TRANSPARENT CAPITAL

Elcid Investments Limited

Research Report

INTRODUCTION

India has a much diversified financial sector that is undergoing rapid expansion and digitalisation today. This is noted in terms of a growth in the existing financial sector space and new entrants in the market. The Financial Service industry in India contributes to about over 6% of India's GDP. In Developed economies this percentage is usually between 10-15%. Thus India has a lot of potential growth prospects.

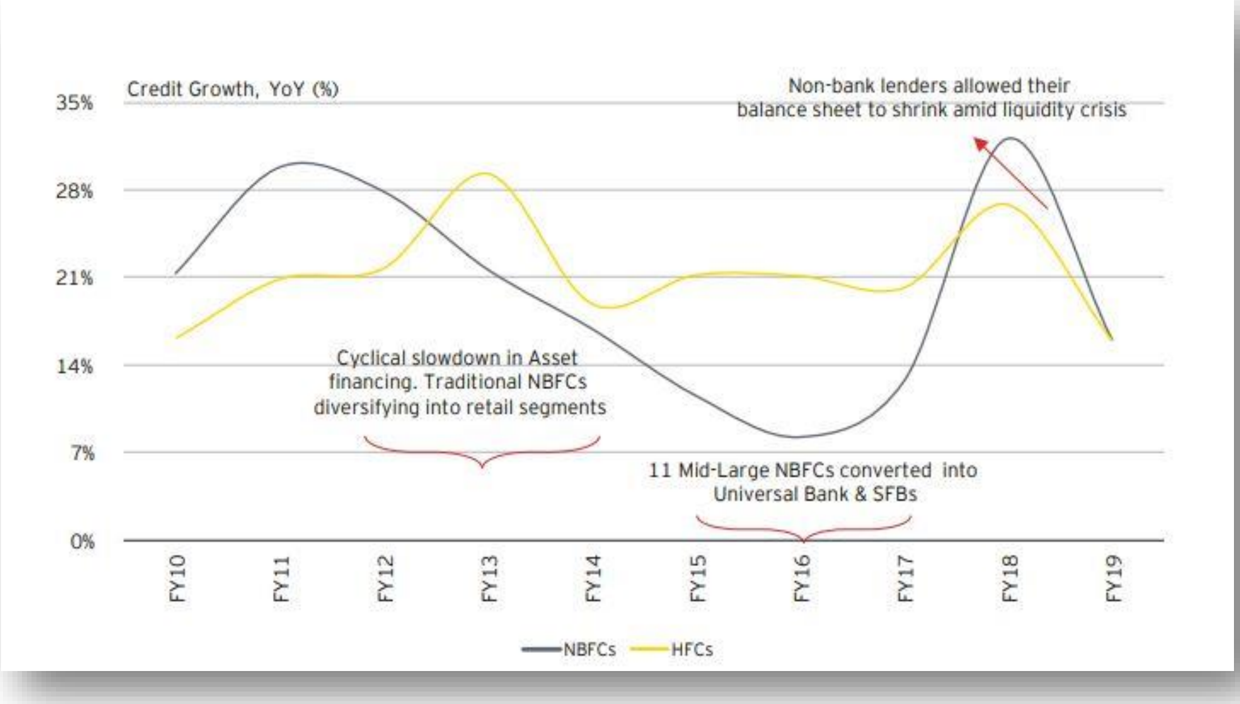
In 2019, banking and financial services witnessed 32 M&A activities worth US$ 1.72 billion.

During the FY16-20 bank credits grew at an average CAGR of 3.57%

Funding of microfinance sector grew to about ₹14,206 crore in 2019

As per the reports of Federation of Indian Chambers of Commerce & Industry of the ~9,600 non-bank lenders, 274 are classified as 'Systemically Important', 99 as HFCs and 82 as deposit taking NBFCs.

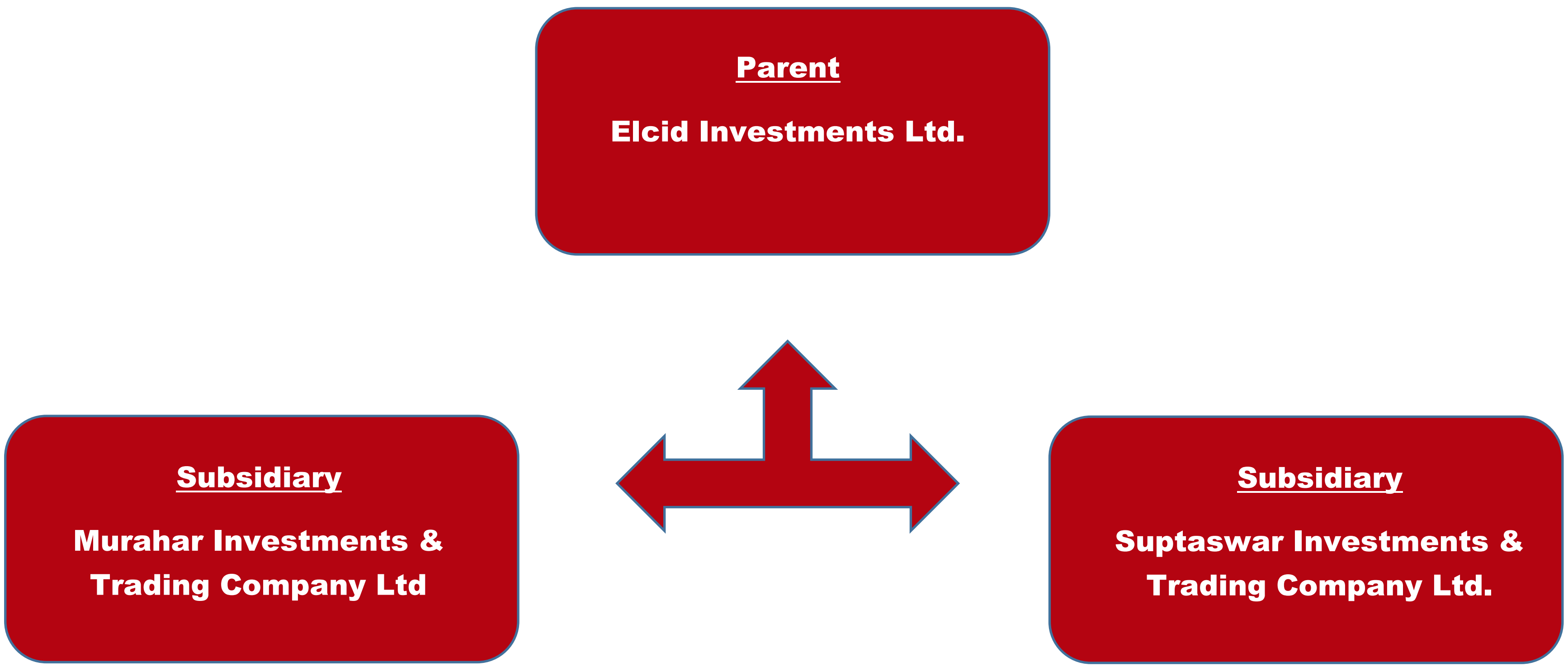
The NBFC (Non-Banking Financial Company) sector was \ passing through a critical juncture up until recently. Certain failures of large NBFC, liquidity constraints confronting the sector and consequent financial stability concerns had brought back NBFC regulations into focus. The liquidity crisis however was a good opportunity for the NBFCS to pull up their socks. Had the COVID-19 crisis occurred before the crisis, many NBFCS would have had to re-consider their continuity. The non-banking financial company (NBFC) sector has rebounded in the first six months of FY21.



ABOUT THE COMPANY

Elcid Investments Limited is a Non-Banking Finance Company registered with Reserve Bank of India. Elcid Investments Limited was incorporated on 3.12.1981 under the provisions of Companies Act 1956 in Mumbai. 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 stated to make investments in:

- **Shares**
- **Debentures**
- **Mutual Funds, and more.**



The Company has two subsidiaries, which are Murahar Investments & Trading Company Limited & Suptaswar Investments & Trading Company limited. These are both a 100% subsidiary incorporated in India engaged in the activity of Investment. Both these subsidiaries are also registered with Reserve bank Of India as a Non – Banking Finance Company.

Below is the capital structure of Elcid Investments Ltd.

(Amount in ₹)	*Authorised*	*Issued, Subscribed and fully paid up*
Equity Shares of ₹10/- each	20,00,000	20,00,000
Non-cumulative Redeemable Preference Shares of ₹ 100/- each	5,00,000	0

Address of the registered office:

414 Shah Nahar (Worli) Industrial Estate, B Wing,

Dr. E Moses Road, Worli,

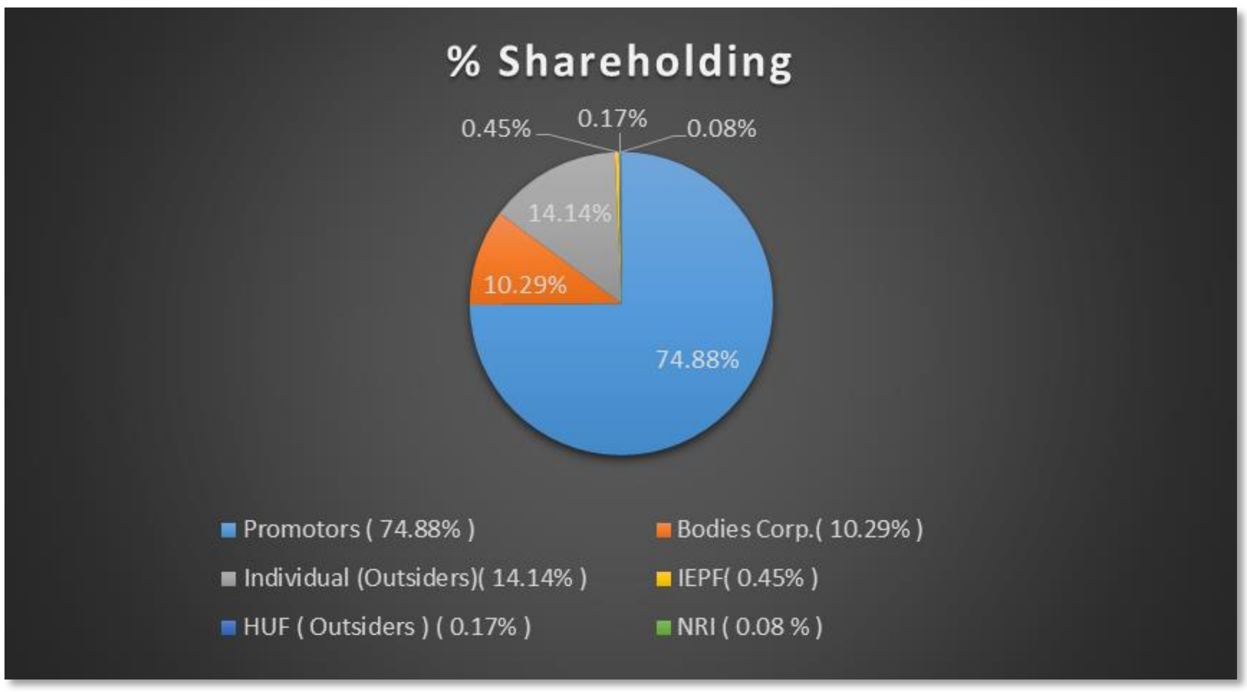
Mumbai – 400018

KMP AND SHAREHOLDING PATTERN

Below are few of the Key Managerial Personnel (KMP):

Person	Designation
Shri Varun A Vakil	Chairman
Smt. Ragini Vakil	CEO & CFO
Miss Mittal Gori	Company Secretary & Compliance Officer
Miss. Amrita A. Vakil	Independent Director
Smt. Dipika A Vakil	Independent Director
Shri Mahesh C Dalal	Independent Director
Shri Bharat B Talati	Independent Director
Shri Ketan C Kapadia	Independent Director

INVESTOR TYPE	NO OF SHARES
INDIVIDUAL/HUF (PROMOTORS)	149750
BODIES CORP.	20589
INDIVIDUAL (OUTSIDERS)	28280
INVESTOR EDUCATION AND PROTECTION FUND	900
HUF (OUTSIDERS)	331
NON RESIDENT INDIANS	150
TOTAL	**200000**



TOP 10 SHAREHOLDERS	NO OF SHARES
AMAR A VAKIL	64,750
DIPIKA A VAKIL	30,300
VARUN A VAKIL	27,550
AMAR VAKIL HUF	15,000
AMRITA A VAKIL	12,150
3A CAPITAL SERVICES LIMITED	11,000
RAJESH V NANAVATI	3,600
VATSAL SANJAY SARAF	2,000
CENTAURUS TRADING & INVESTMENTS PVT LTD	1,800
RAJAN MANUBHAI SHAH	1,600

SWOT ANALYSIS

Strengths:

The company has shown strong growth potential. With a strong CAGR of 27.61% for its total revenue, and 25.70% for its Profit after Tax (both on a consolidated basis), the company seems profitable with its investments. Being an NBFC, the sector enjoys relatively minimum degree of regulation vis a vis banks.

Weakness:

There are approximately 10,000 NBFCs registered in India with the Reserve Bank of India (RBI) as of 2020. With this high clutter, competition is high. The company seems heavily focused on investing in one industry that is paints and resins.

Opportunities:

The company can explore to invest in the supply chain or the manufacturing chain of the resin and paints industry if at all it wants to have Paint stocks in its investment portfolio. The company can use more diversified investments.

Threats:

The company seems to be heavily invested in Asian Paints. The investments in the company comes with the risks and threats associated with the paint business such as scarcity of raw materials, fluctuation in their prices(According to analysts' estimates, nearly 55% of raw material used by paint companies are crude oil derivatives), requirements in high working capital etc.

COMPANY HIGHLIGHTS

Although the Pandemic has brought with it concerns for the overall industry, the company has stayed viably strong and shows positive vitals.

Some of the financial highlights are:

- **Revenue from operations on a standalone basis grew to ₹5,480.16 lakhs in FY2020 at an average CAGR of 29.90% , and on consolidated basis grew to ₹7,752.13 lakhs at an average CAGR of 27.61%**
- **In comparison to this, Profit before Tax on a standalone basis grew to ₹5,383.23 lakhs at an average CAGR of 30.51%, and on consolidated basis grew to ₹7,151.39 lakhs at an average CAGR of 23.82%**
- **Profit after Tax has shown similar positive trends. On a standalone basis it grew to ₹5,459.12 lakhs at an average CAGR of 31.75%, whereas on a consolidated basis it grew to ₹7,318.02 lakhs at a CAGR of 25.70%**

The Company has selected to use IND AS to recognise financial items in the statements w.e.f. 1st April, 2019.

Company has not issued any debt funds and as such no credit rating has been obtained by the company.

Excerpt of the Subsidiary's Financials:

Name of the subsidiary	Murahar Investments & Trading Co Ltd 2019-20	Suptaswar Investments & Trading Co Ltd 2019-20
1. Reporting period for the subsidiary concerned, if different from the holding company's reporting period (Is same of holding Company)	NA	NA
2. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	NA	NA
3. Share capital	5,00,000	5,00,000
4. Reserves & surplus	9,84,11,23,913	11,21,59,08,516
5. Total assets	10,22,23,90,946	11,63,93,19,699
6. Total Liabilities	38,07,67,033	42,29,11,183
7. Investments	10,19,41,66,157	11,62,33,70,640
8. Turnover	11,02,67,988	12,59,70,484
9. Profit before taxation	8,32,38,791	9,35,77,346
10. Provision for taxation	(39,33,938)	(51,39,414)
11. Profit after taxation	8,71,72,729	9,87,16,760
12. Proposed Dividend	0	0
13. % of shareholdings	100%	100%

FINANCIAL ANALYSIS

Standalone Financials

(All amounts in ₹ Lakhs except otherwise stated)

Balance Sheet	FY20	FY19	FY18
Particulars			
Equity			
Equity Share capital	20.00	20.00	20.00
Other Equity	4,84,600.95	3,56,340.33	2,69,924.40
Total (A)	**4,84,620.95**	**3,56,360.33**	**2,69,944.40**
Non-Financial Liabilities			
Deferred tax liabilities	18,773.28	92,309.15	69,274.69
Other non-financial liabilities	0.73	0.38	0.66
Total (B)	**18774.01**	**92309.53**	**69275.34**
Financial Liabilities			
Other payables	3.68	3.67	7.99
Other financial Liabilities	2.35	2.07	2.01
Total (C)	**6.03**	**5.73**	**10.00**
Total Equity and Liabilities (A+B+C)	**5,03,400.99**	**4,48,675.58**	**3,39,229.74**
Non-Financial assets			
Property, Plant and Equipment	69.44	86.85	104.26
Current Tax (Asset)	19.11	5.84	4.13
Other Non-Financial Assets	0.82	1.20	1.38
Total (D)	**89.37**	**93.89**	**109.77**
Financial Assets			
Cash and Cash equivalents	390.47	44.24	55.75
Bank Balances other than above	3.54	3.59	64.56
Other Receivables	4.35	11.55	4.23
Loans	-	-	97.13
Investments	5,02,913.25	4,48,522.32	3,38,894.86
Other Financial Assets	0.01	0.01	3.44
Total (E)	**5,03,311.62**	**4,48,581.70**	**3,39,119.97**
Total Assets (D+F)	**5,03,400.99**	**4,48,675.58**	**3,39,229.74**

(All amounts in ₹ Lakhs except otherwise stated)

PROFIT & LOSS STATEMENT	FY20	FY19	FY18
Particulars			
Income			
Revenue from operations	5,480.16	4,254.13	9.86
Other Income	-	-	3237.98
Total Income (A)	**5,480.16**	**4,254.13**	**3,247.84**
Expenses			
Net loss on fair value changes	-	-	-
Impairment on financial instruments	-	97.13	-
Employee Benefits Expenses	29.89	24.09	24.44
Depreciation, amortization and impairment	17.41	17.41	17.41
Others expenses	49.63	34.98	45.38
Total Expenses (B)	**96.93**	**173.61**	**87.23**
Profit before exceptional items and tax	**5,383.23**	**4,080.52**	**3,160.61**
(A-B)			
Exceptional items	-	-	-
Profit before tax	**5,383.23**	**4,080.52**	**3,160.61**
Tax Expense/ (Deferred)	-75.89	325.84	15.62
Profit After Tax	**5,459.12**	**3,754.68**	**3144.99**

Consolidated Financials

(All amounts in ₹ Lakhs except otherwise stated)

Balance Sheet	FY20	FY19	FY18
Particulars			
Equity			
Equity Share capital	20.00	20.00	20.00
Other Equity	6,95,176.08	5,13,326.76	3,88,839.66
Total (A)	**6,95,196.08**	**5,13,346.76**	**3,88,859.66**
Non-Financial Liabilities			
Current Tax Liabilities (Net)	4.66	-	5.47
Deferred tax liabilities	26,782.88	1,30,583.18	98,001.80
Other non-financial liabilities	1.04	0.60	0.94
Total (B)	**26788.58**	**130583.78**	**98008.21**
Financial Liabilities			
Other payables	6.78	6.03	10.68
Other financial Liabilities	2.35	2.07	2.01
Total (C)	**9.13**	**8.10**	**12.69**
Total Equity and Liabilities (A+B+C)	**7,21,993.80**	**6,43,938.63**	**4,86,880.55**
Non-Financial assets			
Property, Plant and Equipment	70.75	88.75	107.02
Current Tax (Asset)	-	12.36	-
Investment Property	163.67	164.06	164.45
Other Non-Financial Assets	0.92	1.35	1.57
Total (D)	**235.33**	**266.51**	**273.04**
Financial Assets			
Cash and Cash equivalents	666.45	52.88	71.10
Bank Balances other than above	3.54	3.59	186.52
Other Receivables	5.04	12.03	4.71
Loans	-	-	97.13
Investments	7,21,083.43	6,43,593.18	4,86,227.27
Other Financial Assets	0.01	10.45	20.78
Total (E)	**7,21,758.47**	**6,43,672.12**	**4,86,607.51**
Total Assets (D+F)	**7,21,993.80**	**6,43,938.63**	**4,86,880.55**

(All amounts in ₹ Lakhs except otherwise stated)

PROFIT & LOSS STATEMENT	FY20	FY19	FY18
Particulars			
Income			
Revenue from operations	7,752.13	6,088.50	22.51
Other Income	-	-	4738.13
Total Income (A)	**7,752.13**	**6,088.50**	**4,760.64**
Expenses			
Net loss on fair value changes	480.89	-	-
Impairment on financial instruments	-	97.13	-
Employee Benefits Expenses	29.89	24.09	24.44
Depreciation, amortization and impairment	18.39	18.66	18.66
Others expenses	71.57	43.07	53.22
Total Expenses (B)	**600.74**	**182.96**	**96.32**
Profit before exceptional items and tax	**7,151.39**	**5,905.54**	**4,664.32**
(A-B)			
Exceptional items	-	-	-
Profit before tax	**7,151.39**	**5,905.54**	**4,664.32**
Tax Expense/ (Deferred)	-166.63	451.15	32.77
Profit After Tax	**7,318.02**	**5,454.39**	**4631.55**

The company has Equity Instruments at FVOCI (Fair Value through Other Comprehensive Income). These include financial assets that are equity instruments as defined in Ind-AS 32 and are not held for trading. Gains and losses on these equity instruments are never recycled to profit or loss.

The company has other comprehensive income of ₹1,22,837.66 lakhs for FY2020 (on standalone basis) which includes items such as Net Gain / (Loss) on Equity Instruments through OCI and ₹1,22,837.66 lakhs for FY2020 (on consolidated basis)

The chart below explains Comprehensive Income (CI) of the company:

Amount in ₹ lakhs	*FY19*	*FY20*
Other CI Standalone	82,697.35	1,22,837.66
Other CI Consolidated	1,19,068.82	1,74,570.35

The company's investment profile is as follows:

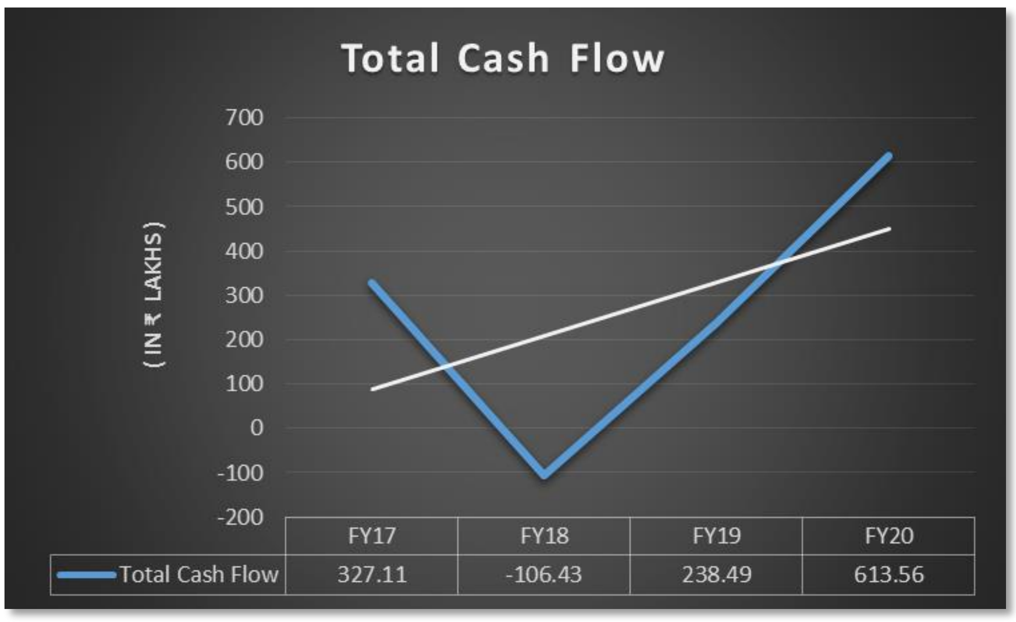
Investments	*As on 31.3.20 Amount in ₹ lakhs*
Government Securities	*46.42*
Corporate Bonds	*694.95*
Redeemable Pref. Shares	*500.00*
Convertible Debentures	*100.00*
Equity Instruments of other Entities	*6,80,503.28*
Mutual Funds	*38,637.49*
Alternative Investment Funds	*601.29*

The company had made investments in other companies such as Asian Paints Ltd, Carona Ltd, Farm Enterprises Ltd, Indian Aluminium Co. Ltd, Indian Seamless Enterprises Ltd, Lambodar Invt & Trading Co, One97 Communications Ltd, Resins and Plastics Ltd, etc.

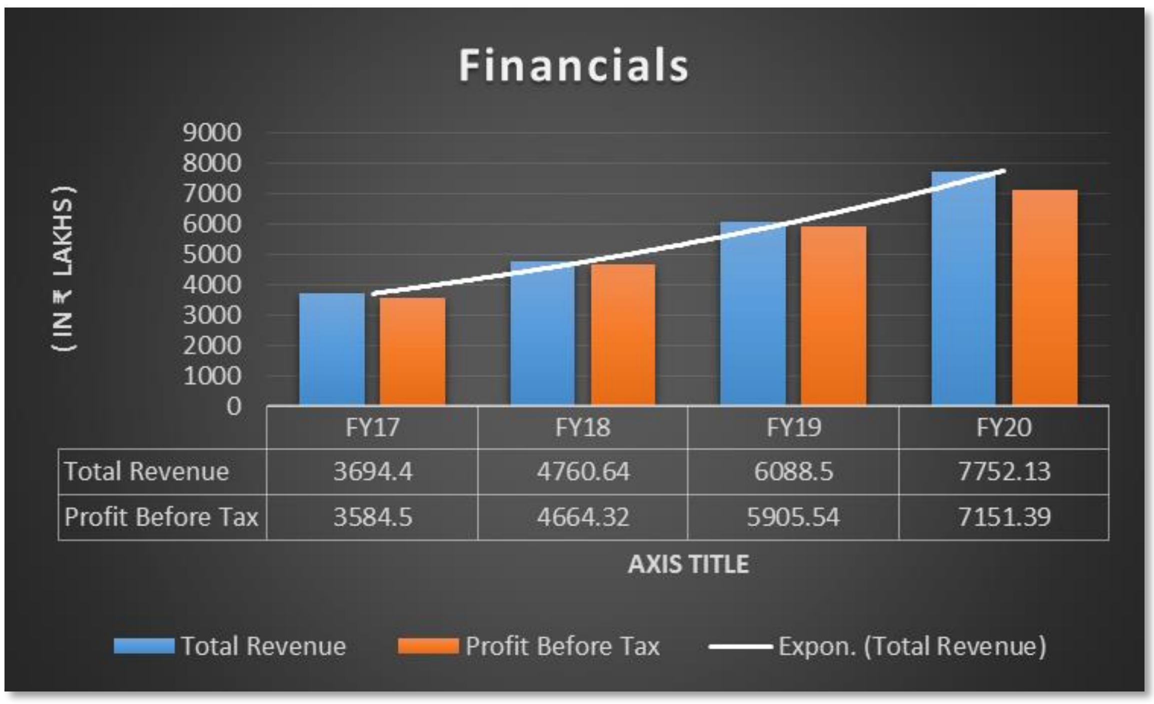
Majority of the tax liabilities appearing on the balance sheet is relating to Fair Valuation of Investments (FVOCI). Similarly, majority of "other equity" represents Equity Instruments through OCI valued at ₹ 6,51,099.95 lakhs as on 31st March, 2020.

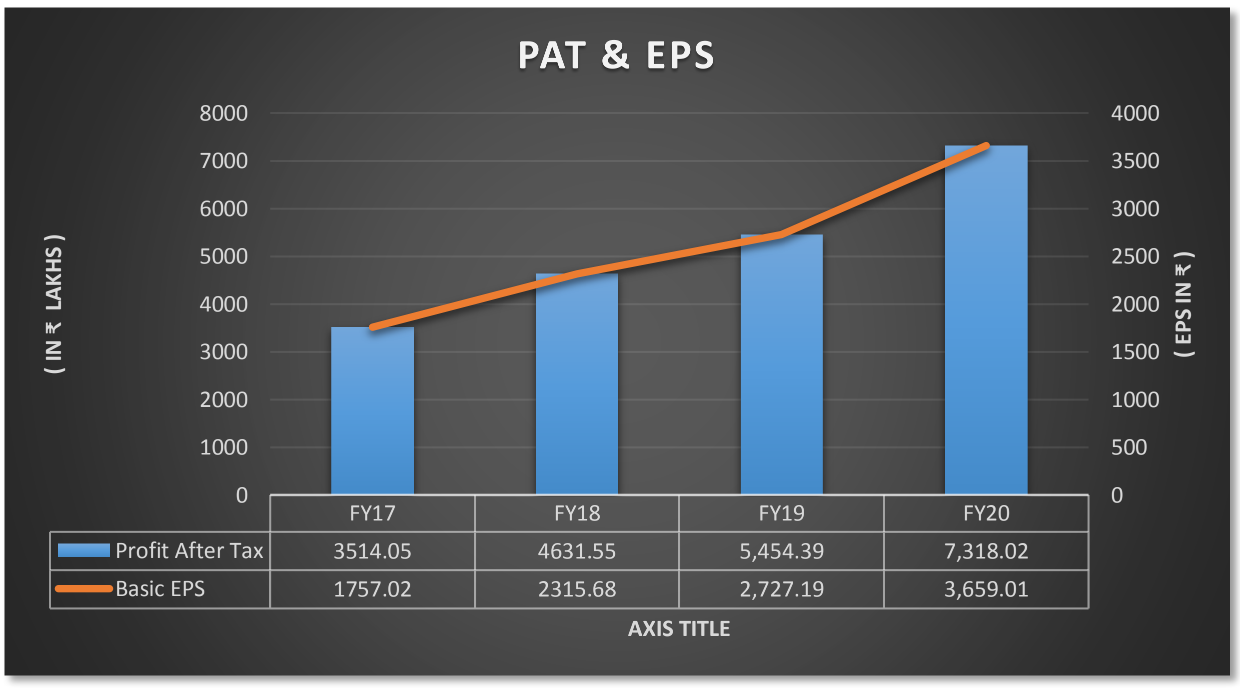
KEY STATISTICS

Consolidated Cash Flow (in ₹ Lakhs)	*FY17*	*FY18*	*FY19*	*FY20*
Cash Flow from Operating	-125.67	-85.98	92.31	-115.85
Cash Flow from Investing	464.82	15.66	110.13	765.58
Cash Flow from Financing	-12.04	-36.11	36.05	-36.17
Total Cash Flow	**327.11**	**-106.43**	**238.49**	**613.56**



Consolidated (in ₹ Lakhs)	*FY17*	*FY18*	*FY19*	*FY20*
Total Revenue	3694.4	4760.64	6088.5	7752.13
Y-O-Y		28.86%	27.89%	27.32%
Profit Before Tax	3584.5	4664.32	5905.54	7151.39
Y-O-Y		30.12%	26.61%	21.10%





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