceptibility to raw-material price volatility

Raw materials constitute MRF's largest cost component, with natural rubber and crude-linked inputs such as synthetic rubber, carbon black and rubber chemicals accounting for a significant proportion of operating costs. As these commodities are linked to international prices, the company's profitability remains sensitive to fluctuations in natural-rubber and crude-oil prices and timing of price revisions. Although the PBILDT margin improved to 15.78% in FY26 (PY: 14.57%), it moderated to 13.77% in Q1FY27 (PY: 15.35%) due to a sharp increase in natural-rubber and crude-linked input prices and the lag in passing on higher costs.

MRF's established procurement arrangements, cost-control initiatives and ability to undertake calibrated price increases partly mitigate this risk.

### Competitive nature of industry

MRF operates in a competitive industry characterised by the presence of established domestic manufacturers and overseas suppliers, including Chinese tyre manufacturers. Competition from imports has been partly contained by trade-remedial measures and the restriction imposed in June 2020 on imports of specified pneumatic tyres, which requires importers to obtain a licence from the Directorate General of Foreign Trade. However, expiry or withdrawal of applicable duties, relaxation of import restrictions, and continued capacity additions by domestic tyre manufacturers could intensify competitive and pricing pressures. MRF's established position across tyre categories, long-standing relationships with OEMs and strong presence in the replacement market partly mitigate these risks and support its ability to retain market share.

### Exposure to foreign-exchange movements and automobile-industry cyclicality

MRF is exposed to foreign-exchange movements owing to its imports of raw materials and export sales. Imported raw materials consumed represented 33.71% of total raw-material consumption in FY26, while exports accounted for ~8% of channel sales. Export receipts provide a partial natural hedge against import payments, although mismatches in the timing and currency of cash flows may affect costs and profitability. The company is also exposed to cyclicality in automobile production, particularly through OEM demand. However, larger contribution from replacement sales, provides relative stability since replacement demand is primarily linked to the installed vehicle base, vehicle usage and tyre-replacement cycles.

### Environmental, social, and governance (ESG) risks

| Particulars          | Risk factors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Environmental</b> | <ul style="list-style-type: none"> <li>MRF continues to strengthen its decarbonisation and resource-efficiency initiatives, with the share of renewable energy in its operations increasing to 30% in FY26 from 24% in FY25.</li> <li>Key measures include renewable power sourcing, natural ventilation, nitrogen gas-based processes, energy-efficient compressors and biomass blending with existing boiler fuels.</li> <li>The company is also implementing additional wastewater recovery plants to improve water-use efficiency and reduce specific water consumption. Given its manufacturing operations, MRF remains exposed to environmental regulations and obligations, including Extended Producer Responsibility (EPR) requirements for waste tyres.</li> </ul> |
| <b>Social</b>        | <ul style="list-style-type: none"> <li>MRF has a workforce-oriented organisational culture focused on employee welfare, safety, training and capability development.</li> <li>In FY26, the company continued to undertake employee training and initiatives to increase women's participation in the workforce, while maintaining cordial industrial relations across its manufacturing units.</li> <li>Its CSR initiatives focus on education, healthcare, rural development, safe drinking water, skill development, sports training, disaster management and environmental protection.</li> </ul>                                                                                                                                                                         |
| <b>Governance</b>    | <ul style="list-style-type: none"> <li>MRF has an established governance framework supported by board oversight, independent directors, formal committees and internal-control systems.</li> <li>As on FY26, seven of the company's 14 directors were independent, representing 50% of the board, while the board included three women directors, supporting diversity and independent oversight.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                 |

### Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

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[Short Term Instruments](#)

## About the company and industry

### Industry classification

| Macroeconomic indicator | Sector                         | Industry        | Basic industry            |
|-------------------------|--------------------------------|-----------------|---------------------------|
| Consumer discretionary  | Automobile and auto components | Auto components | Tyres and rubber products |

Established in 1946, MRF is India's largest manufacturer of automotive tyres and tubes. Initially promoted as a partnership firm, The Madras Rubber Factory, by KM Mammen Mapillai, the company was converted into a public limited company in April 1961. The company manufactures a wide range of rubber products, including automobile tyres, tubes, flaps and tread rubber, while its subsidiary, MRF Corp Limited, is engaged in manufacturing speciality coatings. The group also has operations involving rubber and rubber chemicals. The company's installed tyre manufacturing capacity is 99.41 million tyres, while its tube manufacturing capacity is 49.36 million units. Over the years, the company has established a country-wide dealer network and enjoys strong brand equity.

| Brief consolidated financials (₹ crore)              | FY25 (A)  | FY26 (A)  | Q1FY27 (UA) |
|------------------------------------------------------|-----------|-----------|-------------|
| Total operating income                               | 28,163.51 | 31,155.18 | 8,610.56    |
| PBILDT*                                              | 4,102.20  | 4,917.72  | 1,185.69    |
| PAT                                                  | 1,873.29  | 2,426.10  | 495.35      |
| Overall Gearing (including acceptances & DD) (times) | 0.34      | 0.29      | NA          |
| Interest coverage (times)                            | 11.15     | 13.14     | 13.42       |

A: Audited UA: Unaudited Not available; Note: these are latest financial results available

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**For complexity level of instruments rated refer to Annexure-1**

**Lender details:** Annexure-4

### Disclosure on facilities/instruments and name of the regulators:

A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

[https://www.careratings.com/activities\\_and\\_regulators](https://www.careratings.com/activities_and_regulators)

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

**Annexure-1: Details of instruments/facilities**

| Name of the Instrument                 | Name of the Regulator | Complexity Level | ISIN         | Date of Issuance (DD-MM-YYYY) | Coupon Rate (%)          | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook |
|----------------------------------------|-----------------------|------------------|--------------|-------------------------------|--------------------------|----------------------------|-----------------------------|------------------------------------|
| Debentures-Non Convertible Debentures  | SEBI                  | Complex          | INE883A08016 | 24-02-2023                    | 6-months T Bill + 84 bps | 24-02-2026                 | 0.00                        | Withdrawn                          |
| Fund-based - LT-Term Loan              | RBI                   | Simple           | -            | -                             | -                        | 26-09-2027                 | 237.19                      | CARE AAA; Stable                   |
| Fund-based - LT-Working Capital Limits | RBI                   | Simple           | -            | -                             | -                        | -                          | 2340.00                     | CARE AAA; Stable                   |
| Fund-based/Non-fund-based-LT/ST        | RBI                   | Simple           | -            | -                             | -                        | -                          | 1500.00                     | CARE AAA; Stable / CARE A1+        |
| Non-fund-based - ST-BG/LC              | RBI                   | Simple           | -            | -                             | -                        | -                          | 1500.00                     | CARE A1+                           |

**Annexure-2: Rating history for last three years**

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings |                              |                             | Rating History                              |                                             |                                             |                                             |
|---------|----------------------------------------|-----------------|------------------------------|-----------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|
|         |                                        | Type            | Amount Outstanding (₹ crore) | Rating                      | Date(s) and Rating(s) assigned in 2026-2027 | Date(s) and Rating(s) assigned in 2025-2026 | Date(s) and Rating(s) assigned in 2024-2025 | Date(s) and Rating(s) assigned in 2023-2024 |
| 1       | Fund-based - LT-Working Capital Limits | LT              | 2340.00                      | CARE AAA; Stable            | -                                           | 1)CARE AAA; Stable (29-Sep-25)              | 1)CARE AAA; Stable (30-Sep-24)              | 1)CARE AAA; Stable (04-Oct-23)              |
| 2       | Non-fund-based - ST-BG/LC              | ST              | 1500.00                      | CARE A1+                    | -                                           | 1)CARE A1+ (29-Sep-25)                      | 1)CARE A1+ (30-Sep-24)                      | 1)CARE A1+ (04-Oct-23)                      |
| 3       | Fund-based/Non-fund-based-LT/ST        | LT/ST           | 1500.00                      | CARE AAA; Stable / CARE A1+ | -                                           | 1)CARE AAA; Stable / CARE A1+ (29-Sep-25)   | 1)CARE AAA; Stable / CARE A1+ (30-Sep-24)   | 1)CARE AAA; Stable / CARE A1+ (04-Oct-23)   |
| 4       | Fund-based - LT-Term Loan              | LT              | 237.19                       | CARE AAA; Stable            | -                                           | 1)CARE AAA; Stable (29-Sep-25)              | 1)CARE AAA; Stable (30-Sep-24)              | 1)CARE AAA; Stable (04-Oct-23)              |

|   |                                       |    |   |   |   |                                |                                |                                |
|---|---------------------------------------|----|---|---|---|--------------------------------|--------------------------------|--------------------------------|
| 5 | Debentures-Non Convertible Debentures | LT | - | - | - | 1)CARE AAA; Stable (29-Sep-25) | 1)CARE AAA; Stable (30-Sep-24) | 1)CARE AAA; Stable (04-Oct-23) |
|---|---------------------------------------|----|---|---|---|--------------------------------|--------------------------------|--------------------------------|

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

#### Annexure-4: Lender details

To view lender-wise details of bank facilities please [click here](#)

#### Annexure-5: List of entities consolidated

| Sr No | Name of the entity     | Extent of consolidation | Rationale for consolidation |
|-------|------------------------|-------------------------|-----------------------------|
| 1     | MRF Corp Ltd.          | Full                    | Wholly Owned Subsidiary     |
| 2     | MRF International Ltd. | Full                    | Subsidiary                  |
| 3     | MRF Lanka Pvt. Ltd.    | Full                    | Wholly Owned Subsidiary     |
| 4     | MRF SG PTE LTD.        | Full                    | Wholly Owned Subsidiary     |
| 5     | MRF DB-FZCO            | Full                    | Wholly Owned Subsidiary     |
| 6     | MRF Foundation         | Full                    | Trust                       |

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

## Contact us

|                                                                                                                                                                                                      |                                                                                                                                                                                                                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Media Contact</b><br><br>Mradul Mishra<br>Director<br><b>CARE Ratings Limited</b><br>Phone: +91-22-6754 3596<br>E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a>  | <b>Analytical Contacts</b><br><br>Ranjan Sharma<br>Senior Director<br><b>CARE Ratings Limited</b><br>Phone: +91-22-6754 3453<br>E-mail: <a href="mailto:ranjan.sharma@careedge.in">ranjan.sharma@careedge.in</a> |
| <b>Relationship Contact</b><br><br>Saikat Roy<br>Senior Director<br><b>CARE Ratings Limited</b><br>Phone: 912267543404<br>E-mail: <a href="mailto:saikat.roy@careedge.in">saikat.roy@careedge.in</a> | Pulkit Agarwal<br>Director<br><b>CARE Ratings Limited</b><br>Phone: 912267543505<br>E-mail: <a href="mailto:pulkit.agarwal@careedge.in">pulkit.agarwal@careedge.in</a>                                           |
|                                                                                                                                                                                                      | Arti Roy<br>Associate Director<br><b>CARE Ratings Limited</b><br>Phone: 912267543657<br>E-mail: <a href="mailto:arti.roy@careedge.in">arti.roy@careedge.in</a>                                                   |

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