Covid -19 and Performance of Housing Finance Companies in India

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Abstract

Coronavirus pandemic has hit over millions of people around the world and definitely not the first epidemic the world is witnessing. In fact, the world has seen at least five such epidemics, namely, SARS (Severe Acute Respiratory Syndrome), Avian Influenza, Swine Flu, Ebola and Zika in last one decade or so. All of these had a cascading effect on the global as well as domestic share markets. It was observed that nifty 50 fell as much as 15 per cent during these difficult times, but also recovered over 90 per cent return in the following one year. The impact of the pandemic is felt by all sector of the economy. The housing finance sector is no exception to this. The article aims to examine the performance of housing sector by taking five sample companies, namely, HDFC, LIC Housing Finance Ltd, India bulls Housing Finance Ltd, Aawas Financers Ltd and CanFin Homes Ltd on the basis of key parameters like Net Revenue, Net profit margin, Return on equity, Earning per share, interest coverage ratio and Growth rate in quarter end stock prices of last five quarters starting from June, 2019 to June, 2020.

Keywords: Net Profit Margin, Earning Per Share, Return On Equity, Interest Coverage Ratio, Stock Prices etc.

Introduction

The outbreak of pandemic Covid-19 has completely disturbed the political, social, economic, religious and financial structures of entire world community. Top most economies such as the US, China, UK, Germany, France, Italy, Japan and many others are staring at the collapse. Besides, Stock Markets around the world are going through panic and oil prices have fallen to new lows. To control the spread of corona virus, several countries across the world resorted to lockdowns which meant confining millions of people to their homes, shutting down businesses and ceasing almost all economic activity. International Monetary Fund (IMF) anticipates the global economy to shrink by over 3 per cent in 2020. This will be the steepest slowdown since the Great Depression of the 1930s. The pandemic has already pushed the global economy into a recession, which means the economy starts shrinking and growth stops.IMF estimates the world economy to grow at -3 per cent in 2020. This is "far worse" than the 2009 global financial crises. Top most economies such as the US, Japan, the UK, Germany, France, Italy and Spain are expected to contract this year by 5.9, 5.2, 6.5, 7, 7.2, 9.1 and 8 per cent respectively as per the estimates of IMF. Developed economies have been hit harder, and together they are expected to register a growth are of -6 per cent in 2020 whereas emerging markets and developing economies are expected to contract by -1 per cent. If China can be excluded from this pool of countries, the growth rate for 2020 is expected to come down to -2.2 per cent.

Real estate sector comprising of four sub sectors, namely, housing, retail, hospitality, and commercial is one of the most globally recognized sectors in the world. It is expected that the real estate market will grow to Rs 65,000 crore (US$ 9.30 billion) in 2040 from Rs 12,000 crore (US$ 1.72 billion) in 2019 and contribute 13 per cent to the country's GDP by 2025. Housing sales stood at 2.61 lakh units in 2019 across seven major cities. With the rise in demand for office as well as residential spaces, Indian real estate sector has been witnessing high growth in the recent times. Real estate attracted around Rs 43,780 crore (US$ 6.26 billion) in investment in 2019. According to the estimates of Department for Promotion of Industry and Internal Trade Policy (DPIIT), construction is the fourth largest industry in terms of FDI inflow. FDI in the sector (includes construction development and construction activities) was estimated at US$ 42.50 billion from April 2000 to March 2020.

The reforms introduced in the real estate sector in the form of RERA, GST, REIT (Real Estate Investment Trust), Benami Transaction Amendment Act and Pradhan Mantri Awas Yojana have has been very significant in improving the sector and made the sector much more transparent with financial discipline and increased efficiency. Affordable housing has been the main focus for both buyers and sellers in 2019, but due to the implementation of new policies, several developers are diversifying and exploring new arenas. These is expected to provide solutions to specialized segments like senior living communities, co-living and co-working spaces, student housing options, healthcare facilities and other segments like townships and plotted developments.

Sales of houses are estimated to have fallen by 67 per cent at 21,294 units across nine major cities during April-June due to outbreak of the coronavirus pandemic and natiowide lockdown. If we analyze the city wise date, except Noida, all other eight cities witnessed a decline in sales. In Gurugram there was a fall of 79 per cent to 361 units for the period April-june as compared to 1,707 units in same period last year. Housing sales in Chennai and Hyderabad fell 74 per cent at 996 units and 1,522 units, respectively. Bengaluru saw a dip of 73 per cent to 2,818 units from 10,583 units, while Kolkata witnessed a 75 per cent decline to 1,046 units from 4,152 units. In Maharashtra, the sales of residential properties in Mumbai witnessed a decline of 63 per cent to 2,206 units. The demand went down by 56 per cent and 70 per cent in Thane and Pune at 5,999 units and 5,169 units, respectively. However, Noida in the national capital region market did not follow the trend and registered a 5 per cent growth in sales volume to 1,177 units during April-June this year from 1,123 units in the corresponding period of the previous year. New launches also have fallen by 78 per cent to 11,967 units, while unsold inventories went down 5 per cent to 6,07,665 units during the period april-june, 2020. Large developers with low debt leverage will be able to ride out the storm and can be expected do reasonably well going forward within the context of the new normal. It is possible that there may be some changes like resizing of units, discounts, amenities and special payment schemes to be offered by developers to create demand, especially during the upcoming festive season. (Source: PropEquity survey)

On the other hand, when it comes to financing of homes, we have seen that traditionally in India, most people used to depend on their provident fund and gratuity amounts received after retirement for buying a home. However, with the emergence of housing finance as a major business in the country, an increasingly large number of people are going in for home loans. India has changed socially also over the years, and there is no stigma attached today for taking loans.

In the first 25 years of post-independence, India has concentrated on agricultural development only after the industrial revolution and the continuous. Shifting of rural population to the urban areas, the need for development of housing sector has been emphasized. It is always a dream to own a house however a majority of the population does not have the required financial assistance to own a house. Eyeing this as an opportunity, many firms have opted for extending housing loans not only to boost their bottom lines but also to reduce the prevailing demand and supply gap. The genuine demand arising out of the individual need for housing, together with the present boom in the housing sector it is all set to provide a platform for the housing finance companies to carve out a piece of fortune. What remained as a very low-profile sector in India is suddenly witnessing activity that is promising a bright future. Out of India's new housing units, 20 percent are financed through the housing financing institutions. With the gap between the required number of houses and the actual, government identified housing sector as a core and it is only with the timely in intervention of the government that housing finance has become a major industry in India. With the establishment of National Housing Bank, the government has provided the much-needed boost to this sector. At present out of 380 odd HFIs in India, 42 housing finance companies are registered with the National Housing Bank out of them 20 are valid for acceptance of public deposits and remains are not. This number is going to increase in the near future with the industrial growth.

The year 2016-17 has turned out to be a year of transition, especially for real estate — a sector that has been directly or indirectly affected or altered by most policy reforms which includes policy of demonetization, RERA Act, implementation of good and service tax introduced by the Centre government. Some of these policy changes may seem to have negative impact in the short run, but they will move the entire system towards more matured, organized and transparent in long run. Housing sector activities seem all geared up to expand quickly in near future.

Availability of easy housing finance acts as stimulation to the growing housing sector activities in India. Housing finance is a relatively new concept in India as compared to other financial services that are widely available since a long time. However, quick development in housing and various housing activities have led to the impressive growth of Indian housing finance market. As a result, a large number of players have entered into the market. Here,

It was first in the year 1970 when Housing and Urban Development Corporation (HUDCO) was established to finance various housing and urban infrastructure activities. However, the Housing Development Finance Corporation (HDFC) was the India's first private sector housing finance company which came into existence in the year 1977. Since then, the housing finance in India has been very impressive. It is estimated to grow at a growth rate of 36% in the coming years.

Of late, commercial banks have also started expanding housing-related disbursements. As a result, the market share also started growing up. In 2000, the Indian housing finance companies accounted for 70 per cent of the disbursements, while their collective share declined to 36 per cent within 5 years. In 2005, banks had accounted for 64 per cent of the disbursements. In the context of this, the present study aims to see how these housing finance companies are performing during the times of covid – 19 and what their future growth prospects in India are.

Brief profile of sample companies:

Housing Development Finance Corporation: HDFC is a leading provider of Housing Finance in India since 1977. It has so far financed 5.8 million cumulative units and sanctioned Gross loans amounting to Rs.3.4 trillion and has over 1.8 million Deposits Accounts.

LIC Housing Finance: It. is one of the largest Housing Finance Company in India. Incorporated on 19th June, 1989 under the Companies Act, 1956, the Company was initially promoted by LIC of India and went public in the year 1994. It possesses one of the industry's most extensive marketing networks in India:

Indiabulls Housing Finance: It is engaged in the business to provide finance and to undertake all lending and finance to person or persons, co-operative society, association of persons, body of individuals, companies, institutions, firms, builders, developers, contractors, tenants and others either at interest or without and/or with or without any security for construction, erection, building, repair, remodeling, development, improvement, purchase of houses, apartments, flats, bungalows, rooms, huts and townships, among others.

Aavas Financiers Ltd: Aavas is primarily engaged in the business of providing housing loan to customers who belongs to low and middle income segment in semi-urban and rural areas. The customers profile includes those peoples who are either self-employed, running small businesses like providing transportation facilities in auto rickshaw or other vehicles, running grocery shops, tiffin centres, beauty parlours and other businesses or people carrying out business of agri or animal husbandry products in rural areas or salaried class people who are carrying out small jobs in private or public sector.

CanFin Homes: CanFin Homes Ltd is currently one of the top five players in the housing finance sector in India. The Company has completed 32 successful years of operation in the field of home finance since inception in 1987. The main focus of the company is on low and middle income group individuals and first time home buyers. Almost 89% of the loan books is filled by housing loan only.

The company, as on date, has 163 Branches, 21 Affordable Housing Loan Centres (AHLCs) & 14 Satellite Offices spread across various locations of the country in 21 States & Union Territories, total 198. All these branches and satellite offices are linked to the Registered Office at Bangalore through a core banking platform. Being a south based company, 70% of its branches are located in southern India.

Literature Review

There are not many studies on the housing finance sector as the formal housing finance system has emerged very late in India. It was only in 1988 when National Housing Bank (NHB) was formulated for housing sector as a regulatory body. Majority of the previous studies conducted in the housing finance sector relates to operational efficiency analysis.

Reinhart and Rogoff, (2008) argued that housing cycles can influence economic activity through wealth effects on consumption and private residential investment mainly due to changes in profitability and the impact on employment and demand in property related sectors. They further suggested that if house prices are not aligned with the fundamentals, they can threaten the economic and financial stability of the country mainly because of the macro-financial linkages, as empirical evidence demonstrates. One of the most important factors which cause the financial crisis was the collapses in real estate prices.

Ashwani, Parvinder and Pushpinder (2009) made a study of the effect of various selected independent variables (i.e Interest income, interest expenses, Non interest income, operating and administrative expenses and employee costs) on profitability of selected HFCs. Bi-variate Correlation analysis was used to study the correlation between various variables. They concluded that the overall profitability of the housing finance companies has gone down as observed in falling trend of return on capital employed. Manoj (2010) analyzed the operational efficiency for a sample of 10 major HFCs in India based on their relative operational efficiency calculated with cost to income ratio and ROE (Return on Equity). Statistical analysis like, Trend Analysis, Correlation Analysis, and Regression Analysis etc were used to test the significant variance. It was observed that there exists quite significant difference in the operational efficiency of major HFCs in India, primarily because of the difference in the cost structure of the respective HFCs. Manoj (2010) analyzed the financial soundness of housing finance companies in India and determinants of profitability using a "CAMEL" approach along with ROE Decomposition Analysis for a sample of top 10 HFCs. Popular tools of financial analysis like, ROE Decomposition Analysis were used for analyzing the profitability of the HFCs, whereas "CAMEL" method was used to assess the financial soundness as well as to categorize these HFCs into a few distinct groups. It was observed that while there is significant difference in the relative financial soundness of HFCs in India, all HFCs are constantly facing the pressures of rising costs. Close monitoring of costs for improving their returns to income ratio is important for enhancing ROE. Allen and Carletti

(2010) argued that the main cause of the recent wide-spread financial crisis was not that there was a bubble in real estate in the U.S. but also because there were a number of such bubbles in many other countries like Spain and Ireland.

Guruswamy (2012) made a comparative analysis of selected HFCs in India by taking a sample of four housing finance companies, namely, Housing Development Finance Corporation Ltd., LIC Housing Finance Ltd., Can Fin Homes Ltd., and Vysya Bank Housing Finance Ltd using a secondary data for a period of 10 years from 1991-92 to 2000-2001. It was observed in that study LIC Housing Finance Ltd., and Housing Development Finance Corporation Ltd stood as excellent housing finance companies having the real competition in the housing finance field.

Peppercorn (2013) presented the following critical factors for development of housing finance markets:

- Value for money, i.e. maximize the impact of public resources, leveraging government initiatives with the involvement of the private sector, with the goal of achieving a higher multiplier;
- Coordination, i.e. ensure the coordination between administrations and public/private sectors, to maximize the efficiency and effectiveness of the programs;
- Public sector role, i.e. from provider to enabler of housing; and
- Inclusive housing finance, i.e. include non-salaried borrowers. According to Peppercorn, poorer households tend to borrow from informal sources, at higher rates.

Objectives

- The objectives of the paper is to
- To assess the financial performance of housing financing companies in India during the pre and post covid-19 period
- To make a comparative analysis of the performance
- To assess the stock market performance of the housing sector during the same period

Research Methodology

The sample companies, which represent the top 5 housing finance companies in India on the basis of market capitalization, are Housing Development Finance Corporation, LIC Housing Finance, Indiabulls Housing Finance, Can Fin Housing Ltd and Aavas Financers. The ratios which are considered for the purpose of the analysis are Net Revenue, net profit margin, return on equity, Earning per share, interest coverage ratio and growth rate in quarter end stock prices. The source of the data is the annual reports of the company. The study covers a period of last five quarters starting from financial June, 2019 to June, 2020 The statistical tools used for the study are mean, standard deviation, and one way ANOVA. The study is based on the following hypothesis:

H01: There is no significant difference in quarterly net revenues between the Sample Units and within the sample units during the study period.

H02: There is no significant difference in return on equity between the Sample Units and within the sample units during the study period.

H03: There is no significant difference in earning per share between the Sample Units and within the sample units during the study period.

H04: There is no significant difference in interest coverage ratio between the Sample Units and within the sample units during the study period.

H05: There is no significant difference in quarterly end stock market pricesbetween the Sample Units and within the sample units during the study period.

Data analysis and interpretation

The necessary data for the analysis is compiled from the annual reports of the respective companies.

Net Revenue: Profit is the difference between net revenue and total cost. Higher the net revenue, higher will be profit. The following table gives an idea about the quarterly revenue of the sample companies:

Housing Finance Companies - Net Revenue

	JUN '20	MAR '20	DEC '19	SEP '19	JUN '19	Average	S.D	C.V
HDFC	13,017.68	11,975.72	20,285.47	13,487.44	12,990.29	14351.32	3362.84	23.43
LIC HOUSING FINANCE	5,003.71	4,920.17	4,996.46	4,972.86	4,807.20	4940.08	81.17	1.64
AAVAS FINANCERS LTD	233.51	234.42	239.37	231.24	197.52	227.212	16.86	7.42
INDIABULLS HOUSING FINANCE LTD	2,574.59	2,950.04	3,369.16	3,419.54	3,884.99	3239.664	497.94	15.37
CANFIN HOMES LTD	522.4	528.82	516.55	500.49	484.01	510.454	18.14	3.55

From the above table, it can be seen that except HDFC and Indiabulls Housing Finance Ltd., all other had higher revenue in June quarter compared to the average. Highest degree of deviation can be seen in case of HDFC followed by Indiabulls Housing Finance Ltd. So, it can be seen that three companies out of five sample companies had higher revenue during the June end quarter. Now in order to check whether these difference in the average revenue of sample companies, are significant or not, following One-way ANOVA can be referred to:

One-Way ANOVA - Net Revenue

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	556018603.49	4.00	139004650.87	47.96	0.00	3.06
Within Groups	43474045.02	15.00	2898269.67			
Total	599492648.52	19.00				

As the null hypothesis stated that there is no significant difference in the quarterly revenues between the Sample Units and within the sample units during the study period and the calculated value (47.96) is greater than the tabulated value of 3.06, null hypothesis is rejected. It can be claimed that quarterly net revenues of the sample companies differed significantly. HDFC had highest average with highest deviation and Aavas financers' ltd had lowest average net revenue during the period of study. There is a significant difference among the average quarterly revenue of sample firms during the period of study.

Net Profit Margin (NPM): Net profit margin is the percentage of revenue left after deducting all expenses from sales. The measurement shows the amount of profit which a business entity can extract from its total sales. The following table gives an idea of NPM of housing finance companies in India over last five quarters:

Housing Finance Companies - NET PROFIT RATIO

	JUN '20	MAR '20	DEC '19	SEP '19	JUN '19	Average	S.D	C.V
HDFC	23.44	18.64	41.27	29.37	24.66	27.48	8.61	31.32
LIC HOUSING FINANCE	16.34	8.57	11.96	15.53	12.70	13.02	3.10	23.79
AAVAS FINANCERS LTD	21.40	25.48	28.37	32.88	22.96	26.22	4.57	17.42
INDIABULLS HOUSING FINANCE LTD	10.60	4.30	16.23	20.53	20.34	14.40	6.94	48.20
CANFIN HOMES LTD	17.83	17.19	20.64	19.50	16.73	18.38	1.64	8.94

The highest Net profit ratio can be seen in case of HDFC, followed by Aavas Financers Ltd. However, the highest variation in relation to average was noticed in case of Indiabulls Housing Finance Ltd. HDFC had highest variability in NPM and least variability was found in case of CanFin Homes. Now whether these difference in mean NPM, are significant or not, can be checked with the help of following One-way ANOVA:

One-Way ANOVA - Net Profit Margin

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	844.86	4.00	211.21	5.87	0.00	3.06
Within Groups	539.87	15.00	35.99			
Total	1384.73	19.00				

As the calculated value (5.87) is greater than critical value (3.06), null hypothesis (H01) is rejected and it can be concluded that there is a significant difference in the net profit margin of sample units. Hence, it is seen that HDFC and AAVAS Financers Ltd has performed much better than other sample companies during the period of study. As far as CanFin Homes Ltd is concerned, it must improve its NPM as it lag behind all other sample companies.

Return on Equity: This ratio measures how much a company earns in relation to the amount invested by the owners of the business. It is calculated as earning after tax divided by owner's equity. Higher return on net worth is desirable by equity shareholders.The following table gives an idea about the return on net worth of the sample companies:

Housing Finance Companies - ROE

	JUN '20	MAR '20	DEC '19	SEP '19	JUN '19	Average	S.D	C.V
HDFC	3.54	2.59	10.82	5.12	4.14	5.24	3.25	62.01
LIC HOUSING FINANCE	4.49	2.32	3.68	4.75	3.76	3.80	0.95	24.98
AAVAS FINANCERS LTD	2.38	2.85	3.70	4.14	2.47	3.11	0.78	25.01
INDIABULLS HOUSING FINANCE LTD	1.83	0.85	4.24	5.45	6.13	3.70	2.28	61.75
CANFIN HOMES LTD	4.33	4.23	5.98	5.48	4.55	4.91	0.78	15.78

From the above table, it can be seen that the highest return on equity is in case HDFC followed by CanFin Homes and least is in case of AAVAS Financers Ltd. The variability is found to be maximum for HDFC whereas least variability is noticed in case of CanFin Homes. The following ANOVA table gives ideas as to whether these differences can be taken significantly or not:

One-Way ANOVA - ROE

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	15.71	4.00	3.93	0.95	0.46	3.06
Within Groups	61.91	15.00	4.13			
Total	77.62	19.00				

Interpretation: As the calculated value (0.95) is lower than the critical value (3.06) at 5% level of significance in the above Table 6, null hypothesis (H02) is accepted and hence it can be concluded that there is no significant difference found in the return on equity of the sample companies during the period of study.

Interest Coverage Ratio: The interest coverage ratio indicates how many times a company is able to cover its current interest payment with its available earnings, The ratio is calculated by dividing earnings before interest and taxes (EBIT) by the interest expenses for a company for the same period. Higher interest coverage ratio is an indicator of better ability of a company to meet its interest obligations. The following table gives an idea about the interest coverage ratio of sample companies during the period of study

Housing Finance Companies - INTEREST COVERAGE RATIO

	JUN '20	MAR '20	DEC '19	SEP '19	JUN '19	Average	S.D	C.V
HDFC	1.46	1.35	2.18	1.58	1.51	1.62	0.32	20.04
LIC HOUSING FINANCE	1.27	1.22	1.20	1.23	1.23	1.23	0.03	2.07
AAVAS FINANCERS LTD	1.56	1.68	1.85	2.09	1.80	1.80	0.20	11.05
INDIABULLS HOUSING FINANCE LTD	1.19	1.04	1.30	1.34	1.47	1.27	0.16	12.62
CANFIN HOMES LTD	1.38	1.35	1.43	1.39	1.37	1.38	0.03	1.99

The highest average interest coverage ratios are found in case of Aavas Fiannacers Ltd followed by HDFC and least was observed in case of LIC Housing Finance. The maximum deviation is observed in case of HDFC followed by Indiabulls Housing Finance Ltd. Now whether these differences are significant or not can tested with the help of following one way ANOVA table:

One Way ANOVA - Interest Coverage Ratio

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	1.13	4.00	0.28	7.35	0.00	3.06
Within Groups	0.58	15.00	0.04			
Total	1.71	19.00				

Interpretation: As the calculated value (7.35) is greater than the critical value (3.06) at 5% level of significance in the above Table 6, null hypothesis (H02) is rejected and hence it can be concluded that there is a significant difference found in the interest coverage ratio of the sample companies during the period of study. Thus, it can be claimed that sample companies have significant differences as far their ability to pay interest obligation on time is concerned. Aavas Financers Ltd and HDFC are found to have better interest paying capacity as compared to other housing financing companies.

Earnings Per Share: It refers to a value which describe profit per outstanding share of a company. EPS is calculated at by taking a company's quarterly or annual net income and dividing by the number of its shares of stock outstanding. The following table gives an idea about the earning per share of sample housing finance companies in India:

Housing Finance Companies - EPS

	JUN '20	MAR '20	DEC '19	SEP '19	JUN '19	Average	S.D	C.V
HDFC	17.62	12.86	48.51	22.94	18.6	24.11	14.10	58.51
LIC HOUSING FINANCE	16.2	8.35	11.84	15.3	12.1	12.76	3.12	24.48
AAVAS FINANCERS LTD	6.38	7.63	8.68	9.73	5.81	7.65	1.61	21.07
INDIABULLS HOUSING FINANCE LTD	6.51	3.27	12.9	16.59	18.75	11.60	6.58	56.68
CANFIN HOMES LTD	7	6.83	8.01	7.33	6.08	7.05	0.71	10.01

In the above table, it can be seen that HDFC has highest average earning per share followed by Indiabulls Housing Finance Ltd whereas least was observed in case of CanFin Homes Ltd. The maximum variability of noticed in case of both HDFC and Indiabulls Housing Finance Ltd. Except LIC Housing Finance, all other companies have registered lower EPS than average in post covid quarter i.e. June, 2020. Now whether these differences between EPS among sample companies can be taken significantly or not can be checked with the help of following one way ANOVA table:-

One Way ANOVA - Earning Per Share

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	895.18	4.00	223.79	3.66	0.03	3.06
Within Groups	918.34	15.00	61.22			
Total	1813.51	19.00				

Interpretation: As the calculated value (3.66) is greater than the critical value (3.06) at 5% level of significance in the above Table, null hypothesis is rejected and hence it can be concluded that there is a significant difference found in the Earning per Share of the sample companies during the period of study. Thus, it can be claimed that sample companies have significant differences in their earning per share. HDFC is found to have better earning per share as compared to other housing financing companies.

Growth Rate in Quarter end stock prices: Stock prices of the sample companies starting from March end, 2019 to June end, 2020 is collected from NSE website and growth rate is calculated for each quarter as below:

Housing Finance Companies –Growth Rate in Quarter End Stock Prices

	JUN '20	MAR '20	DEC '19	SEP '19	JUN '19	Average	S.D	C.V
HDFC	12.57	0.00	-21.16	-9.81	11.37	-1.41	14.33	-1019.56
LIC HOUSING FINANCE	12.64	-45.80	15.27	-32.17	4.33	-9.15	27.96	-305.67
AAVAS FINANCERS LTD	12.65	-39.99	24.12	6.46	29.72	6.59	27.61	418.84
INDIABULLS HOUSING FINANCE LTD	114.11	-69.11	22.39	-57.89	-29.19	-3.94	74.87	-1901.05
CANFIN HOMES LTD	21.07	-29.00	-0.05	10.32	2.18	0.90	18.66	2064.26

From the above table it can be seed that average growth rate in stock price is negative for all the sample companies except Aavas financers Ltd and CanFin Homes Ltd which managed to an average growth of 6.59% and 0.9% over the study time. LIC housing finance registered least growth rates followed by Indiabulls housing finance. Highest fluctuation is observed in the growth rate of Indiabulls Housing Finance Ltd followed by LIC Housing Finance. Now whether these difference in growth rate of stock prices are significant or not can be seen with the help of following One-Way Anova Table:

One-Way ANOVA - Growth Rate in Quarterly Stock Prices

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	17161.59	4.00	4290.40	4.76	0.01	3.06
Within Groups	13507.89	15.00	900.53			
Total	30669.48	19.00				

Interpretation: As the calculated value (4.76) is greater than the critical value (3.06) at 5% level of significance in the above Table, null hypothesis is rejected and hence it can be concluded that there is a significant difference found in the quarterly growth of stock prices of the sample companies during the period of study. Thus, it can be claimed that stock prices of Aavas financers Ltd has registered a significant growth compared to other sample companies whereas stock prices of LIC Housing finance has fallen significantly.

Findings

The statistical analysis of the sample companies shows the significant difference in their performance. Net Revenues of the sample companies were found to differ significantly and lot of fluctuation of notices during the period of study. HDFC, being the largest company among the sample companies, had highest average revenue during the period of study with huge variability. On the other hand, LIC Housing Finance Ltd and CanFin Homes Ltd lad least variability in return during the last five quarter. Net profit margin of sample companies also found to vary significantly among the sample companies. The highest net profit margin was significantly higher in case of HDFC followed by Aavas Fianncers Ltd and significantly lower in case of LIC Housing finance and Indiabulls Housing Finance Ltd. Both HDFC and LIC Housing finance has highest variability in their net prorfit margin. When it comes to return on equity, It is HDFC and CanFin Homes Ltd which had higher returns values compared to other sample companies. But these values were not found to be statistically significant. So, it is observed that return on equity did not vary significantly among sample companies. One of the important measures for financial soundness of housing finance companies is their ability to service debt on time. This parameter is assessed by interest coverage ratio which differed significantly among the sample companies. Aavas Financer Ltd is rated better than other sample companies on their ability to service debt on time. The least values was noticed in case of LIC Housing Finance Ltd. Earnings per share also found to be significantly different among the sample companies. HDFC had highest earning per share followed by Indiabulls Housing Finance Ltd. The growth rate in quarter end stock price was also found to differ significantly during the period of study. In fact, the average growth rate in stock price was negative in case of all companies except Aavas Financer Ltd and CanFin homes with average growth rate of 6.59% and 0.9% respectively.

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