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India's Most Expensive Stock

Elcid Investments Ltd

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Introduction

This is about a stock that breaks the years-long legacy of MRF and became the highest-value stock in the Indian stock market overnight and is now being considered as India's most expensive stock. What happened on 28 October 2024 and what type of company ELCID Investment Ltd is and how did Elcid Investments shares jump from ₹3 to ₹2,36,250? So here is the story of India's costliest stock.

Company Information

Elcid Investments Limited was incorporated on 3.12.1981 under the provisions of the Companies Act 1956 in Mumbai and listed in BSE on 05-07-1982. The Company Identification Number (CIN) is L65990MH1981PLC025770.

Elcid Investments Limited is a Non-Banking Finance Company registered with the Reserve Bank of India. The shares of the Company are listed on the Bombay Stock Exchange, Mumbai. The Company is a Non-Banking Finance company and its business is to make investments in shares, debentures, mutual funds, etc.

The Company has two subsidiaries viz: Murahar Investments & Trading Company Limited & Suptaswar Investments & Trading Company Limited. Both these subsidiaries are also registered with Reserve Bank Of India as a Non – Banking Finance Company.

ELCD Financials

Elcid Investments Limited reported earnings results for the second quarter and six months ended September 30, 2024. For the second quarter, the company reported revenue of INR 566.54 million compared to INR 232.31 million a year ago. Net income was INR 434.74 million compared to INR 155.64 million a year ago. Basic earnings per share from continuing operations was INR 2,173.71 compared to INR 778.2 a year ago. Diluted earnings per share from continuing operations was INR 2,173.71 compared to INR 778.2 a year ago. For the six months, revenue was INR 2,345.67 million compared to INR 1,516.13 million a year ago. Net income was INR 1,794.21 million compared to INR 1,129.71 million a year ago. Basic earnings per share from continuing operations was INR 8,971.05 compared to INR 5,648.54 a year ago. Diluted earnings per share from continuing operations was INR 8,971.05 compared to INR 5,648.54 a year ago.

The shareholding structure of Elcid Investment Ltd.

Category of shareholder	No. of shareholders	No. of fully paid-up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form
(A) Promoter & Promoter Group	6	1,50,000	1,50,000	75	1,50,000	75	1,50,000
(B) Public	322	50,000	50,000	25	50,000	25	48,100
(C) Non-Promoter-Non Public				0		0	
Grand Total	328	2,00,000	2,00,000	100	2,00,000	100	1,98,100

As we can see the division in shareholding where the Promoters Group holds a majority of 75% and the public only has 25% of holdings and the situation has remained constant for a very long period. It indicates that directors and promoters of the company majorly control this company and all the operation and other activities are done to benefit them it is the main purpose of a business to create a wealth of the shareholders. Still, it might lead to a biased decision-making process and ignorance of public shareholders' wealth. As we move forward, we will look into more details.

Shareholding split of Promoters Group

Category of shareholder	Entity Type	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of Voting Rights held in each class of securities		Number of equity shares held in dematerialized form
						Class eg: X	Total	
A1) Indian					0.00		0.00	
Individuals/Hindu		6	1,50,000	1,50,000	75.00	1,50,000	75.00	1,50,000

undivided Family								
Dipika Amar Vakil	Promoter	1	95,050	95,050	47.53	95,050	47.53	95,050
Varun Amar Vakil	Promoter	1	27,550	27,550	13.78	27,550	13.78	27,550
Amar Arvind Vakil HUF	Promoter	1	15,000	15,000	7.50	15,000	7.50	15,000
Amrita Amar Vakil	Promoter	1	12,150	12,150	6.08	12,150	6.08	12,150
Ragini Varun Vakil	Promoter Group				0.00		0.00	
Jatin Devendra Saraiya	Promoter Group	1	200	200	0.10	200	0.10	200
Nimisha Saraiya	Promoter Group	1	50	50	0.03	50	0.03	50
Hrishav Varun Vakil	Promoter Group				0.00		0.00	
Nyra Varun Vakil	Promoter Group				0.00		0.00	
Dipika Chemicals Private Limited	Promoter Group				0.00		0.00	
Ragini Vakil Designs LLP	Promoter Group				0.00		0.00	
Sub Total A1		6	1,50,000	1,50,000	75.00	1,50,000	75.00	1,50,000
A2) Foreign					0.00		0.00	
A=A1+A2		6	1,50,000	1,50,000	75.00	1,50,000	75.00	1,50,000

Action on 28th October 2024

On 28th October 2024, the stock name ELCID INVESTMENT LTD who mostly used to trade in the price range of ₹2-₹3 jumped to the stock price of ₹236,250.00 and became India's most expensive stock. Now you must be thinking that if the stock is worth ₹2-₹3 then how can it jump to the stock price of ₹236,250.00, well Elcid

Investment Ltd's actual stock value is more than 4 lacks as its current Market Cap is ₹ 4,222 Cr and Book Value is ₹ 6,85,220 so the price jump can be justified but still the Question remains the same if it was such high-value stock then why it was trading at the price range of ₹2-₹15 and how it jumped to a stock price of ₹236,250.00

What Sparked the Fall of India's Biggest Stock?

On June 2024 SEBI issued a circular as an Introduction of a special call auction mechanism for price discovery of scrips of Listed Investment Companies (ICs) and listed Investment Holding Companies (IHCs), which was mainly to fill the gap between the real market value of stock and current stock price

CIRCULAR FROM SEBI

SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/86

June20, 2024

SEBI released a circular for introducing a special call action for investment companies and investment holding companies

WHY?

SEBI introduced this special call auction mechanism to improve the price discovery of the share of listed investment and investment holding companies. The main aim of SEBI was to resolve some major issues which are mentioned below:

1. **Low Trading Activity:** Shares of many ICs and IHCs trade infrequently, reducing market liquidity.
2. **Mispriced Shares:** These shares often trade significantly below their book value, as disclosed in audited financial reports.
3. **Investor Concerns:** The disparity between the market price and the book value harms investor confidence and market efficiency.

What is a Special Call Auction?

A special call auction is a mechanism where buyers and sellers submit their bids during a specified window. Unlike regular trading, this process has no price bands, allowing for more realistic price discovery based on demand and supply.

What changes does this circular make?

1. The existing framework for call auctions, outlined in SEBI's earlier circular, is extended to include a special auction process specifically for ICs and IHCs.
2. The process is designed to resolve the problem of illiquidity and mispricing in these shares, which often lack day-to-day operations but hold significant investments in various assets, including shares of other listed companies.
3. By allowing unrestricted price determination during these auctions, SEBI aims to align the market price with the companies' intrinsic book value.

Improved Price Discovery: This mechanism is expected to help the shares of ICs and IHCs reflect their true value.

Increased Liquidity: Trading activity may rise due to better alignment of prices with valuations, attracting more participants.

Better Investor Protection: Investors can make more informed decisions as prices align with underlying book values.

This initiative reflects SEBI's commitment to creating fair and transparent markets. By addressing inefficiencies in pricing and trading, the new mechanism should foster trust among investors in ICs and IHCs.

The investments made by ELCID investment and on what basis they make investments

Elcid Investments Portfolio Overview

Ham Asset	Quantity Held	Ownership Percentage	Valuation
Asian Paints	2.83 crore shares	2.95%	₹8,203 crore
Extended Holding	Additional shares	Total ~4.3%	₹12,000 crore

Top Executives of Asian paints

Name	Age	Since	Title
Gopichand Katragadda	56	2024	Independent Director
Milind Shripad Sarwate	65	2021	Independent Director
Amit Syngle	58	2020	MD, CEO & Director
Nehal Abhay Vakil	47	2022	Non-Executive Director

Name	Age	Since	Title
Manish Mahendra Choksi	57	2018	Non-Executive Vice Chairman
Ramaswami Seshasayee	76	2017	Independent Chairman of the Board
Malav Ashwin Dani	49	2013	Non-Executive Director
Amrita Amar Vakil	43	2014	Non-Executive Director
Ireena Vittal	56	2023	Independent Non-Executive Director
Jigish Shailesh Choksi	43	2019	Non-Executive Director
Varun Berry	63	2024	Independent Director

This is the list of top executives of Asian paints while analyzing and researching I have found out that there are many direct and indirect relationships between ELCID Investment and the Asian paints management body and the majority investment of ELCID Investment is in Asian paint and other investments is also influenced by some personal relation and connection between management bodies now we can relate it with what impact the major shareholding of promoters impact on the working of the company but still until now we cannot say that company is doing anything which is incorrect but let's read further and do not conclude it now

Some important Fundamentals and Ratios

Fundamentals Ratios:

Market Cap: 4,531 cr

ROE: 1.76%

P/E Ratio (TTM)dividend Y: 18.76

P/B Ratio: 0.33

Per Share Ratios

Per Share Ratios	Mar 2024	Mar 2023	Mar 2022	Mar 2021	Mar 2020	Trend Mar 20 - Mar 24
Basic EPS (Rs.)	5,661.44	2,442.40	3,240.27	2,744.33	2,729.56	06
Diluted Eps (Rs.)	5,661.44	2,442.40	3,240.27	2,744.33	2,729.56	06
Book Value [Excl. Reval	406,319.08	389,653.10	429,382.75	354,218.27	242,310.48	0480

Per Share Ratios	Mar 2024	Mar 2023	Mar 2022	Mar 2021	Mar 2020	Trend Mar 20 - Mar 24
Reserve]/Share (Rs.)						
Dividend/Share (Rs.)	25.00	25.00	15.00	15.00	15.00	032
Face Value	10	10	10	10	10	012

Dividend Distribution 2021- 2024

Ex-Date	Type	Dividend (Rs)
16 Aug, 2024	Final	25.00
15 Sep, 2023	Final	25.00
22 Sep, 2022	Final	15.00
21 Sep, 2021	Final	15.00
21 Sep, 2020	Final	15.00

List of Other Investment Companies (ICs) and Investment Holding Companies (IHCs) eligible for special call-auction mechanism for price discovery:

Eligibility criteria:

To qualify for this auction:

- The company must have been listed for at least a year.
- At least 50% of its assets should be invested in other listed companies.
- The 6-month Volume Weighted Average Price (VWAP) of the scrip shall be less than 50% of the book value per share of such company based on the present value of their investments in shares of other listed companies. In case the scrips of such ICs or IHCs are not traded during the previous 6- months, the 6-month VWAP of the scrip shall be taken as zero.

National Stock Exchange of India

Sr. No.	Symbol	Scrip Name	Close Price as on October 11, 2024	Latest book value of the company (Standalone as on March 31, 2024)	Book value based on the investments in scrips of other listed companies (Standalone as on March 31, 2024)	Proportion of assets invested in other listed companies (Standalone as on March 31, 2024)	Price of latest buy-back or delisting
1	GFLLIMITED	GFL Limited	88.30	240.15	191.19	75.48	Nil
2	KICL	Kalyani Invest Co Limited	6142.20	18580.61	17493.77	89.62	Nil
3	MAHSCOOTER	Maharashtra Scooters Limited	11118.60	23639.65	25443.67	98.93	Nil
4	MASKINVEST	Mask Investments Limited	108.57	506.19	504.28	98.98	Nil
5	NSIL	Nalwa Sons Investment Limited	4924.85	23761.78	14430.18	52.52	Nil
6	PILANIINVS	Pilani Investment and Industries Corporation Limited	5290.75	12336.33	11779.28	84.18	Nil
7	SILINV	SIL Investments Limited	576.10	1661.45	1330.71	75.52	Nil
8	TVSHLTD	TVS Holdings Limited	13336.85	716.47	25391.78	2128.30	Nil

Bombay Stock Exchange

Scrip Code	Company Name	Last Traded Price (as on Oct 11, 2024 in Rs.)	Book Value per share of the Company (standalone as on Mar 31, 2024 in Rs.)	Book Value per share based on investment in scrips of other listed Company (standalone as on Mar 31, 2024 in Rs.)	Proportion of Assets invested in other Listed Companies (% based on Standalone as on 31st March, 2024)	Price of latest buy-back or Delisting, if any
532256	Nalwa Sons Investment Ltd	4922.75	23,761.78	14,430.18	52.52	Nil
520056	TVS Holdings Ltd	13321.75	716.47	25,391.78	2,128.30	Nil
533302	Kalyani Investment Company Ltd	6095.8	18,580.61	17,493.78	89.62	Nil

521194	SIL Investments Ltd	575.05	1,661.45	1,330.72	75.52	Nil
500266	Maharashtra Scooters Ltd.	11118.5	23,639.65	25,443.66	98.93	Nil
539883	Pilani Investment And Industries Corporation Ltd	5287	12,336.33	11,779.28	84.18	Nil
500173	GFL Ltd	88.24	240.15	191.20	75.48	Nil
503681	Elcid Investments Ltd.	3.As we can53	4,06,241.58	4,05,841.48	93.53	The acquirer on Mar 28, 2022 has made an offer for voluntary delisting with a base price of Rs.1,61,023/share for which the special resolution was proposed. However, the said resolution failed, due to non-receipt of the requisite majority of public shareholders.
532855	Haryana Capfin Ltd	348.1	768.99	926.78	92.87	Nil

As we can see in this report above companies' Book Value per share of Company is almost double the Last Traded Price and for some companies, it is even higher after the special call auction we found a sudden hike in share price same as ELCID INVESTMENT

If we look carefully at above table the company with the second highest difference in Book Value per share of the Company and Last Traded Price is “Nalwa Sons Investment Ltd” the impact of special call auction also impacted the Nalwa Sons Investment Ltd with a spike of thousand points rally

Conclusion /Insides found from the analysis

Insights from the Analysis of Elcid Investments Ltd.

1. Significant-Market-Event:

On October 28, 2024, Elcid Investments' stock price jumped dramatically from ₹2-₹3 to ₹2,36,250 per share, making it India's most expensive stock. This leap was driven by a SEBI-mandated **special call auction mechanism** designed to correct the mispricing of shares of Investment Companies (ICs) and Investment Holding Companies (IHCs). Prior to this event, Elcid's stock was trading significantly below its intrinsic value.

2. Valuation and Market Realignment:

Market Capitalization: ₹4,531 crore (as of the analysis).

Book Value Per Share: ₹6,85,220, far exceeding its earlier market price.

The SEBI intervention highlighted inefficiencies in the pricing of ICs and IHCs, addressing issues of low liquidity and investor confidence.

3. Core-Investment:

Elcid's portfolio is heavily concentrated in **Asian Paints**, holding 2.83 crore shares, or 2.95%, valued at approximately ₹8,203 crore. Including its subsidiaries' holdings, the total investment in Asian Paints amounts to ~4.3%, valued at around ₹12,000 crore. This constitutes the majority of Elcid's portfolio value.

4. Ownership Structure:

Promoters and Promoter Group: Hold 75% of the shares (1,50,000 out of 2,00,000 total shares).

Public Shareholding: This constitutes 25% of the total, with a limited number of 322 shareholders, indicating low float and tightly controlled ownership.

5. Performance Metrics:

Revenue Growth: Q2 FY2024 revenue was ₹566.54 million, a significant rise from ₹232.31 million in Q2 FY2023.

EPS Growth: Basic EPS increased to ₹2,173.71 in Q2 FY2024 from ₹778.2 in the same quarter the previous year.

Dividend Yield: The company maintains consistent dividend payouts, recently ₹25 per share.

6. Strategic Observations:

Special Call Auction Mechanism: This regulatory change not only adjusted the market value of Elcid but also set a precedent for other ICs and IHCs, emphasizing the need for accurate price discovery in such entities.

Corporate Relationships: Indirect relationships between Elcid's management and Asian Paints were noted but without any visible conflict of interest.

7. Challenges and Opportunities:

Liquidity: Despite its high valuation, limited trading activity remains a challenge due to tightly held shares.

Regulatory Impact: The SEBI initiative has improved transparency and investor confidence in ICs/IHCs like Elcid.

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