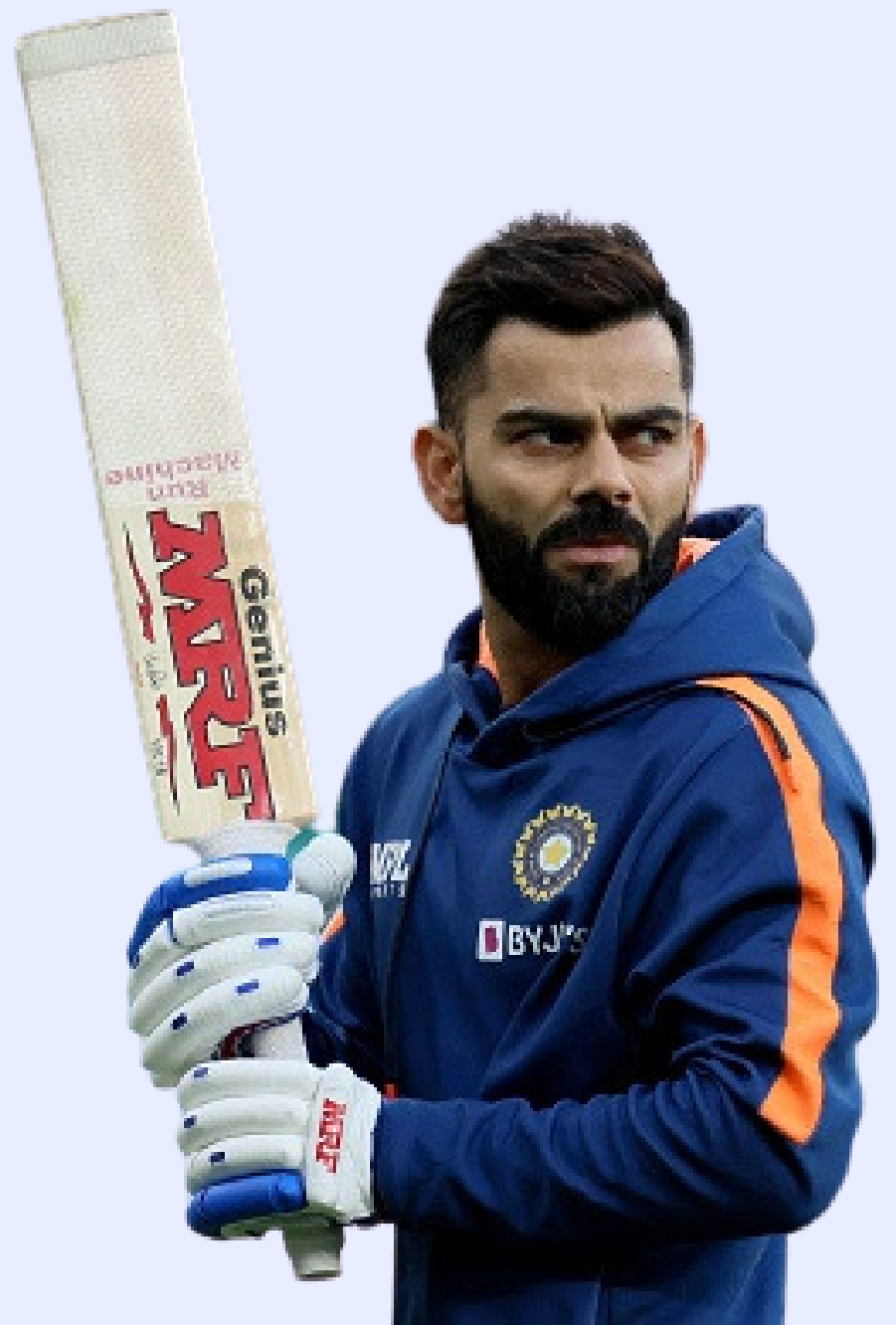


Swipe ►►►

How **MRF** Became The Most **Expensive** Stock in India?



Madras Rubber Factory Limited or MRF is the biggest tyre manufacturing company in India with a market share of 29 percent (approx).

In 1961, MRF went public, and on Tuesday its stock touched the mark of Rs. 1 lakh and became the only Indian stock to do so.

But how did MRF stock become so expensive, lets find out in the next slides.



MRF

The biggest reason why MRF's high share price is that it has never split its stock.

In 1970 and 1975, MRF offered bonus shares in the ratios of 1:2 and 3:10. But since then, there have been no splits or bonus share issuances.



But What is stock spit? Let's understand.

A stock split is a corporate action in which a company divides its existing shares into multiple shares.

The primary goal of a stock split is to increase the liquidity of the shares and reduce the price. so that everyone could afford it.



Why MRF never split its Stock?

- MRF has experienced consistent growth and provided significant returns to investors, making a stock split unnecessary.
- By not splitting shares, MRF can focus on attracting long-term investors while discouraging speculators and novice investors.
- MRF maintains exclusivity by keeping its share price high and not diluting its uniqueness through stock splits.

- Not splitting shares allows existing investors to retain their voting rights and reduces volatility, making MRF less susceptible to acquisitions.
- Stock splits do not provide any direct financial advantages to MRF, so they see no need for them.



Is MRF the only company to do so?

No, there are many companies on the Indian stock Market that never split their stock just like MRF.

Here are some examples:

1) Honeywell Automation India Ltd.

Stock Price: Rs. 41,399.00.

2) Page Industries.

Stock Price: Rs. 38,450.00.

The Honeywell logo, featuring the word "Honeywell" in white, bold, sans-serif font on a red rectangular background.

PAGE INDUSTRIES LIMITED

Other Reasons For MRF's High Share Price

- Over the past 10 years, MRF has been compounding its sales at 9-10 percent.
- The company has seen a rise of 86 percent year-on-year (YoY) growth in its net profit for this year.
- MRF's revenue also rose by 10.12 percent YoY.
- MRF's revenue stream is diversified across segments, making it less vulnerable to a slowdown in any particular segment.

Fun Fact about MRF

- Even though MRF is the highest price stock, It is not the most valued. Reliance is the most valued stock currently even though it trades close to Rs. 2500.
- A high share price doesn't guarantee the stock is valuable.
- MRF's market capitalization is only Rs 42,000 Cr. as compared to Rs.16.8 lakh Cr. of Reliance.
- Also, MRF doesn't even feature under the top 100 listed companies.

If have scrolled
this far,

please **like** this post
and **follow** me for
more such content.

