"A Study on Comparison of Financial Performance at Home First Finance Company and Aadhar Housing Finance Ltd"

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Abstract:

In this study measure and compare a financial performance of HFFC and AHFL. This study's major aim is a HFFC and AHFL both NBFIs Financial position compare and which company is better for the Indian economy. This study main purpose is financial performance check using a ratio. In this study used a secondary data of a both companies. In this measure a performance of both company through a balance sheet and P & L account. Balance Sheet and P & L A/C using a Ratio analysis measure both companies. After this study concludes a HFFC and AHFL in a Home First's financial position are better compare to the Aadhar Housing. The suggestion of this study is Aadhar are improving their financial strength Home First are improving their finance scheme and gave better performance.

Keywords: *NBFC, HFCs, Comparison, Financial Performance, Ratio Analysis.*

INTRODUCTION:

The research is involved extensive and intensive studies of HFFC and AHFL. In non-banking monetary corporations presented fixed deposits, private loans, leasing, and hire purchasing are mutual offerings. It involves non-financial institution economic businesses there are exclusive sorts of groups, registered finance corporations, and specialized finance corporations. The Home First and Aadhar Housing in both housing finance corporations in a portfolio are not the same. For their balance portfolio concerning the each are not at the share are equal. In this NBFC's in expensive housing mortgage vendors to the customers. A comparison of HFFC and AHFL of their earnings and loss basis both is distinctive.

LITERATURE REVIEW:

[1]**Kumar M., Kumar S., Hamid M. A., & Pandey S. (2022).** Comparative Analysis of the Financial Performance of Selected Indian Housing Finance Companies. Its research objective is examining the capital

adequacy, asset quality, management capability, earning quality and liquidity ratio. It is in a find the five parameter of Camel model at HDFC, HUDCO, and LIC.

[2]**Roy P., Patro B. (2021).** In this study financial performance analysis of NBFC-MFIs in India. In this using a TOPSIS and IV-TOPSIS. The study in find out the tin is the top performer with the highest score of 0.65 while BWDA Finance Limited (BWDA) is the poorest performer with relative closeness score 0.35. Arohan and Madura Microfinance Limited (Madura) are the second and third highest per former, respectively.

[3]**Akbar S., Barua D. (2021).** The report of comparative analysis of financial performance of Non banking financial institutions in Bangladesh. The primary objective of this study is ensuring growth and prosperity of this sector, So that it will be helpful for the investor as well the management for taking the right decisions. In this report find out the EPS the financial performance of NBFIs also shows an increasing trend but for current ratio, capital ratio it shows a fluctuating trend which means that at any time it can go downward.

[4]**Sharma A., Rastogi S., & Gupta N. (2020).** In the report data envelopment analysis are make on the Micro finance banks. This research making for the identify the variables, level of efficiency, and compare the pattern of financial efficiency of total factor and find out the productivity of NBFC-MFI. In a study, empirical estimation is performed to know technical efficiency. The average technical efficiency score of the firms is 0.835. The efficiency scores are calculated for the NBFC-MFI which is comparable over the years.

[5]**Satyanarayana S., Ramu S. (2019).** A Comparative Study between Public and Private Housing Finance Companies (HFCs) in India. The objective of this study is comparing the financial and operational performance of public and private HFCs. In find out the Private HFCs performed better than their public counterparts ensuring higher sustainability to generate profits and effective utilization of funds.

[6]**Afreen S, (2018).** Comparative Financial Performance Analysis between Two Non-Banking Financial Institutions: IDLC Finance Ltd. & Lankabangla Finance Ltd. This study presenting for know about NBFIs, identify relationship between liquidity and profitability though the linear regression model. And the result is the growth of NBFIs is raising their types of offering products and services are also increasing for individuals and companies.

[7]**Samy, N. G., & Nandhini, M. (2017).** A Study on Financial Performance of Selected Non-Banking Financial Companies in India. This study for analyse the financial performance, position of NBFC companies and to suggest an improvement in this companies. As conclude the when compared to other NBFC the performance of Tata Capital Housing Finance Limited is good and other companies have to look after working capital to increase the financial leverage in future period of time.

[8]**Das, S., (2016).** A study on performance and growth of non-banking financial companies as compared to banks in India. This study preferred for the observation of similarity and differences and contribution of NBFC on GDP in India. To the find out the proportion of credit provided by the NBFCs to infrastructure sector is far better than that of banks during the study period.

[9]**Pellissery C. S. & Koshy C. J. (2015).** An Evaluation of Financial Performance of Public Sector Banking Companies and Non-Banking Financial Companies in India. This study for analyse a financial performance and best performer in the groups of selected companies. In the null hypothesis is rejected in the first set of hypotheses; this indicates that most of the selected ratios for the study differ significantly among the companies.

[10]**Ravindra P. S., Viswanandham P., & Rao C. P. (2013).** Operational and Financial Performance Evaluation of Housing Finance Companies in India: A Case Study of LIC Housing Finance Limited and HDFC. This study observes and analyse the operational evaluation of LIC housing ltd. and housing development finance corporation ltd. The success of the LICHFL and HDFC in the housing finance industry is in its marketing network. They have a greater number of marketing personnel than the regular office staff.

RESEARCH PROBLEM

- This analysis of the financial statement of Home First Finance Company and Aadhar Housing Finance Limited show some facts such as their main challenge is they don't collect deposit like cash. For HFFC and AHFL finance main source of the bank is customer deposit.
- The major source of funds for NBFCs is credit from banks and deposits to the public.
- In the NBFCs have the higher cost of the fund because as per RBI. Department of statics, the weighted average interest rate for all banks is more than 6 percent on deposits and more than 12 percent on lending.
- On the other hand, the deposit interest rate of NBFCs ranges from more than 7 percent to 13-14 percent.
- NBFCs faced problems while managing the mismatch between their asset and liability.

RESEARCH OBJECTIVE

1. To examine the financial performance of the Home First Finance Company and Aadhar Housing Finance Limited during the period 2017-18 to 2021-22.

2. To find out the ratio analysis through a profits and losses on the basis of financial data of the Home First Finance Company and Aadhar Housing Finance Limited during the period 2017-18 to 2021-22.

RESEARCH PLAN

The present study is made as a part of the MBA Program for training in the form of on the job training activities. In a financial performance measure the housing finance companies are HFFC and AHFL both are measures.

- This research through knows an overall profitability of Home First Finance Company and Aadhar Housing Finance Limited.
- It is through a find out the strengths and weaknesses of Home First Finance Company and Aadhar Housing Finance Limited.
- To know the financial position of Home First Finance Company and Aadhar Housing Finance Limited.
- Performance of Home First Finance Company and Aadhar Housing Finance Limited. For granting credit providing loan and making investment.

SCOPE OF THE STUDY

- In this report covers an overview of Home First Finance Limited & Aadhar Housing Finance Limited and description about their main activities.
- The report also highpoints the financial performance of HFFC Finance Ltd & AHFL Finance Ltd for five years. The financial time period under the study is 2017 to 2022.
- The main information is taken from the annual reports of these institutions to make report.
- The data and information were gathered during training.
- The scope is limited to the secondary data only.
- Other journal articles were also co-operative to make this report going forward.

FORMULATION OF HYPOTHESIS

1. **H0:** There is no significant difference in the financial performance of HFFC and AHFL.
   H1: There is a significant difference in the financial performance of HFFC and AHFL.

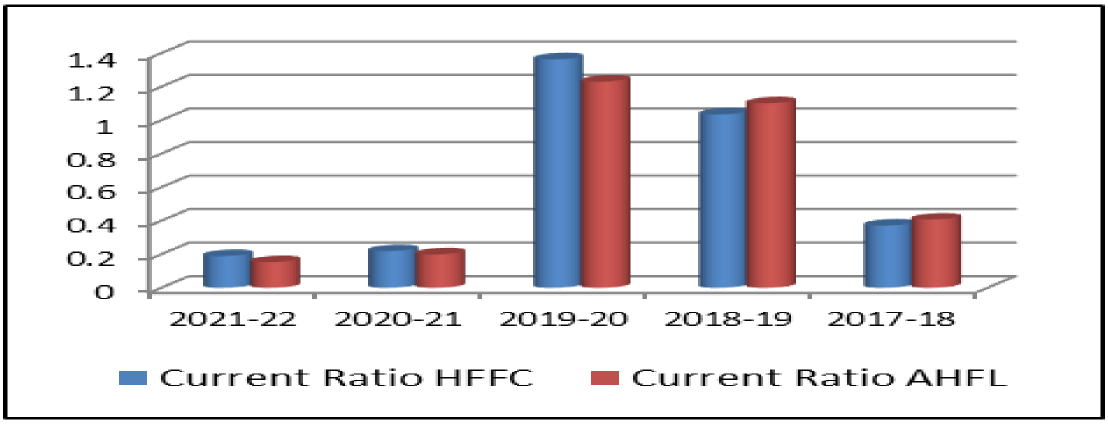
2. **H0:** There is no significant difference in the ratio analysis through find the profits and losses of HFFC and AHFL.
   H1: There is significant difference in the ratio analysis through find the profits and losses of HFFC and AHFL.

DATA ANALYSIS

In this study measure a financial performance of Home First Finance Company to compare with the Aadhar Housing Finance Limited. Financial Performance is measure using through a Home First and Aadhar data in applying a ratio. This is through known a Home First Financial Company Financially grow or not compare to the Aadhar Housing Finance Limited.

1. Current Ratio

Year	HFFC	AHFL
2021-22	0.18	0.15
2020-21	0.21	0.19
2019-20	1.36	1.23
2018-19	1.03	1.10
2017-18	0.37	0.40

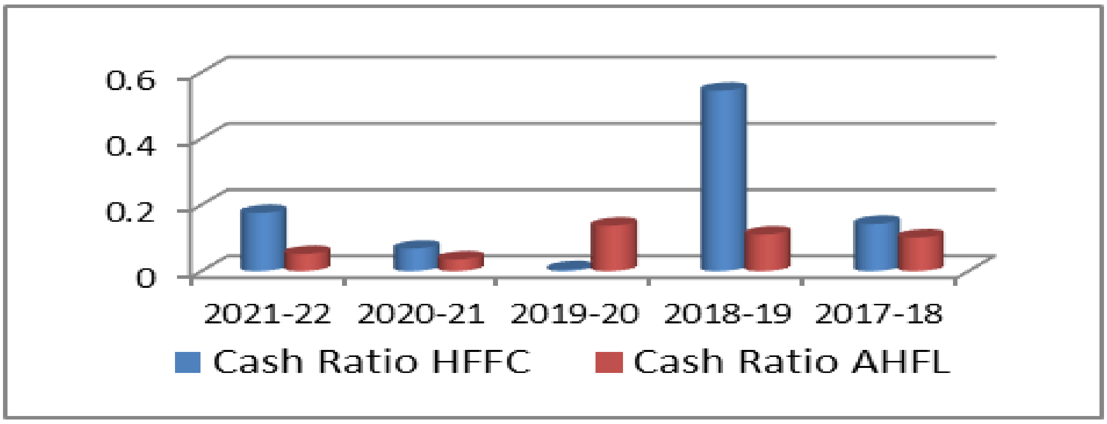


In this study this ratio is used to know the liquidity of a company. If the ratio is high, liquidity position of company is better (favourable situation). And if the ratio is low, liquidity position of company is bad (adverse situation).

2. Cash Ratio

Year	HFFC	AHFL
2021-22	0.17	0.05
2020-21	0.06	0.03
2019-20	0.01	0.13
2018-19	0.54	0.11
2017-18	0.14	0.10

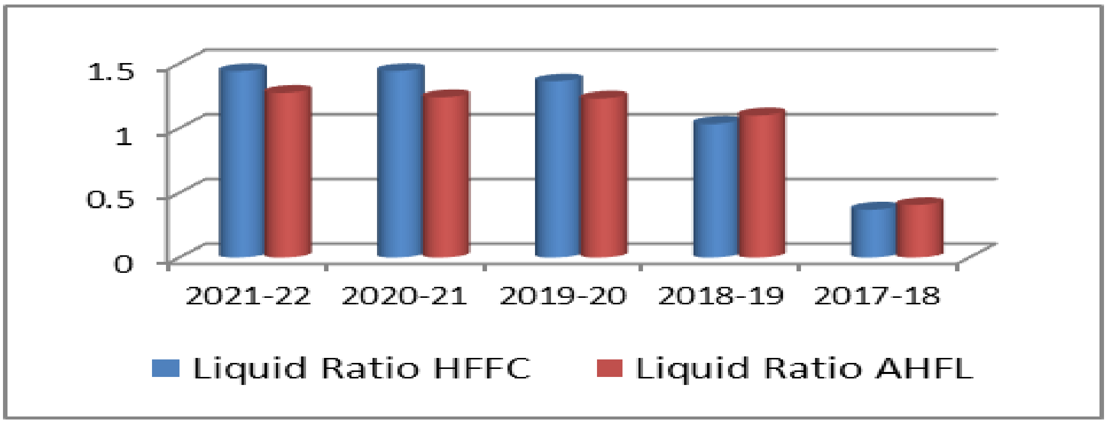
In the study the both financial companies are not measures the 1:1 ratio in the last five-year data. After that the Home First Finance Company are usually better than the Aadhar Housing Finance Limited.



3. Liquid ratio

Year	HFFC	AHFL
2021-22	1.44	1.27
2020-21	1.44	1.23
2019-20	1.36	1.23
2018-19	1.03	1.10
2017-18	0.37	0.40

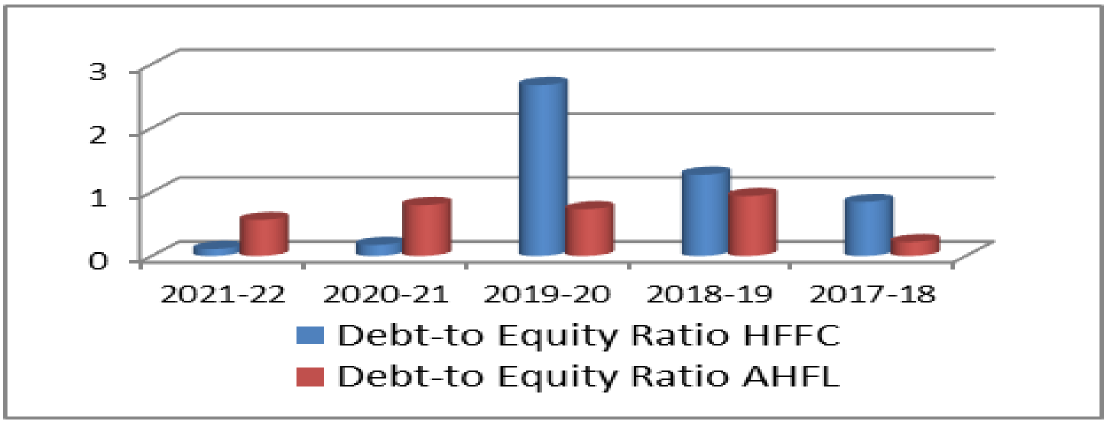
In the study the both financial companies are measures the 1:1 ratio in the last five-year data. After the conclusion of the Home First Finance Company are usually better than the Aadhar Housing Finance Limited using the liquid asset.



4. Debt-to-Equity Ratio

Year	HFFC	AHFL
2021-22	0.10	0.56
2020-21	0.17	0.79
2019-20	2.67	0.72
2018-19	1.27	0.93
2017-18	0.84	0.21

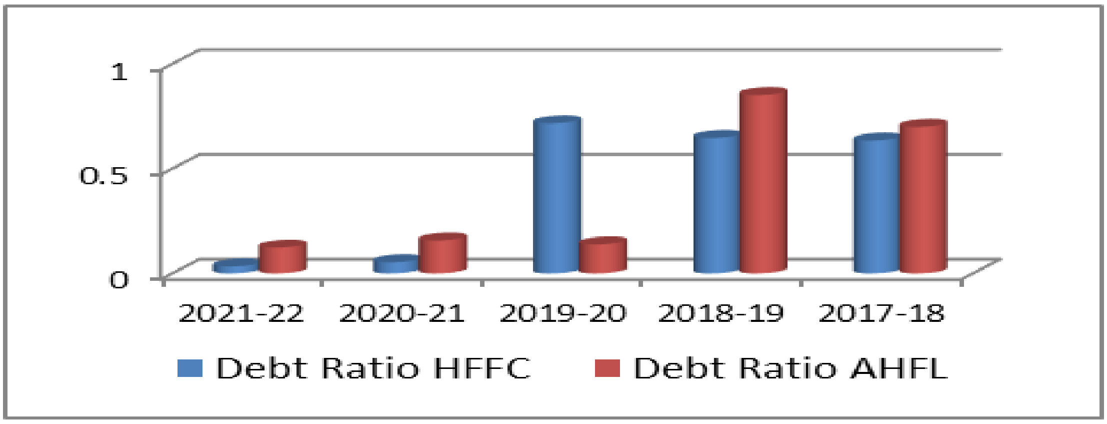
In the debt-to-equity ratio are low than companies are secure. After the conclusion of the Home First Finance Company are usually better than the Aadhar Housing Finance Limited using the debt-to-equity ratio. Because the Home First Finance Company's equity are low compared to borrowed capital.



5. Debt Ratio

Year	HFFC	AHFL
2021-22	0.03	0.12
2020-21	0.05	0.15
2019-20	0.71	0.13
2018-19	0.64	0.85
2017-18	0.63	0.69

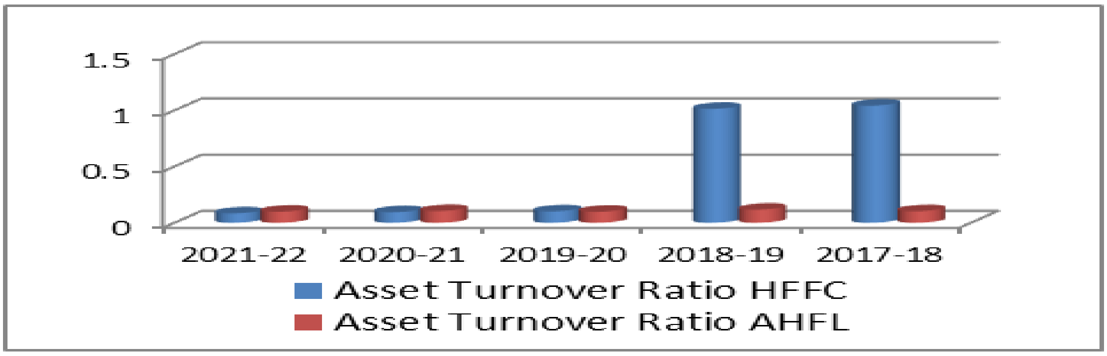
In the debt ratio are low than companies are secure. After the conclusion of the Home First Finance Company are usually better than the Aadhar Housing Finance Limited using the debt ratio. Because the Home First Finance Company's equity are low compared to the total assets.



6. Asset Turnover Ratio

In the asset turnover ratio are higher than companies are creating revenue from its assets. After the conclusion of the Home First Finance Company are usually lower than the Aadhar Housing Finance Limited using the asset turnover ratio.

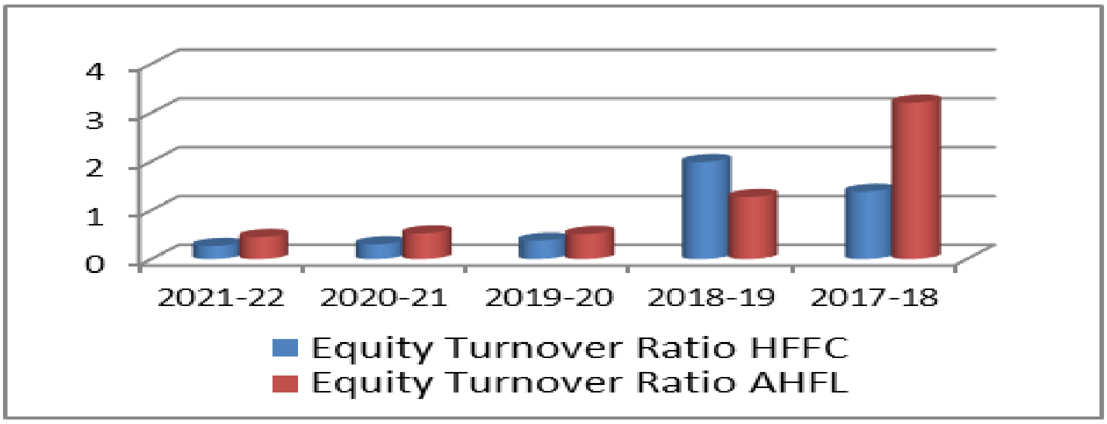
Year	HFFC	AHFL
2021-22	0.08	0.09
2020-21	0.09	0.10
2019-20	0.10	0.09
2018-19	1.01	0.11
2017-18	1.04	0.10



7. Equity Turnover Ratio

In this equity turnover ratio is equal to the total sales are dividing the total equity of the company's data. If the higher proportion in the formula it's provide a positive performance. And lower proportions provide a negative performance of the company.

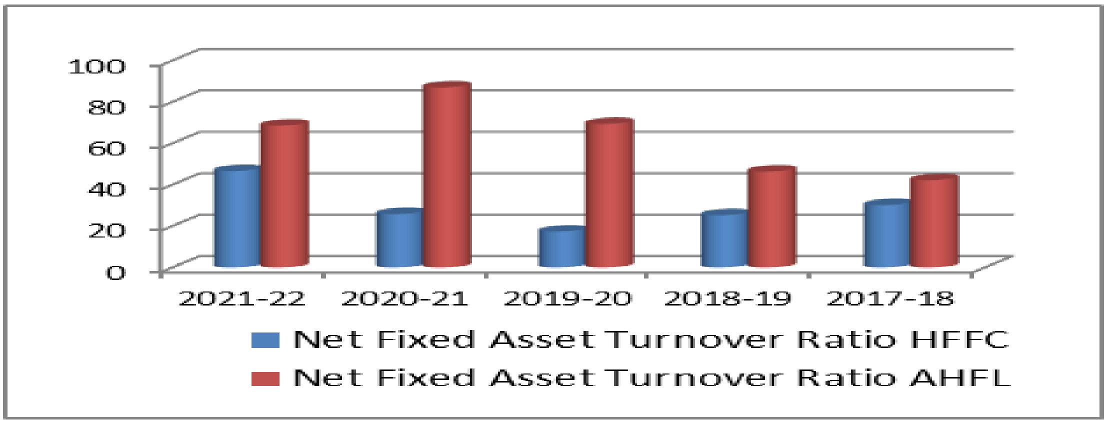
Year	HFFC	AHFL
2021-22	0.26	0.45
2020-21	0.30	0.52
2019-20	0.38	0.51
2018-19	1.99	1.27
2017-18	1.38	3.20



8. Net Fixed Asset Turnover Ratio

In this study the net fixed asset turnover ratio is in the fixed asset balance is used as a net of accumulated depreciation. In this study if a higher fixed asset turnover ratio indicates that a company has effectively used investment in fixed assets to generate sales. And if a lower fixed asset turnover ratio indicates that a company has effectively not used to investment in fixed assets to generate sales.

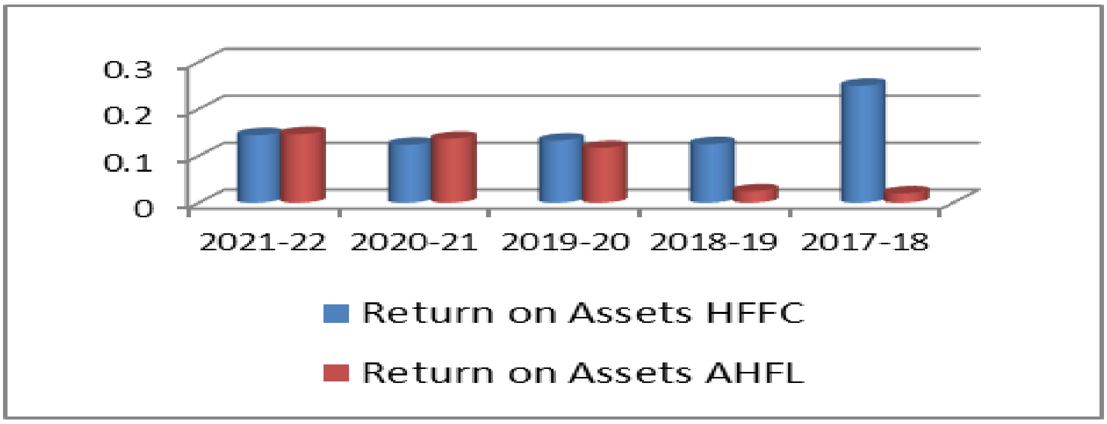
Year	HFFC	AHFL
2021-22	46.57	68.56
2020-21	25.83	87.06
2019-20	17.32	69.36
2018-19	25.26	46.35
2017-18	30.15	42.19



9. Return on Total Asset

Year	HFFC	AHFL
2021-22	0.14	0.14
2020-21	0.12	0.13
2019-20	0.13	0.11
2018-19	0.12	0.02
2017-18	0.24	0.02

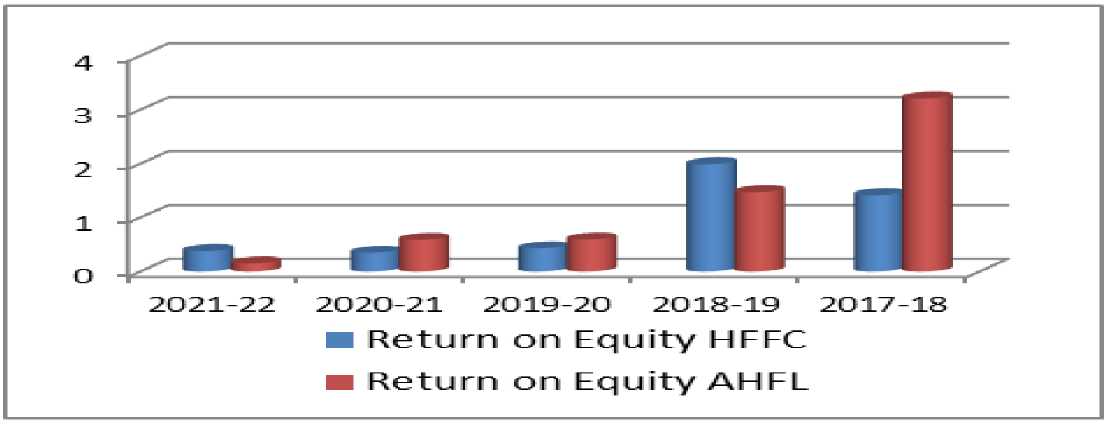
In this analysis in total assets are equal to the sum of the shareholders equity and the company's debt. This value is found in the company's balance sheet. When the return on total assets falls 5 percent, it is considered low. And when the ratio increases 20 percent, it's considered excellent.



10. Return on Total Equity

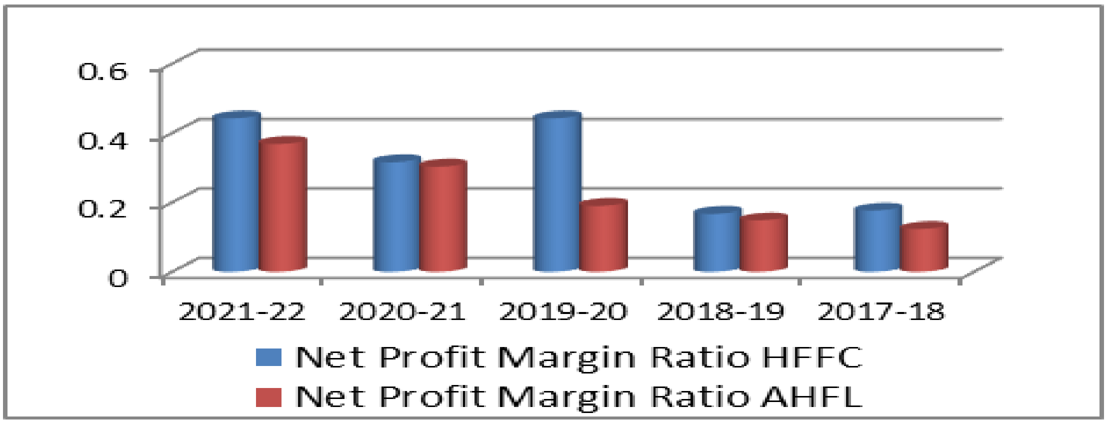
Year	HFFC	AHFL
2021-22	0.37	0.14
2020-21	0.34	0.58
2019-20	0.42	0.59
2018-19	1.99	1.46
2017-18	1.41	3.20

In this study the Return on Equity is consider as profitability. It is through a how to create income and growth from equity finance. If the ratio is high, its income and growth of equity is high. And if the ratio is low, its income and growth of equity is low.



11. Net Profit Margin Ratio

Year	HFFC	AHFL
2021-22	0.44	0.36
2020-21	0.31	0.30
2019-20	0.44	0.19
2018-19	0.16	0.14
2017-18	0.17	0.12

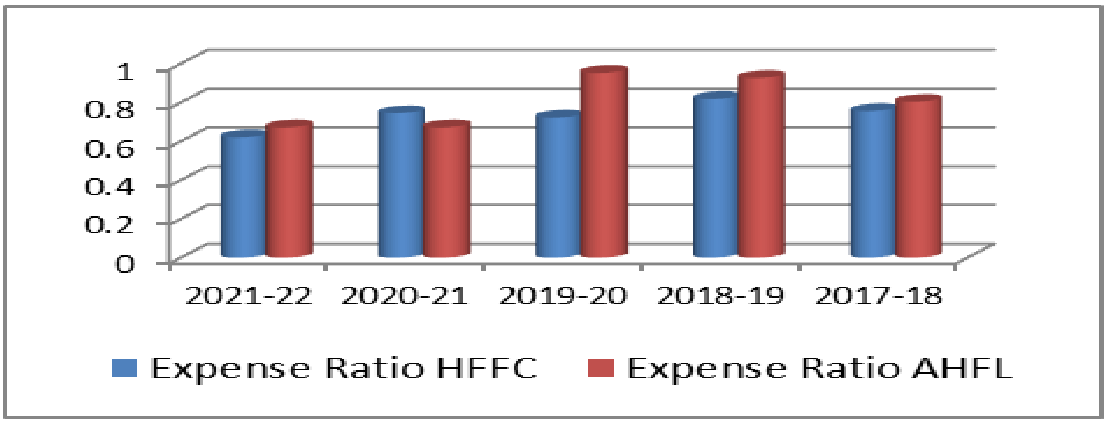


It is controlling the expenses with the help of suitable measures. It is help to an investor for a make decision to invest the funds in company for the profitability. If the ratio is low, profitability is low. And if the ratio is high, profitability is also high.

12. Expenses Ratio

Year	HFFC	AHFL
2021-22	0.62	0.67
2020-21	0.74	0.67
2019-20	0.72	0.95
2018-19	0.81	0.92
2017-18	0.75	0.80

This ratio through a company can control expenses. It is used for a known the weightage of expenses on cost. If the ratio is high, profitability low. And if the ratio is low, profitability is high.



FINDINGS

In this study observed that is no significant difference between both the NBFCs housing financial companies. In the ratio analysis through find the profits and losses is in a no significant difference of HFFC and AHFL. In this study find the Home First are try to grow their profitability at certain risk of the company. The HFFC to AHFL both are the company's competitors as a financial Affordable Segments. The HFFCs financial capital is low as per the financial data.

SUGGESTIONS

The companies are increasing their financial capital for the basis of future perception. In the company optimise the procedure are more effective and somehow increase their serviceability. In the company for the employee position changing segment are applied. For the employee benefit and knowledge. These NBFCs both companies are maintaining their profitability position and increase their profitability. In the financial company their affordable segment in product rate is decrease.

CONCLUSION

In this study a deal with the background of company and its framework. In this include the Non-Banking Finance Company's History in India, HFFCs History, product of company, initiation of the presence of the literature review, scope of the study, objective of the study, hypothesis of study, research methodology, financial data measurement using a ratio, future plans, and references. In the study using a ratio analysis for measure the profitability of company and compare with the Aadhar Housing Finance Ltd. Future planning are measure in affordable segment. In the study the found the financial capital are low of the company.

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