

being a bank, the sector has still had a relatively decent net interest margin, return on assets and lower NPAs than banks. We believe that due to better process, product focus and distribution network they have been able to outperform.”

Companies like Bajaj Finance, Manappuram Finance and SREI Infrastructure have handsomely rewarded their investors in the last one year. (Refer Table).

### Glittering on Dalal Street

Company	Share Price as on 16 <sup>th</sup> June 15	Share Price as on 14 <sup>th</sup> June 16	Return (%)
Manappuram Fin.	28.00	57.45	105.2
SREI Infra. Fin.	32.30	59.4	83.9
Bajaj Fin.	4697.65	7488	59.4
Cholaman.Inv.&Fn	596.15	946.5	58.8
SKS Microfinance	437.50	669.6	53.1
Capital First	370.50	557.9	50.6

Source: AdviseSure.com

According to Payal Pandya, Research Analyst (Wealth) at Centrum Broking Ltd, a sample data of 16 listed NBFCs show that on an average, NBFCs have given a return of 43 percent over a three-year period. The same set of companies have given a return of 30 percent over one year, 21 percent over six months, 14 percent year-to-date and 23 percent in three months ending 15 June 2016. Top five companies that have distinctly outperformed in last three years are Can Fin Homes at 111 percent, SKS Microfinance at 83 percent, Bajaj Finance at 76 percent, Cholamandalam Investment and Finance at 55 percent and Repco Home Finance at 51 percent.

**N**BFCs are rocking it on the Dalal Street. The ‘Make in India’ and ‘Start Up’ programmes are offering fresh opportunities to NBFCs for further growth. This has truly resulted in a sense of confidence amongst NBFCs who are charged up and raring to scale to greater heights. The

regulator is working hard to bring NBFCs at par with banks in terms of regulations. With a renewed sense of optimism, several companies have hit primary markets to raise capital through an initial public offering (IPO). NBFC stocks have grown to become investors’ favourite in the last few months now.

Says Abhimanyu Sofat, a co-founder of AdviseSure, an investment advisory, “Despite not having the advantages of

### INCREASING INTEREST IN THE NBFC SECTOR

Since the last two years, Indian banks are going through a rough patch owing to a rise in NPAs, which has largely resulted in the overall slowdown in the economy across sectors thereby leading to lower advances. As a result, investors’ interest towards the NBFC sector has only grown.

Says Prem Rajani, Managing Partner,

# Cholamandalam Invest. & Fin. .... CMP ₹939

**BSE Code:** .....511243

**Face Value:** ..... 10

**Mcap (Free Float):** ..... ₹5719 crore

**C**holamandalam Investment & Finance Company (CIFIC) has a strong pan-India presence with 534 branches across 25 states and union territories. The company's 90 per cent operative modules are located in tier-II, tier-III and tier-IV towns. Twenty-seven per cent of its physical offices are located in the southern region while 26 per cent each in northern and western region, 21 per cent in eastern region are located.

On the financial front, CIFIC's top line increased by 13.43 per cent to ₹4214

crore in FY16 as compared to previous financial year. The net interest margin of the company stood at 8.7 per cent in FY16 against 7.9 per cent in FY15. Its EBITDA too rose by 19.36 per cent to ₹1267 crore in FY16 on a yearly basis. CIFIC's bottom line also increased by 29.39 per cent to ₹575 crore in FY16 as compared to the previous fiscal year. CIFIC's assets under management witnessed an increase by 17 per cent to ₹29815 crore in FY16 on yearly basis. The

company's vehicle finance loan portfolio of ₹12383 crore shows a breakup of 25 per cent in LCV, 16 per cent in car & MUV, 15 per cent in refinance cell, 14 per cent in HCV, 13 per cent in older vehicle, 10 per cent tractor, 7 per cent in 3WHRL & SCV as of FY16. Its home equity product portfolio of ₹3476 crore is split as 90 per cent of home equity business comes from self-occupied residential property, 7 per cent from commercial and 3 per cent from others.

## LAST FIVE QUARTERS (₹ Cr.)

	Mar - 16	Dec - 15	Sept - 15	June - 15	Mar - 15
Total Income	1141.24	1060	1022.76	990.46	943.68
Other Income	1.03	0.09	0.32	0.17	0.16
Operating Profit	837.37	739.29	700.34	672.14	698.63
Interest	532.31	510.21	510.35	495.08	485.42
Net Profit	193.79	148.03	121.73	111.1	136.57
Equity	156.21	156.17	156.17	143.82	143.73