JOURNAL OF CRITICAL REVIEWS

ISSN- 2394-5125 VOL 7, ISSUE 13, 2020

FINANCIAL PERFORMANCE OF HOUSING FINANCE COMPANIES IN INDIA

Balanaga Gurunathan K[1], Nidhi Ahuja[2]

[1]Professor in Finance, Amity Business School, Amity University Haryana
[2]Research Scholar, Amity Business School, Amity University Haryana
E-mail: balanagagurunathan@yahoo.com[1], nidhiahuja2093@gmail.com[2]

Received: 14 March 2020 Revised and Accepted: 8 July 2020

ABSTRACT: Housing is an necessity in every economic system and is a core of wellbeing and social welfare.. Development of housing is an important tool for economic growth and development as small initiatives in housing leads to multiplier effect in the economy. The combination of big and small players are there in housing finance companies in the country which propagate in different areas such as banks, Housing Finance Companies ,government organizations etc. Banks and Housing Finance companies compete with each other in providing finance for housing. The housing finance sector development has backed off over the most recent one year because of liquidity crunch. Housing finance companies (HFCs) brought down their disbursements and upturned portfolio sale through securitization for repayment of obligation commitments. Financial performance plays a crucial role for taking various financial decisions. This paper has examine the financial operations of Housing Finance Company in India from the year 2014-15 to 2018-19. Major sources of data are HFCs reports including NHB and RBI. Some selected parameters like liquidity, solvency, valuation and profitability ratios has been used for analysing the financial viability of some selected housing finance Companies listed in recognized stock exchanges for the period from 2014-2015 to 2018-2019. Keeping the focus on above points in mind, the researcher has made an effort to study the financial performance of selected housing finance companies and offer suggestions for the improvement of efficiency in the selected Housing Finance Companies.

KEYWORDS– Financial performance, Ratio Analysis, Housing Finance.

I. INTRODUCTION

Housing is one of every human being’s fundamental requirements, with the other being food, clothing and Education. Housing is a key element and a measure of people's socio-economic status. Housing is the foundation of joy and Buddhist way of thinking felt that without suitable shelter, an individual doesn't grow altogether psychologically, academically and spiritually. Housing additionally gives financial development force to the society.

As Manoj P.K (2003) brings up in his study,for that housing can possibly be a speedy beginning to a downturn hit economy and so housing and other bank’s credit items cannot only guarantee bank’s continuous and smooth development but also accelerates financial development .He also focused on retail credit strategies for success in evolving scenarios.

Housing finance is a thing that licences for the creation and utilisation of housing. It allude to the money we fabricate and holds the nation’s stock of houses.

HFCs are non-banking financial organizations enlisted with the NHB established in 1988. The Housing money segment in India has encountered wonderful change in its structure, most assuredly from its underlying stage. Housing Finance Companies (HFCs) are continuously pushing forward due to huge demand, improvement and financial help. They are providing acknowledge for a house as well as helping the individuals to satisfy their fantasies. Housing Finance channelize the funds of the investors to those purchasing their houses. HFCs are devoted towards giving Housing credit to the individuals in need. NHB (National Housing Bank) regulates and directs Housing Finance companies. Today, Banks are more competitive in market place as their funds are economical when compared to HFC. Recently, Housing

ISSN- 2394-5125 VOL 7, ISSUE 13, 2020

finance companies were downgraded by rating agencies. In perspective on this, the present study is a push to evaluate and analyse the performance of HFCs in current scenario . The study will assist the companies to frame Methods and Strategies to improve the service which will foster the long term survival of HFCs. Thus, it be apt to be understood that the checking and assessment of different aspects of HFCs operating in India is essential from time to time.

NEED OF THE STUDY

Housing Sector and Housing fund industry has advanced over some undefined time frame and assume a significant job in invigorating the nearby and national economy in the distribution of economic resources due to its strong inter-linkages with different industries. It helps nation to develop by contributing essentially to its national income and employment generation. The housing finance sector development has backed off over the most recent one year because of liquidity crisis. Housing finance companies (HFC) brought down their payments and raised portfolio sale through securitisation for repayment of obligation commitments. Financial performance plays a crucial role for taking various financial decisions and the study provides relevant information for further improvement of the Housing finance sector. The paper has examine the financial operations of Housing Finance Company in India from the year 2014-15 to 2018-19
,which gives an insight about the current situation and viability of selected Housing Finance companies to the regulatory body, shareholders, investors and managers

II. LITREATURE REVIEW

1. **RBI Bulletin (2007),** investigated the performance of 1064 Government public limited companies during 2005- 06 dependent on their inspected yearly report closed during april 2005 to march 2006. The solidified consequences of the investigation uncovered constant improvement in the performance of the companies saw with development in sales, estimations of production, gross profit after tax, profits retained and net worth in 2005-06 when contrasted with 2004-05.
2. **Batra, Vibha (2009),** examined the development drifts in the home loan marketplace and assessed the selected housing finance companies financial operations over selected financial years. A gigantic addition pursued by interest rates decline, stoppage in monetary action, redress in cost of property in numerous zones, and the initialization of "8% home loan schemes" have added intriguing measurements to the Indian home loan markets in the on-going past.
3. **III Maheshwari . S. (2010)** , have evaluated “Financial Performance of Paper Industry in India” for ten years from 1997-98 to 2006-07. Ratio analysis, Trend Analysis etc. financial analysis techniques were used for the study. Altman’s Z score model was used for analysing the financial health of the firm , which uncovered that financial health of selected paper companies fall in unhealthy zone. Also it was observed from the study that there is a negative correlation between the inventory turnover ratio and debtor turnover ratio.
4. **Rao,Apparao, N. (2012),** expressed that the resources accessible with individuals are for each situation exorbitantly obliged and housing improvement strongly depend upon the budgetary establishments , for instance, banks, credit partnerships ,advancement banks for the stock of store to meet their step by step money related requirements. Through this paper, they assessed major nuances of Indian financing system and included the key issues, future point of view and institutional execution concerning Indian Housing Finance structure.
5. **Ravindra, P.S. (2013),** analysed the operational and financial performance ofHDFC LTD.,LIC Ltd.For the purpose of the study they had used secondary data of the selected companies and used financial ratios, percentages etc. for analysing the data. It was presumed that the accomplishment of the LICHFL and HDFC in the housing money industry is in its showcasing system. Furthermore, LICHFL had performed well when contrasted with HDFC in both monetary and operational perspectives during the study time frame.
6. **Garg, Shiv Kumar and Kumar, Gajendra (2014),** observed that government stimulated banks to recognize housing finance segment and its significance in loaning due to various reforms in banking sector. They expressed that Housing finance area is the quickest developing portion of the retail financing segment. It also came out with the associations of HFC’s ,banks are rivals in housing finance market. They also suggested to reduce interest rate of providing housing finance so as to help individuals to relish their dreams of owing their house .
7. **Bindu Roy,Preeti Gupta(2016),**This paper has attempted to analyse critically the operational performance of SCBs and HFCs as well as their comparison. For this, the authors have used graphical method, growth rate method and average method on the

ISSN- 2394-5125 VOL 7, ISSUE 13, 2020

basis of secondary data. They observed in the SCBs' portfolio mix that decline in housing loan has resulted in increased loans to agriculture and industry whereas HFCs continue to strengthen and increase their housing portfolio base .

8**. A. Kavitha (2017) ,**analyse the financial operations of the Five listed HFCs in India. CAMEL Approach(Capital Adequacy, Asset Quality, Management Efficiency, Earning Capability and Liquidity) has been used for analysis purpose. Purposive Sampling design has been followed by her based on certain parameters. The study concluded that HFCs need to keep up low-cost & long term sources of funds which will assist them to avoid mismatch problems and furthermore provides them with higher profitable operations.

9. **Pratibha P. K . , C. Krishnan (2018) ,**has analysed the financial operations of Housing Finance Companies and schedule commercial banks in India and evaluated their comparative growth. The HFC's have increased in number from 46 institutions in 2004-2005 to 71 institutions in 2015-2016.Also,the number of housing loans dispensation given by Schedule commercial banks and Housing Finance Companies have increased. Numerically, Commercial banks have reduced in terms of housing market shares when compared with HFC's.

STUDY OBJECTIVES

1.) To make analysis of the financial performance of housing finance companies in India during the period 2014-15 to 2018-19.

2.) To make comparative analysis of housing finance companies .

3.) To evaluate liquidity, profitability and investment valuation of the selected housing companies.

4.) To make suggestion for improvement of Housing finance Companies Performance and its operations.

LIMITATION OF THE STUDY

1. This study depends on the secondary data and all the limitations of secondary data are applicable to this study also.
2. The paper compares only the financial performance of HFCs and not their internal operation performance.
3. The findings of the study are applicable only for the five years period time frame, i.e., from 2014-2015 to 2018-2019 , and for analysis of the data relating to financial performance, only ratios are used.

III. RESEARCH METHODOLOGY

A *Nature of the Research*

The nature of this paper is descriptive-analytical, as it strives to make an complete study of the housing finance market of India.

B *Companies Considered for study*

11 Companies are considered for the purpose of the study which are listed in recognized Stock Exchanges namely, Hdfc Ltd., India bulls Housing Finance, LIC Housing Finance, , GRUH Finance , PNB Housing Finance , Can Fin Homes, Dewan Housing Finance , GIC Housing finance, Repco Home, Reliance Home Finance ,Crest Ventures.

C *Scope of the Study*

Five years time series data from 2014-15 to 2018-19 has been used for the purpose of the study.

D *Data Collection*

Secondary data is used for this study. Annual Reports of Housing Finance Companies, Banks, NHB progress Reports, Journals, Business Articles and Magazines, Research Papers etc. are used for the study.

E *Data Analysis and tools Applied*

In this study research tables and graphs are used for presenting the data and for analysing the financial operations and viability of the selected companies Ratios have been used. Some selected parameters like liquidity, solvency, valuation and profitability ratios has been used for evaluating the financial operations and performance of selected HFC's

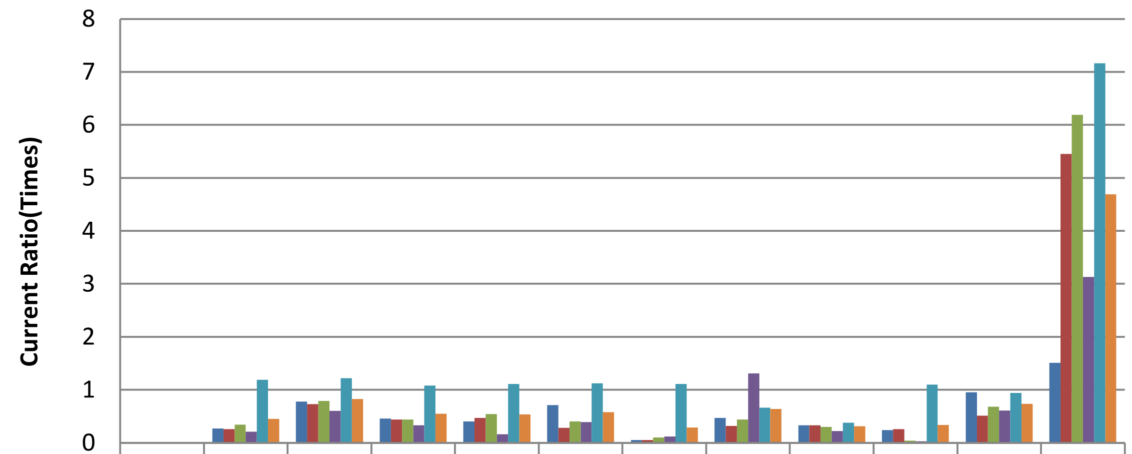
ISSN- 2394-5125 VOL 7, ISSUE 13, 2020

IV. ANALYSIS AND INTERPRETATION

A *Solvency Analysis*

A.1 Current Ratio

Figure – 1
Ratio of Hfcs from 2014-15 to 2018-19



	COMPANY NAME	HDFC	INDIA BULLS HSG	LIC HOUSING FIN	GRUH FINANCE	PNB HOUSING FINANCE	CAN FIN HOMES	DEWAN HOUSING	REPCO HOME	GIC HOUSING FIN	RELIANCE HOME FIN	CREST VENTURES
2014-15		0.27	0.78	0.46	0.4	0.71	0.05	0.47	0.33	0.24	0.95	1.51
2015-16		0.26	0.73	0.44	0.47	0.28	0.05	0.32	0.33	0.26	0.51	5.45
2016-17		0.34	0.79	0.44	0.54	0.4	0.1	0.44	0.3	0.04	0.68	6.19
2017-18		0.21	0.6	0.33	0.16	0.39	0.12	1.31	0.22	0.03	0.61	3.13
2018-19		1.19	1.22	1.08	1.11	1.12	1.11	0.66	0.38	1.1	0.94	7.16
AVERAGE		0.454	0.824	0.55	0.536	0.58	0.286	0.64	0.312	0.334	0.738	4.688

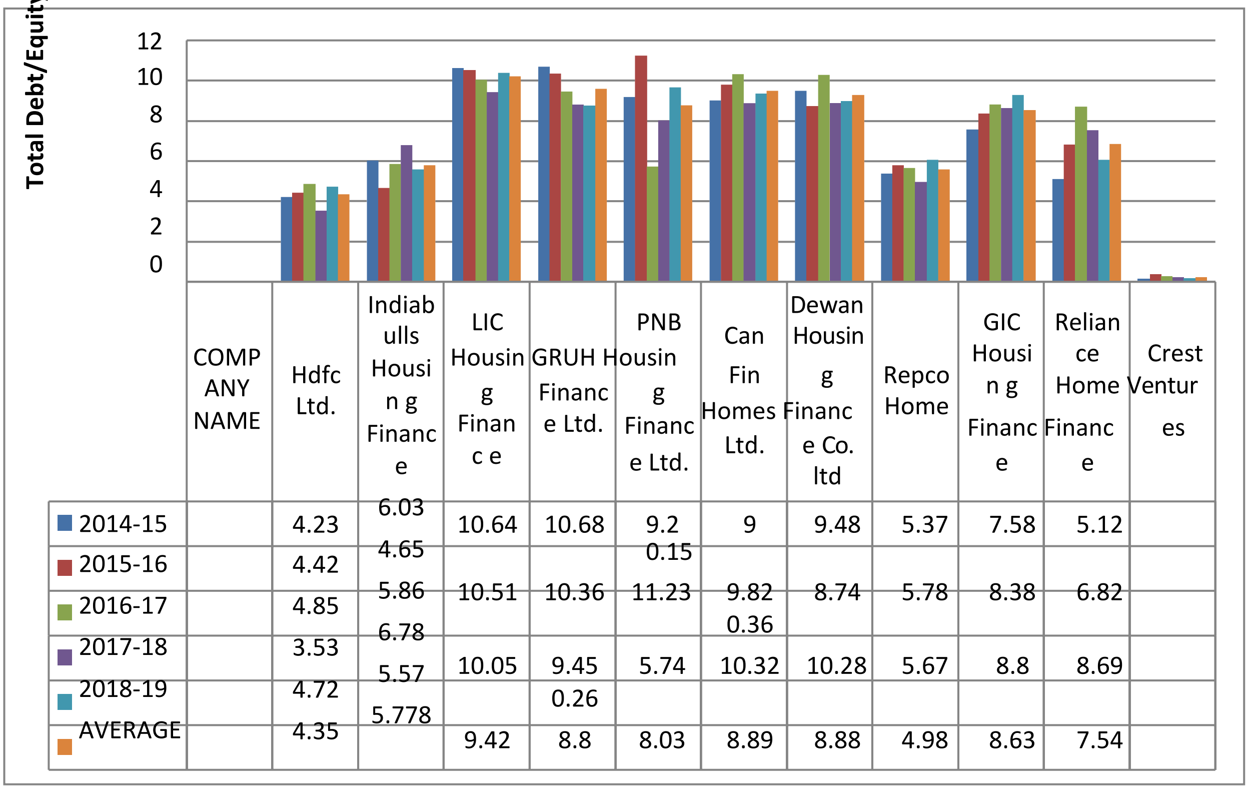
Source : Secondary Data

Current ratio refers to as the association between current assets and current liabilities. This ratio tells the short-term financial position or liquidity of the housing finance institution. It could be seen from the Table No.1 that the current ratio of HDFC Ltd., was highest in 2018-19 and lowest during 2017-2018 the current ratio of crest ventures was the highest of 7.16 during 2018-2019 and was the lowest at 11.91 during 2014-2015. The current ratio of LIC housing finance Limited was the highest at1.08 during 2018-2019 and was the lowest at 0.6 during 2017-2018. The current ratio of Dewan housing finance limited was the highest at 1.31 during 2017-2018 and was the lowest at 0.32 during 2015-2016. The current ratio of Repco Home and GIC Housing finance was the lowest among all selected Housing finance companies. The average current ratio of Crest Ventures was the highest (4.688) among the selected housing finance institutions during the study period. Thus it can be inferred that short liquidity position of Crest Ventures is satisfactory during the study period.

ISSN- 2394-5125 VOL 7, ISSUE 13, 2020

A.2 Debt Equity Ratio

Debt Equity Ratio of Hfcs from 2014-15 to 2018-19
Figure – 2



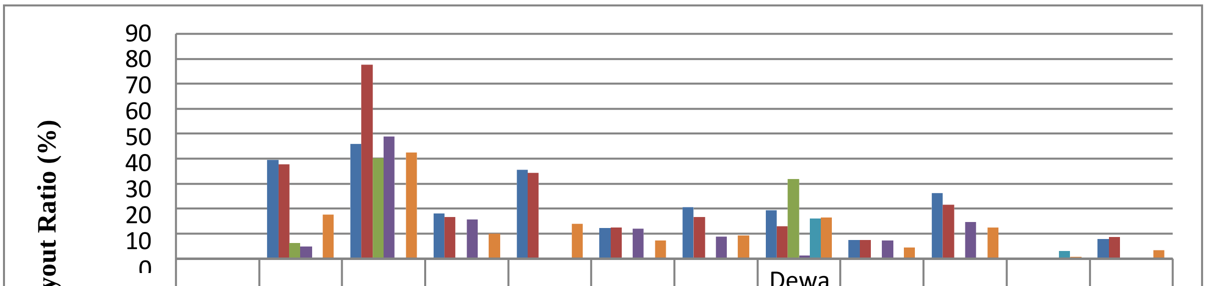
Source : Secondary Data

Debt-equity ratio measures the relative claims of outsiders against the firm assets. It could be observed from above Table No.2 that debt equity ratio of HDFC Ltd., was the highest at 4.85 during 2016-2017 and was the lowest at 4.23 during 2014-2015. The debt-equity ratio of LIC Housing Finance Ltd., was the highest at 10.64 during 2014-2015 and was the lowest at 9.42 during 2017-2018. The debt equity ratio of Dewan housing finance Ltd., was the highest at 10.28 during 2016- 2017 and was the lowest at 8.74 during 2015-2016. The debt equity ratio of Crest ventures was the highest at 0.36 during 2015-16 and was lowest at 0.15 during 2014-2015.The debt-equity ratio of LIC Housing finance on an average was the highest (10.198) among the selected housing finance institutions during that period the LIC Housing Finance depends on outsiders funds for its business.

ISSN- 2394-5125 VOL 7, ISSUE 13, 2020

A.3 Dividend Payout Ratio

Figure - 3
Dividend Payout Ratio Of Hfcs in 2014-15 to 2018-19



COMPANY NAME	Hdfc Ltd.	Indiabulls Housing Finance	LIC Housing Finance	GRUH Finance Ltd.	PNB Housing Finance Ltd.	Can Fin Homes Ltd.	Dewan Housing Finance Co. ltd	Repco Home	GIC Housing Finance	Reliance Home Finance	Crest Ventures
2014-15	39.43	46.02	18.08	35.66	12.29	20.71	19.41	7.59	26.15	0	7.89
2015-16	37.86	77.71	16.61	34.34	12.37	16.58	12.97	7.5	21.63	0	8.55
2016-17	6.39	40.18	0	0	0	0	32.01	0	0	0	0
2017-18	4.82	48.9	15.64	0	12.03	8.73	1.08	7.3	14.6	0	0
2018-19	0	0	0	0	0	0	[illegible]	0	0	3.2	0
Average	17.7	42.562	10.066	14	7.338	9.204	16.304	4.478	12.476	0.64	3.288

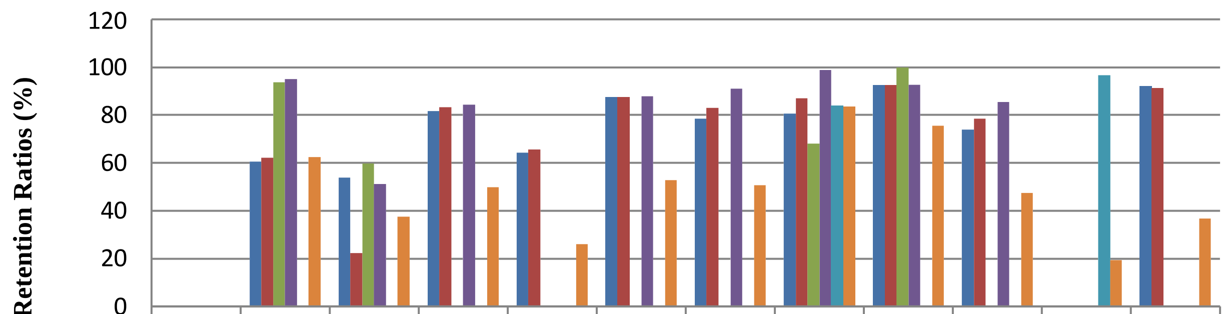
Source : Secondary Data

The Dividend Pay-out Ratio(DPR) statesproportion of incomes the company paid out to its owners or shareholders. As above table No. 3 shows concerning the dividend pay-out ratio, HDFC Ltd., had the highest DPR in 2014-15 i.e. 39.43% and had 0 DPR during 2018-19
.LIC housing finance had the highest DPR during 2014- 15 i.e. 18.08% and had 0 DPR during 2016-17 and 2018- 19.The DPR of Can Fin Homes was at top during 2014- 15 at 20.71% and was 0 during 2016-17 and 2018- 19.Reliance Home Fin had not declared any dividend till 2017-18 and declared only micro % during 2018-19 i.e. (3.2%).It is seen from the above figure that Most of the which company had retained all of its profits which it may have utilised to pay down the firm's debt or reinvest in key operations.
As above table Exhibited ,India bulls HSG ranked at the top with an average percentage of 42.56% DPR ,followed by HDFC Ltd., with 17.7% DPR. Reliance Home ranked at the bottom with an average percentage of 0.64% DPR.

ISSN- 2394-5125 VOL 7, ISSUE 13, 2020

A.4 Retention Ratio

Figure - 4
Retention Ratio of Hfcs from 2014-15 to 2018-19



	COMPANY NAME	Hdfc Ltd.	Indiabulls Housing Finance	LIC Housing Finance	GRUH Finance Ltd.	PNB Housing Finance Ltd.	Can Fin Homes Ltd.	Dewan Housing Finance Co. ltd	Repco Home	GIC Housing Finance	Reliance Home Finance	Crest Ventures
2014-15		60.56	53.97	81.79	64.33	87.7	78.38	80.58	92.4	73.84	0	92.1
2015-16		62.13	22.28	83.28	65.65	87.62	83.04	87.02	92.49	78.36	0	91.44
2016-17		93.6	59.81	0	0	0	0	67.98	99.99	0	0	0
2017-18		95.17	51.09	84.27	0	87.96	91.17	98.91	92.69	85.39	0	0
2018-19		0	0	0	0	0	0	83.94	0	0	96.79	0
Average		62.292	37.43	49.868	25.996	52.656	50.518	83.686	75.514	47.518	19.358	36.708

Source : Secondary Data

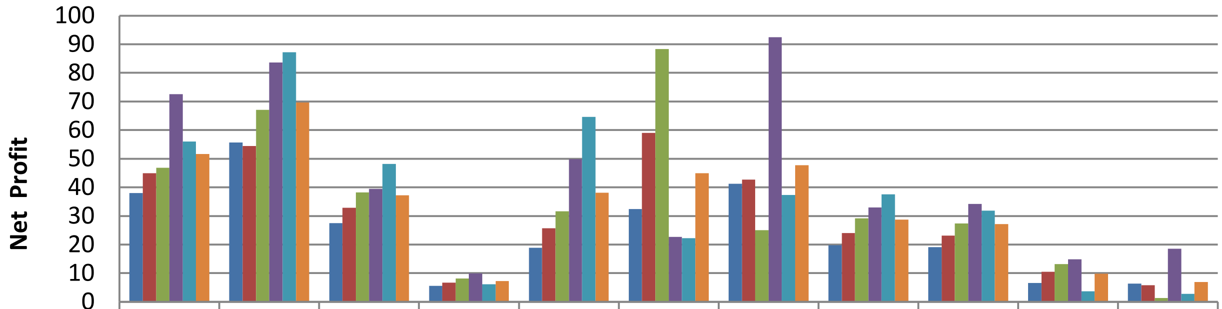
The retention ratio refers to the percentage of net income that is retained to grow the business, rather than being paid out as dividends. The retention ratio helps investors determine a company's reinvestment rate. The above table reveals that retention ratio of India Bulls HSG is highest at 53.97 during 2014-15 and 0 during 2018-19 which means company had distributed whole of its profits. The retention ratio of GRUH finance is highest during 2015-16 at 65.65 and remains 0 from 2016-17 to 2018-19. The retention ratio of Dewan housing was highest at 98.91 and lowest at 67.98 during 2016-17. Reliance Home finance had 0 retention ratio from 2014- 15 to 2017-18 and had 96.79 retention ratio during 2018- 19.The retention ratio of crest ventures was 92.1 during 2014-15 ,91.44 during 2015-16 and 0 from 2016-17 to 2018-19.The Average Retention ratio of Dewan housing finance was highest at 83.686 compared to its peers under study.

ISSN- 2394-5125 VOL 7, ISSUE 13, 2020

B)Profitability Analysis

B.1 Net Profit

Figure - 5
Net Profit Ratio of Hfcs from 2014-15 to 2018-19



	HDFC	INDIABULLS HSG	LIC HOUSING FIN	GRUH FINANCE	PNB HOUSING FINANCE	CAN FIN HOMES	DEWAN HOUSING	REPCO HOME	GIC HOUSING FIN	RELIANCE HOME FIN	CREST VENTURES
2014-15	38.04	55.64	27.45	5.61	18.88	32.39	41.19	19.74	19.11	6.59	6.33
2015-16	44.9	54.45	32.89	6.7	25.72	59.01	42.65	24	23.11	10.49	5.84
2016-17	46.85	67.06	38.24	8.14	31.62	88.37	24.99	29.13	27.42	13.18	1.27
2017-18	72.58	83.62	39.4	9.92	49.86	22.66	92.49	32.95	34.23	14.9	18.59
2018-19	55.96	87.25	48.14	6.1	64.57	22.28	37.37	37.51	31.89	3.72	2.79
AVERAGE	51.666	69.604	37.224	7.294	38.13	44.942	47.738	28.666	27.152	9.776	6.964

Source : Secondary Data

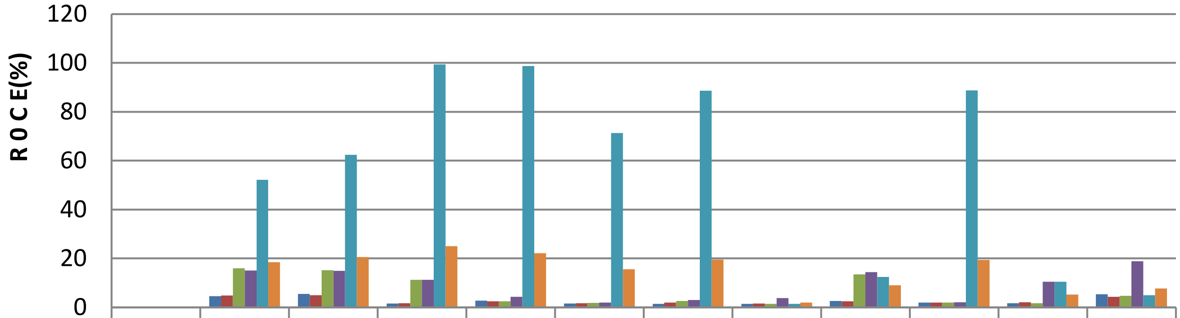
The above table No. 5 reveals that the net profit ratio of HDFC Ltd., was the highest at 72.58 during 2017-2018 and was lowest at 38.04 during 2014-2015.The net profit ratio of Gruh Finance was highest at 9.92 during 2017-18 and was lowest at 5.61 during 2014-15. The net profit ratio of Repco home was highest at 37.51 during 2018-2019 and lowest at 19.74 during 2014-2015.

The net profit ratio of Can Fin Home Ltd., was the highest at 88.37 during 2016-2017 and was lowest at 22. 28 during 2018-2019. The net profit ratio of GIC housing finance was highest at 34.23 during 2017-2018 and lowest at 19.11 during 2014-2015.India bulls HSG has the highest average at 69.604 among all the selected housing finance companies. So, it is clear from the above table that Profitability position of India bulls HSG is satisfactory.

ISSN- 2394-5125 VOL 7, ISSUE 13, 2020

B.1) Return on Capital Employed(ROCE)

Figure – 6
Return on Capital Employed of Hfcs from 2014-15 to 2018-19



	COMPANY NAME	HDFC	INDIABULLS HSG	LIC HOUSING FIN	GRUH FINANCE	PNB HOUSING FINANCE	CAN FIN HOMES	DEWAN HOUSING	REPCO HOME	GIC HOUSING FIN	RELIANCE HOME FIN	CREST VENTURES
2014-15		4.51	5.51	1.53	2.73	1.5	1.36	1.46	2.56	1.97	1.63	5.35
2015-16		4.79	4.92	1.62	2.51	1.71	1.97	1.47	2.45	1.92	2.03	4.3
2016-17		16	15.16	11.18	2.49	1.74	2.52	1.43	13.43	1.94	1.64	4.74
2017-18		15.03	14.96	11.23	4.33	1.91	2.92	3.82	14.41	2.05	10.4	18.8
2018-19		52.18	62.34	99.37	98.71	71.24	88.63	1.45	12.4	88.7	10.42	5
AVERAGE		18.502	20.578	24.986	22.154	15.62	19.48	1.926	9.05	19.316	5.224	7.638

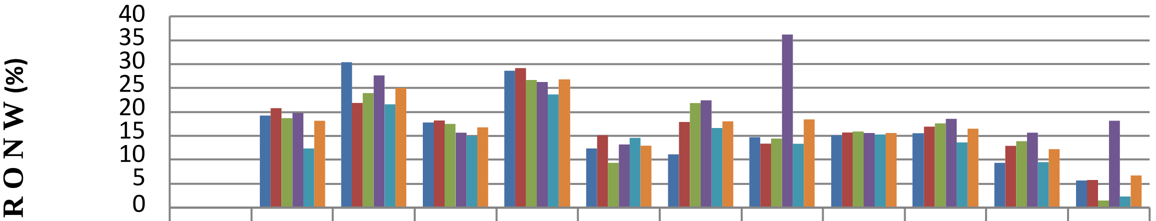
Source : Secondary Data

The above table and graph shows that HDFC Ltd., return on capital employed was the highest at 52.18 during 2018-2019 and was lowest at 4.51 during 2014-2015. The return on capital employed of LIC housing finance Ltd., was the highest at 99.37 during 2018-19 and was lowest at 1.53 during 2014-15. The return on capital employed of Can Fin Homes Ltd., was the highest at 88.63 during 2018-19 and was lowest at 1.36 during 2014-15. The return on capital employed of GIC Housing finance was highest at 88.7 during 2018-19 and was lowest at 1.92 during 2015-16.The return on capital employed of crest ventures was highest at 18.8 during 2017-18 and was lowest at 4.3 during 2015-2016.The Average return on capital of LIC Housing Finance was highest (24.986) among the selected housing finance companies during the study period.

ISSN- 2394-5125 VOL 7, ISSUE 13, 2020

B.2) Return on Net Worth(RONW

Figure 7. Return on Net Worth of HFCs in 2014-15 to 2018-19



	COMPANY NAME	Hdfc Ltd.	Indiabulls Housing Finance	LIC Housing Finance	GRUH Finance Ltd.	PNB Housing Finance Ltd.	Can Fin Homes Ltd.	Dewan Housing Finance Co. ltd	Repco Home	GIC Housing Finance	Reliance Home Finance	Crest Ventures
2014-15		19.34	30.47	17.72	28.64	12.4	11.17	14.79	15.15	15.59	9.34	5.66
2015-16		20.78	21.84	18.15	29.16	15.21	17.89	13.4	15.71	17.01	12.94	5.83
2016-17		18.77	23.94	17.43	26.64	9.39	21.85	14.53	16.02	17.62	13.98	1.5
2017-18		19.8	27.66	15.67	26.26	13.17	22.41	36.22	15.51	18.62	15.71	18.15
2018-19		12.45	21.6	14.95	23.64	14.54	16.65	13.32	15.36	13.7	9.51	2.41
Average		18.228	25.102	16.784	26.868	12.942	17.994	18.452	15.55	16.508	12.296	6.71

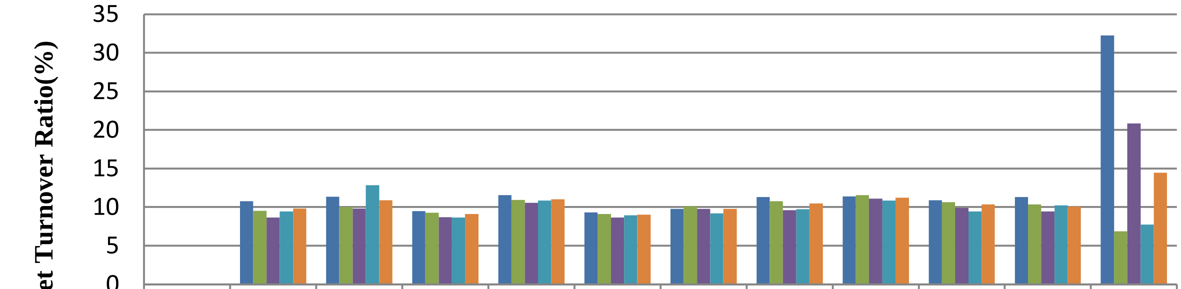
Source : Secondary data

Return on Net Worth (RONW) measures the profitability of a company conveyed in percentage terms. As exhibited by above figure ,India bulls had the highest RONW ratio during 2014-15(30.47) and lowest RONW during 2018-2019 (21.6).PNB had the highest RONW during 2015-16 at 15.21 and had the lowest RONW during 2016-17 at 9.39. The RONW ratio of Dewan Housing Finance was highest during 2017-18 (36.22) and lowest during 2018-19 (13.32). Crest ventures remained at top during 2017-18 and at bottom during 2016-17.
As revealed by the above figure, Gruh Finance had the highest average percentage at 26.868 showing greater efficiency of shareholders fund in generating profit, ,whereas Crest Ventures had the lowest average percentage of 6.71 ,smaller efficiency of shareholders fund in generating profit.

ISSN- 2394-5125 VOL 7, ISSUE 13, 2020

B.4 Asset Turnover Ratio (ATR)

Figure–8. Asset Turnover Ratio of HFCs in 2014-15 to 2018-19



	COMPANY NAME	Hdfc Ltd.	Indiabulls Housing Finance	LIC Housing Finance	GRUH Finance Ltd.	PNB Housing Finance Ltd.	Can Fin Homes Ltd.	Dewan Housing Finance Co. ltd	Repco Home	GIC Housing Finance	Reliance Home Finance	Crest Ventures
2014-15		10.78	11.33	9.48	11.54	9.33	9.79	11.32	11.39	10.87	11.29	32.25
2016-17		9.51	10	9.26	10.94	9.09	10.11	10.77	11.54	10.63	10.34	6.86
2017-18		8.66	9.83	8.7	10.56	8.64	9.76	9.59	11.08	9.91	9.45	20.84
2018-19		9.44	12.82	8.65	10.85	8.93	9.19	9.71	10.85	9.44	10.22	7.73
AVERAGE		9.818	10.908	9.116	11.006	9.014	9.776	10.466	11.24	10.35	10.062	14.444

Source : Secondary Data

The asset turnover ratio (ATR) measures the productivity of a company in using assets for producing sales. HDFC Ltd., had the highest ATR during 2014-15 (10.78) and 2015-16 (10.7). ATR of Gruh Finance was highest at 11.54 during 2014-15 and was lowest during 2017-18 at 10.56.Repco home remained consistent till 2017-18 at approx. 11 ,thereafter it declined to 10.85 during 2018- 19.GIC Housing finance remained consistent at approx.10 till 2016-17,thereafter it declined to approx. 9 till 2018-19.ATR of crest ventures remained highest

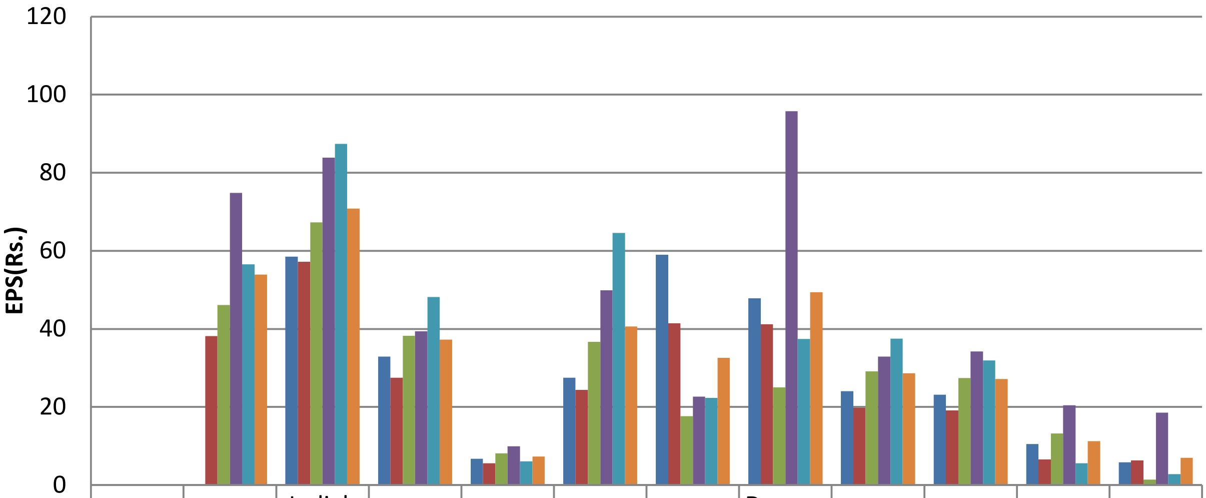
during2014-15 at 32.25 and lowest during 2015-16 at 4.54.As it clear from the above Table No. 8 Crest ventures ranked top in terms of average percentage of ATR at 14.44 which indicates a more efficient and effective use of assets and resources. On the other hand, PNB Housing finance remained at the bottom in terms of average percentage of ATR at 9.014 which shows that the company is not making productive use of its assets efficiently. This could be because of overabundance creation limit, poor assortment techniques, or poor stock administration.

JOURNAL OF CRITICAL REVIEWS

ISSN- 2394-5125 VOL 7, ISSUE 13, 2020

B.5 EPS

Figure– 9. EPS of Hfcs from 2014-15 to 2018-19



COMPANY NAME	HDFC Ltd.	Indiabulls Housing Finance	LIC Housing Finance	GRUH Finance Ltd.	PNB Housing Finance Ltd.	Can Fin Homes Ltd.	Dewan Housing Finance Co. ltd	Repco Home	GIC Housing Finance	Reliance Home Finance	Crest Ventures
2015-16		58.55	32.91	6.7	27.48	59.02	47.82	24.04	23.12	10.49	5.84
2014-15	38.13	57.18	27.47	5.57	24.41	41.45	41.23	19.78	19.12	6.59	6.33
2016-17	46.08	67.28	38.26	8.15	36.72	17.68	25	29.13	27.43	13.18	1.43
2017-18	74.83	83.9	39.42	9.93	49.89	22.67	95.76	32.95	34.25	20.45	18.59
2018-19	56.53	87.37	48.17	6.1	64.61	22.29	37.39	37.51	31.9	5.57	2.84
Average	53.893	70.856	37.246	7.29	40.622	32.622	49.44	28.682	27.164	11.256	7.006

Source : Secondary Data

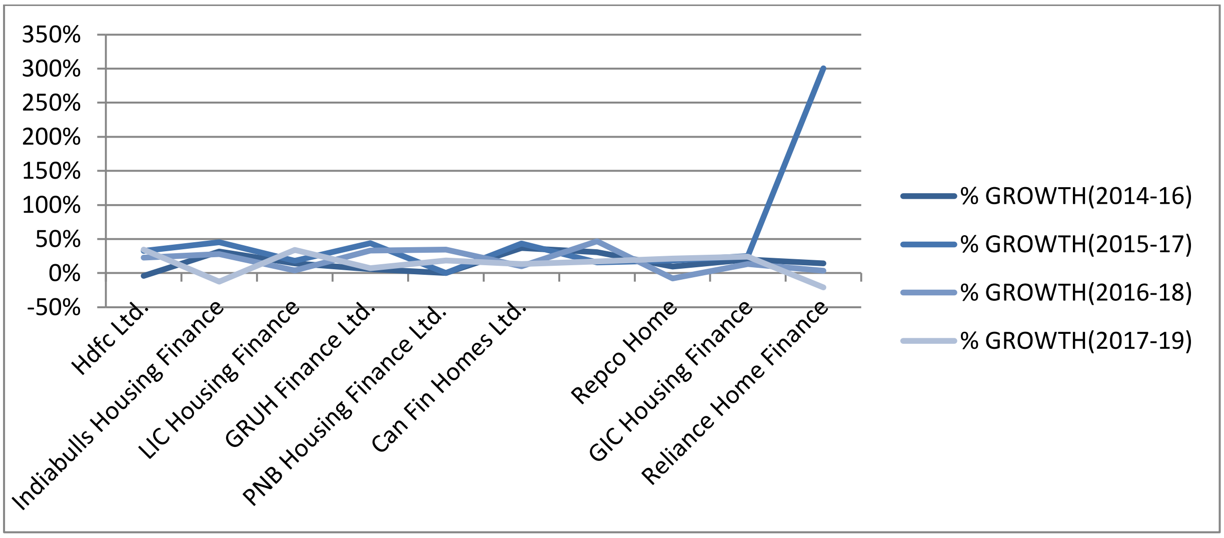
Earning per share(EPS)shows how profitable a company is on shareholders basis. It measures amount of net income earned per share of stock outstanding. As depicted from the above table No. 9 HDFC had the highest EPS at 74.83 during 2017-18 and had the lowest EPS at 38.13 during 2014-15.The Earning per share of Gruh finance was highest at 9.93 in 2017-18 and was lowest at 6.1 in 2018-19. Also EPS of Can Fin homes was highest at 59.02 during 2014-15 and was lowest at 2016-17.Reliance Home Fin had the highest EPS at 20.45 during 2017-18 and lowest at 5.57 during 2018-19.As depicted by the above figure the Average EPS of India bulls HSG is at the top i.e. 70.856 and Average EPS of Crest ventures is at the bottom i.e. 7.006.

C) Valuation Analysis

C.1 Enterprise value

Figure - 10 . Enterprise value of Hfcs from 2014-15 to 2018- 19

YEAR	% GROWTH (2014-16)	% GROWTH (2015-17)	% GROWTH (2016-18)	% GROWTH (2017-19)
HDFC	-4%	33%	23%	35%
INDIABULLS HSG	32%	45%	28%	-13%
LIC HOUSING FIN	14%	18%	4%	34%
GRUH FINANCE	6%	44%	33%	7%
PNB HOUSING FINANCE	-	-	35%	19%
CAN FIN HOMES	37%	43%	10%	14%
DEWAN HOUSING	31%	16%	47%	17%
REPCO HOME	10%	19%	-8%	21%
GIC HOUSING FIN	20%	25%	13%	24%
CREST VENTURES	14%	300%	4%	-21%



Source : Secondary Data

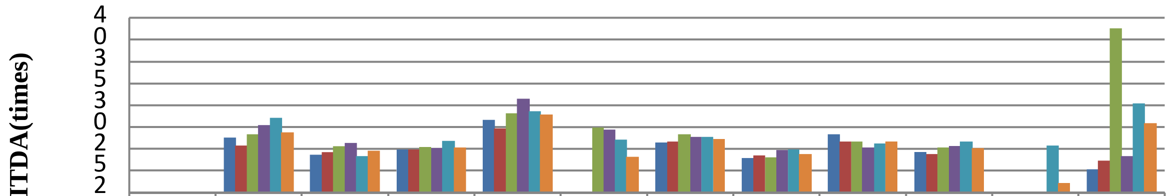
As exhibited from the above Table No.10, The enterprise value of HFCs shows a mix growth trend during the study period. The growth trend of HDFC from 2014-15 to 2015-16 was negative i.e. (-4%) which rose to 33 % from 2015-16 to 2016-17afterwards growth trend was positive and stood at 35% from 2017- 18 to 2018-19. The enterprise value growth trend of India bulls HSG was 32% during 2014-15 and 2015-16, thereafter growth was positive but declining till 2017-18, after which it became negative (-13%) during 2018-19.PNB housing finance did not had any growth in enterprise value till 2016- 17,after which the growth in its enterprise value rose to 35% during 2017-18 which declined to 28 % during 2018-19 . Dewan Housing finance showed an up and down

ISSN- 2394-5125 VOL 7, ISSUE 13, 2020

trend during the study period . the growth in enterprise value during 2014-15 and 2015-16 was 31%,which declined to 17% during 2015-16 and 2016- 17and then further rose to 47% during 2016-17 and 2017-18.Crest Ventures registered a growth trend of 14% during 2014-15 and 2015-16, which tremendously rose to 300 % during 2015-16 and 2016-17, thereafter its enterprise value declined and registered a negative growth of (-4%) during 2017-18 and 2018-19.

C.2 EV/EBITDA

Figure – 11. EV/EBITDA of Hfcs from 2014-15 to 2018-19



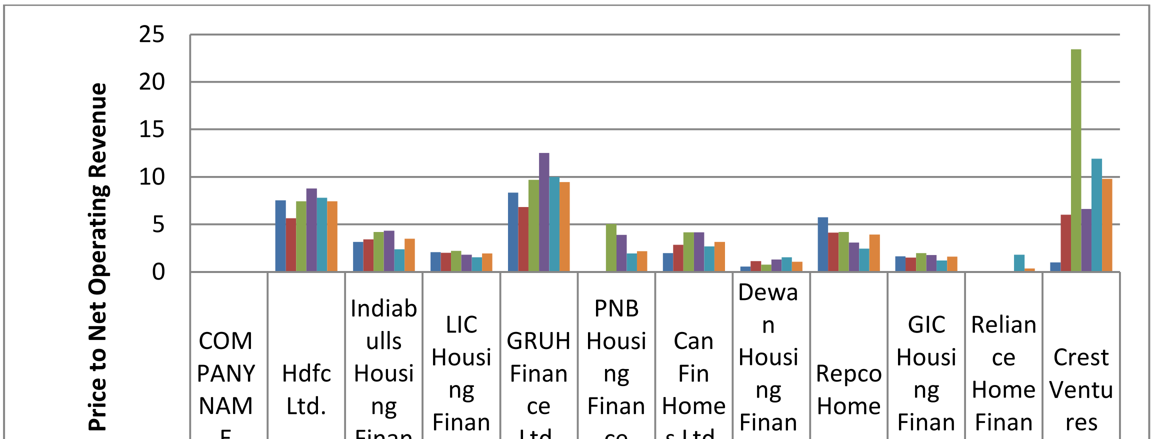
	COMPANY NAME	Hdf	Indiabulls Housing Finance	LIC Housing Financ	GRUH Finance	PNB Housing Finance Ltd.	Homes	Dewan Can Fin g Finance Co. ltd	Repco	GIC Finance	Relian	Crest Ventu res
2014-15		12.54		9.82			11.37		13.42	9.25	0	5.38
2015-16		10.84	8.7	9	16.6	0	11.67	7.89	11.66	8.85	0	7.37
2016-17		13.4	9.27	9.84		0	13.31	8.59	11.64	10.36	0	37.56
2017-18		15.39	10.62		14.7	14.86	12.77	8.14	10.36	10.66	0	8.41
2018-19		17.12	11.35	5		14.35	12.74	9.79	11.18	11.74	10.7	20.49
AVERAG		13.85	8.34	10.45		12.15	12.37	9.9	11.65	10.17	8	15.84

Source : Secondary Data

EV/EBITDA ratio compares a company's Enterprise value (EV) to its Earnings before Interest, Taxes, Depreciation & Amortization(EBITDA).It compares the relative value of different businesses. This proportion tells financial specialists how frequently EBITDA they need to pay, were they need to procure the whole business. As it is seen from the above Table No. 11 that HDFC had the highest EV/EBITDA at 17.12 during 2018-19 and lowest at 10.84 during 2015-16. The EV/EBITDA of LIC Housing Finance was highest at 11.83 during 2018- 19 and was lowest at 9.82 during 2014-15.PNB housing finance had the highest EV/EBITDA at 14.86 during 2016-17 and had the lowest EV/EBITDA at 0 during 2014-15 and 2015-16.REPCO home had the highest EV/EBITDA at 13.42 during 2014-15 and had the lowest EV/EBITDA at 10.36 during 2017-18.Reliance home finance had EV/EBITDA at 0 during the study period except in 2018-19 which was at 10.78.Also, Crest ventures had the highest EV/EBITDA at 37.56 during 2016-17 and had the lowest EV/EBITDA at 5.38 during 2014-15.The above table and graph reveals that crest ventures had the highest Average EV/EBITDA compared to other selected companies under study.

C.3 Price/ Net Operating Revenue

Figure -12. Price/ Net Operating Revenue of Hfcs from 2014-`15 to 2018-19



	COMPANY NAME	Hdfc Ltd.	Indiabulls Housing Finance	LIC Housing Finance	GRUH Finance Ltd.	PNB Housing Finance Ltd.	Can Fin Homes Ltd.	Dewan Housing Finance Co. ltd	Repco Home	GIC Housing Finance	Reliance Home Finance	Crest Ventures
2014-15		7.54	3.17	2.07	8.33	0	1.98	0.57	5.76	1.64	0	1.01
2015-16		5.65	3.43	2	6.82	0	2.84	1.14	4.12	1.52	0	6.02
2016-17		7.43	4.21	2.22	9.7	5.03	4.16	0.78	4.21	1.96	0	23.43
2017-18		8.78	4.32	1.81	12.51	3.91	4.18	1.3	3.09	1.79	0	6.61
2018-19		7.81	2.38	1.55	9.99	1.94	2.69	1.53	2.45	1.19	1.82	11.92
AVERAGE		7.442	3.502	1.93	9.47	2.176	3.17	1.064	3.926	1.62	0.364	9.798

Price to net operating Revenue is an important ratio which shows how much investors are willing to pay per rupee of sales . As shown by above Table No. 12, price to net operating revenue of Hdfc is unfavorable during the study period as it is above 4.The price to net operating revenue of LIC housing finance was most favorable at 1.55 in 2018-19 and was favorable during the study period. The price to net operating revenue of Gruh finance was most unfavorable at 12.51 during 2017-18 and remains unfavorable during the study period. The price to net operating ratio of Dewan housing finance was favorable during the study period but was most favorable at 0.78 during 2016-17.The price to net operating revenue of crest ventures was most unfavorable at 23.43 during 2016-17 and was most favorable at 1.01 during 2014-15.

V. SUGGESTIONS AND CONCLUSION

Suggestions

A Suitable ALM techniques be embraced to adjust the assets and liabilities in the loaning firms as problem of maturity mismatches is common for HFCs. Also,
vast majority of organizations, find long term loans with short term deposits, a irregularity and cash crisis could happen to be its consequence.

ISSN- 2394-5125 VOL 7, ISSUE 13, 2020

B In order to be lucrative ,HFCs need to keep up minimal effort and long period wellsprings of assets which will help them to stay away from bungle issues and moreover give higher beneficial activities.
C HFCs and Banks are administered by two distinctive monitoring authorities to be specific, the NHB and RBI. HFCs face a couple of limitations in contrast with the banks. They both have diverse status in the Industry, however wind up being intense competitors with one another. So as to get a sound challenge in the housing finance market, consistency in the guidelines and standards is fundamental.
D Housing Finance Companies need to increase their asset turnover ratio and boost their non-performing asset Management in order to survive in long run.

Conclusion

From the above analysis it is seen that in Liquidity terms, all HFCs has been fluctuated through the period of study but they always maintained sufficient funds which are more than enough to meet short term obligations of respective concerns. Crest ventures, India bulls are performing well in terms of Liquidity compared to its peer companies. The overall profitability position of India bulls HSG is better compared to its peers under study. In terms of Investment Valuation , Crest ventures is performing far better compared to other housing finance companies. In perspective on the earlier, it may be seen that there exist various different challenges for suitable working of HFCs in India in the evolving scenario. These are progressively antagonistic with regard to smaller and medium sized HFCs (i.e. except biggest three or four) which need ability to tap less expensive sources of money, not at all like huge HFCs like India bulls HSG. Also, such HFCs have been accepted to rely more upon bank advances for financing themselves.

VI. REFERENCES

[1]. Batra, Vibha (2009), Housing Finance Companies and the Indian Mortgage Finance Market, ICRA Rating Services.
[2]. Bindu Roy,Preeti Gupta. (2016), A Critical and Comparative Analysis of Scheduled Commercial Banks and Housing Finance Companies (A study regarding Housing Finance), International Journal of Research in Finance and Marketing
[3]. D. PathmaPriya (2019),A study on financial performance analysis of HDFC limited, Index in Cosmos, ISSN 0025 -1348 (P), 2456-1356 (O), volume 10 number 4.
[4]. Garg, Shiv Kumar and Kumar, Gajendra (2014), Housing Finance in India : A Comparative Study of Public and Private Sector Banks, Journal of Commerce & Trade , ISSN: 0973-4503, Vol. IX No. 2.
[5]. Kavitha,(2017), Comparative Analysis of Selected Indian Housing Finance Companies Based on Camel Approach,Scholarly Research Journal for Interdisciplinary Studies, ISSN 2278-8808, VOL- 4/37.
[6]. Parishwangpiyush, Himanshu Negi, Study of Housing finance in India with reference to HDFC and LIC housing finance Ltd.,.,International Journal of Management, ISSN Online: 0976-6510, Volume 7, Issue 3.
[7]. P.S. Ravindra,P. Viswanadham ,Trinadha Rao (2013), Operational and Financial Performance Evaluation of Housing Finance Companies in India, International Journal of Management and Social Sciences Research, ISSN: 2319-4421, Volume 2, No. 7.
[8]. Rao, Mr. Ch. Hari Govinda and Apparao, N.(2012), An Assessment of the Indian Housing Finance System: Crucial Perspective, IO SR Journal of Business and Management, ISSN: 2278-487X,Volume 5, Issue 5 .
[9]. Srinivas, K. and Saroja, L. (2013), Comparative Financial Performance of HDFC Bank and ICICI Bank, Scholars World-International Refereed Multidisciplinary Journal of Contemporary Research,1(2), pp.107-112..
[10]. S.V Satyanarayana, SrilakshmiRamu (2019),A Comparative Study between Public and Private Housing Finance Companies (HFCs) in India, International Journal of Engineering and Management Research, p-ISSN: 2394-6962 ,Volume- 9, Issue- 3.
[11]. NHB. (2005). Report On Trend & Progress Of Housing In India 2005. New Delhi: National housing Bank.
[12]. NHB. (2014). Report on Trends and Progress of Housing in India . New Delhi: National Housing Bank.
[13]. NHB. (2015). Report on Trends and Progress of Housing in India . New Delhi: National Housing Bank.
[14]. NHB. (2016). Report on Trends and Progress of Housing in India . New Delhi: National Housing Bank.
[15]. NHB. (2017). Report on Trends and Progress of Housing in India . New Delhi: National Housing Bank.
[16]. NHB. (2018). Report on Trends and Progress of Housing in India . New Delhi: National Housing Bank.
[17]. NHB. (2019). Report on Trends and Progress of Housing in India . New Delhi: National Housing Bank.
[18]. https://nhb.org.in 19.https://www.rbi.org.in 20.https://www.hdfc.com/
[19]. https://www.indiabullshomeloans.com/
[20]. https://www.lichousing.com/aboutus.php
[21]. https://www.gruh.com/

ISSN- 2394-5125 VOL 7, ISSUE 13, 2020

[22]. http://www.repcohome.com/
[23]. https://www.pnbhousing.com/
[24]. https://www.dhfl.com/
[25]. https://www.canfinhomes.com/
[26]. https://www.reliancehomefinance.com/
[27]. http://crest.co.in/
[28]. https://gichfindia.com/
[29]. Bharti, Madhu. "HOUSING AND HOUSING FINANCE IN INDIA: RECENT EXPERIENCE." IMPACT: International Journal of Research in Humanities, Arts and Literature (IMPACT: IJRHAL) 7.4 (2019): 31-36
[30]. SAQR, AHMED NASR. "EVALUATION OF FINANCIAL PERFORMANCE OF INSURANCE COMPANIES BY USING FINANCIAL RATIOS: CASE STUDY ON LIBYA INSURANCE COMPANY." International Journal of Financial Management (IJFM) 6.4 (2017):11 -24
[31]. Dhakal, Daya Raj. "ROLE OF EMPLOYEES INVOLVEMENT WORK CULTURE TOWARDS FINANCIAL PERFORMANCE OF ORGANIZATION: A COMPARATIVE STUDY BETWEEN WESTERN AND ASIAN MARKETS." International Journal of Financial Management (IJFM) 7.3 (2018):41-50
[32]. Asantey, J. O., and S. Tengey. "An empirical study on the effect of Bad Loans on banks' lending potential and financial performance: The case of SMEs lending in Ghana." *IMPACT: International Journal of Research in Business Management (IMPACT: IJRBM)* 2.11 (2014): 1-12.
[33]. Vohra, P. S., and J. S. Dhillon. "Best financial practices lead financial performance of SMEs." *International Journal of Accounting and Financial Management Research (IJAFMR)* 4.3 (2014): 5-16.
[34]. HANDAYATI, PUJI. "ANALYSIS COMPARATIVE OF FINANCIAL PERFORMANCE OF SYARI'AH AND CONVENTIONAL BANKING IN INDONESIA." *BEST: International Journal of Management, Information Technology and Engineering (BEST: IJMITE)* 3.11 (2015): 41-52.
[35]. OPUNI, FRANK FRIMPONG, K. W. A. M. E. ADU-GYAMFI, and R. E. G. I. N. A. APPIAH-GYIMAH. "AN EMPIRICAL STUDY ON THE CAUSALITY RELATIONSHIP BETWEEN INNOVATION AND BRANDING IN THE HOSPITALITY INDUSTRY OF GHANA: A FINANCIAL PERFORMANCE PERSPECTIVE." International Journal of Business Management & Research (IJBMR) 4.3 (2014): 127 -144.
[36]. DANQUAH, EMELIA. "ANALYSIS OF THE IMPACT OF EMOTIONAL INTELLIGENCE ON FINANCIAL PERFORMANCE IN GHANA'S TELECOMMUNICATION INDUSTRY." International Journal of Sales & Marketing Management Research and Development (IJSMMRD) 4.5 (2014):25-40

AUTHOR DETAILS

Balanaga Gurunathan K Professor, Amity Business School, Amity University Haryana, balanagagurunathan@yahoo.com,9486595663

Nidhi Ahuja, Research Scholar, Amity Business School, Amity University Haryana, nidhiahuja2093@gmail.com,9812030046