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Evaluation of Financial Performance of Selected Indian Housing Finance Companies using CAMEL model- A Comparative Study

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Abstract
Dwelling Money Organization (HFC) is a form of Non-Banking Finance Corporation which is taken part in the key business of giving assets and help to obtain and development of houses and for business as well and residential purposes. As a regulator, Reserve Bank of India (RBI) has recommended CAMEL rating system as one of the tools to evaluate the strength and efficiency of the financial performance of the NBFCs.

In this review, CAMEL model has been utilized to assess the monetary presentation of chosen Indian Lodging Money Organizations for the time of five monetary years, 2014-15 to 2018-19. Positioning has been finished to examine the similar presentation between these organizations. For this reason, different monetary proportions have been determined and utilized in the previously mentioned model to gauge and assess the monetary presentation of the chose Indian HFCs.

KEY WORDS: Housing Finance Company, CAMEL Ranking System, Financial Ratios, NBFC, Financial Performance

1. Introduction

It is well documented in finance literature that housing has got immense potential for socio-economic development of any nation, particularly true for developing nations like India. On the one hand, thevast forward and backward linkages of housing with over 250 other industries enable it to promote rapid economic development. On the other hand, the fact that housing is one of the primary requisites of human life underlines its significance from the social perspective. Because of its vast potential for socio-economic development, housing development used to occupy a prominent place in the policy decisions and budget outlays of Governments the world over particularly those of developing nations. India has been no exception in this regard, particularly since the late 1970s. As such, in the ongoing reforms era initiated in the early nineties there has been appreciable growth in institutional housing in India, particularly during the late 1990s when commercial banks (CBs) entered into housing finance arena aggressively. Housing finance sector in India has registered an appreciable CAGR (compounded annual growth rate) of over 30 percent during the preceding three years' period (FY 2004 to FY 2006) (RBI, 2009).

Housing plays a major role for the long-term sustainable growth of any economy. Countries like India where the population exceeds the mark of 130 crores, Housing Sector is considered as a vital part of the economy. It is also considered as the second largest employment generating sector in India. In India, housing finance can be obtained from banks and housing finance companies. But Indian housing market is dominated by housing finance companies.

Housing Finance Companies are a type of Non-Banking Financial Company (NBFC) whose principle business is to provide funds and assistance for procurement and development of housing units both for commercial and residential purposes.

Major Housing Finance Companies in India:

Category	**Number of Companies**
Housing Finance Company having valid Certificate of Registration with permission to accept public deposits	11
Housing Finance Company having valid Certificate of Registration with permission to accept public deposits but required to obtain prior written permission before accepting any public deposits from the National Housing Bank	6
Housing Finance Company having valid Certificate of Registration but not permitted to accept public deposits	83
Total	100

Source:https://nhb.org.in/report-on-trend-progress-of-housing-in-india-june-2000/list-of-companies/

1.1 LITERATURE REVIEW

1.2

In the second part, the existing literature on CAMEL rating system have been included.

PART 1

Many studies have been done on the financial performance of housing finance companies in India. So of the studies wherefrom the research gap has been identified are given below:

In the study done by **D. Prathma Priya (2019)** on the financial performance analysis of HDFC Limited from 2013-14 to 2017-18, financial ratios were considered as the key indicator for the financial performance evaluation. Through her study, she concluded that the financial performance of HDFC Ltd. was satisfactory.

In another paper by **S.V. Satyanarayana and SrilakshmiRamu (2019)** on comparative study between public and private housing finance companies in India, five publics and five private HFCs have been selected for comparison. In this study also, financial ratios were taken as the main comparison parameter.

P.S. Ravindra et al. (2013), had performed better than HDFC during the research period of 2000-01 to 2011-12. In this study, he considered financial ratios as well as the loan profile of the two companies.

PART 2

Many researchers from India and abroad have considered CAMEL as their research topic to evaluate the performance of NBFCs in the recent years. A few of those are discussed below:

Rozina Akterand Md. Sariful Islam (2018) used CAMEL model to evaluate the performance of some selected NBFCs of Bangladesh. Through this study, they identified that to utilize the benefits of this model, more accurate data is required and Bangladesh

Government should take some initiative to solve this problem.

A. Kavitha (2017), in her study, used CAMEL model to analyze the performance of five selected Housing Finance Companies in India. Through her study she concluded that HDFC Ltd. Was the best performer and Can FinHomes Ltd. was the worst performer among the selected HFCs.

Dr.C.Thilakam and M. Saravanan (2014), in their study, analyzed the performance of 36 NBFCs of Tamil Nadu. Out of these 36 NBFCs, 4 were Government Companies, 13 were Small Companies and another 13 were Top Companies which had been selected as sample respondents on the basis of multi-stage random sampling. They suggested that RBI may effectively control, supervise, advise and guide NBFCs, especially Government companies, by compulsory inspection.

Muhammad Haidar (2009) pointed out that the strength of CAMEL's factors would determine the overall strength of the bank. The quality of each component further underlines the inner strength and determines how far it can take care of itself against the market risks.

UTILITY OF THE STUDY

Policy decisions, if backed by scientific research findings would make maximum sense. Informed and rational decision making, both at the macro (like, governmental and administrative) and micro (individual HFCs) levels, are greatly supported by the findings of this research.

1.3 OBJECTIVES OF THE STUDY

- To check the Capital adequacy level.
- To examine the Asset quality.
- To measure the Management capability.
- To examine the Earning quality.
- To evaluate the Liquidity positions.

1.4

1.5 RESEARCH METHODOLOGY

In this paper, secondary data have been used. The main data sources are the selected companies 'Annual Reports. This study covers the financial performance of the five financial years, 2014-15 to 2018-19

- Housing Development Finance Corporation Ltd. (HDFC)
- LIC Housing Finance Ltd.
- India bulls Housing Finance Ltd.
- PNB Housing Finance Ltd.
- Housing & Urban Development Corporation Ltd. (HUDCO)

Among these five selected companies, HDFC Ltd. is the top HFC in terms of market capitalization, followed by LIC Housing Finance Ltd. CAMEL technique used to test the study. Ranking has been used as a statistical tool to compare the performance between these companies.

In the first step, each company has been allotted a score, varying from 5 to 1, on the basis of their respective performances for each ratio.

In the second step, the companies have been ranked on the basis of their overall performance and for that, total score from every parameter under CAMEL rating has been considered. 5 scale ranking has been done, where 5 is considered as the worst performance and 1 as the top performance.

MAJOR POINTS ADDRESSED

- Cost of funding for HFCs has gone up, because of the following reasons: Tight liquidity conditions coupled with RBI's rate hikes, the rates of interest on other sources of finance,
- Volatility in Funding Costs: As Base Rates are to be reviewed quarterly, this may lead to volatility in funding costs of HFCs. Thus, HFCs may not be able to pass on the cost benefits to customers as regularly,
- Home Loan rates not being revised by banks: Rates on home loans offered by banks remain unchanged since the introduction of base rate by them as per RBI directives.
- Base Rate for HFCs: Since HFCs do not have access to CASA (Current and Savings Account), their Base Rates will be higher than those of Banks

ANALYSIS & FINDINGS

CAMEL rating system was first introduced in USA. In 1988, the Basel Committee on Banking Supervision of the Bank for International Settlements (BIS) proposed the CAMEL framework for assessing financial institutions. This system was originally developed to evaluate the overall performance of the banking sector. But nowadays, this model is being used to measure the risk and financial stability of a financial institution.

To study the performance through this system some important financial ratios has to be calculated and ranked between the scale of 1 to 5, considering 1 as the best and 5 as the worst and on that basis it performance is evaluated. In this model, five basic parameters are considered.

The reputed CAMEL model for performance evaluation of Housing Finance Companies in India

- **C = Capital Adequacy**
- **A = Asset Quality**
- **M = Management Efficiency**
- **E = Earning Capacity**
- **L = Liquidity Position**

Capital Adequacy:

Capital adequacy indicates the financial soundness of any financial institution. It also reflects the ability of a financial institution to meet its additional capital requirement. To analyze the capital adequacy position of the respective companies, two ratios have been calculated and used. Capital Adequacy Ratio (CAR) implies a company's capital with respect to the total risk weighted asset. Higher ratio indicates more safety. It also indicates the how much of the company's asset is financed by debt. The average debt-equity ratio of financial sector is 3.

I. $$\textbf{CAR} = \frac{\textbf{Tier I Capital + Tier II Capital}}{\textbf{Risk Weighted Assets}}$$

II. $$\textbf{D/E Ratio} = \frac{\textbf{Total Debt}}{\textbf{Total Equity}}$$

Table 1:
Capital Adequacy (C) of the Selected HFCs from 2014-15 to 2018-19 (Capital Adequacy Ratio)

YEAR	HDFC Ltd.	LIC Housing Finance Ltd.	Indiabulls Housing Finance Ltd.	PNB Housing Finance Ltd.	HUDCO
2014-15	16.11	15.3	18.35	13.76	50.46
2015-16	16.55	17.04	20.51	12.7	63.85
2016-17	15.79	15.64	20.97	21.6	58.55
2017-18	19.16	15.49	20.82	16.67	52.7
2018-19	19.1	14.36	26.49	13.98	57.98
Mean	17.342	15.566	21.428	15.742	56.708
Score	3	1	4	2	5

Table 1 shows whether the companies are able to fulfil the Capital Adequacy norm as per RBI/ NHB guideline. As all the selected companies are related to housing sector, National Housing Bank (NHB) norm has been considered, which is12%. So, it can be said that all the companies maintain their Tier I and Tire II Capital norms. Out of the selected HFCs, HUDCO has been able to maintain the highest average in the specified five-year period with an average of 56.708 and scored 5, whereas LIC Housing finance has maintained the lowest average of 15.566 in last five years and scored 1 in this category.

Table 2:
Capital Adequacy (C) of Selected HFCs from 2014-15 to 2018-19 (Debt-Equity Ratio)

YEAR	HDFC Ltd.	LIC Housing Finance Ltd.	India bulls Housing Finance Ltd.	PNB Housing Finance Ltd.	HUDCO
2014-15	4.23	10.64	6.03	9.2	2.35
2015-16	4.42	10.51	4.65	11.23	2.68
2016-17	4.85	10.05	5.86	5.74	2.19
2017-18	4.9	10.2	6.73	8.19	3.65
2018-19	4.72	10.5	5.57	9.66	5.46
Mean	4.624	10.380	5.768	8.804	3.266
Score	4	1	3	2	5

Table 2 is showing the Debt portion in the total equity of the company. More debt drags more obligations of payment to the company. Lesser portion of debt is preferable. Generally, 1:1 debt-equity ratio is considered as ideal but in case of capital centric industries like manufacturing and real estate, the ideal ratio is considered as ≥ 2. All the selected HCFs are maintaining a higher debt equity ratio which means that these companies are aggressive in financing its growth with debt. According to the study, HUDCO is maintaining an average of 3.266 in the specified five-year period which is closest to the ideal norm and scored 5. On the other hand, LIC housing finance has the highest average in last five years of 10.380 and scored 1 in this category.

Table 3:
Total Scoring for 'C'

	HDFC Ltd.	LIC Housing Finance Ltd.	Indiabulls Housing Finance Ltd.	PNB Housing Finance Ltd.	HUDCO
CAR	3	1	4	2	5
D/E Ratio	4	1	3	2	5
Total	7	2	7	4	10

After considering capital adequacy norm and capital structure of the selected five companies, the overall score has been calculated and it is found that HUDCO has scored the highest in this segment, whereas both HDFC Ltd and India bulls have scored the same 7 in this category. The lowest scorer is LIC Housing Finance with a score of 2.

1.5.1 Asset Quality:

Asset quality assesses the financial strength of the company. The asset quality of any financial institution can be measured by the percentage of its non-performing assets to its total assets. A higher percentage of NPA may affect the profitability of the institution. Along with Net NPA ratio, return on Assets (ROA) is also considered to assess the asset quality of the institutions. ROA indicates how well the assets are utilized to earn profit. Higher ROA indicates better performance.

I. **Net NPA Ratio =** $\dfrac{\textbf{Gross NPA – Provisions}}{\textbf{Net Advances}}$

II. **ROA =** $\dfrac{\textbf{Net Earnings}}{\textbf{Total Assets}}$

Table 4:
Asset Quality (A) of Selected HFCs from 2014-15 to 2018-19 (Net Non-Performing Assets)

YEAR	HDFC Ltd.	LIC Housing Finance Ltd.	India bulls Housing Finance Ltd.	PNB Housing Finance Ltd.	HUDCO
2014-15	0.67	0.22	0.36	0.07	6.25
2015-16	0.48	0.22	0.35	0.14	2.06
2016-17	0.54	0.14	0.36	0.15	1.15
2017-18	0.8	0.43	0.34	0.25	1.42
2018-19	0.84	1.08	0.69	0.38	0.5
Mean	0.666	0.418	0.420	0.198	2.276
Score	2	4	3	5	1

Table 4 is showing the percentage of net non-performing assets in the total assets of the company. As per RBI report, the NPA ratio of the NBFC sector is 3.9. So it can be said that all the selected HFCs are maintaining an NPA that is lower than the industry average, which is a good sign. PNB is able to maintain the lowest level of NPA throughout the last five years, so its score is 5; HUDCO shows the highest NPA percentage in total assets and so its score is 1.

Table 5:
Asset Quality (A) of Selected HFCs from 2014-15 to 2018-19 (Return on Assets)

YEAR	HDFC Ltd.	LIC Housing Finance Ltd.	India bulls Housing Finance Ltd.	PNB Housing Finance Ltd.	HUDCO
2014-15	2.35	1.23	3.58	1.03	2.32
2015-16	2.45	1.27	3.05	1.1	2.25
2016-17	2.2	1.27	2.83	1.21	2.14
2017-18	2.74	1.17	2.87	1.33	2.06
2018-19	2.09	1.21	3.1	1.29	1.62
Mean	2.366	1.230	3.086	1.192	2.078
Score	4	2	5	1	3

Through ROA, it can be identified how efficiently the HFC is operating and how efficient they are in fund raising. The higher the value of ROA, the better it is and it is another parameter of asset quality. Return on assets shows how well the assets are used by the company to earn profit. From Table 5, it is seen that India bulls Housing Finance is performing well by maintaining the highest average of ROA of 3.086 in the specified five-year period. PNB Housing Finance is performing poorly in this segment with a lowest average of 1.192 in the same period.

Table 6:
Total Scoring for 'A'

RATIOS	HDFC Ltd.	LIC Housing Finance Ltd.	India bulls Housing Finance Ltd.	PNB Housing Finance Ltd.	HUDCO
NNPA	2	4	3	5	1
ROA	4	2	5	1	3
Total	6	6	8	6	4

Looking into the overall scoring of this segment, it is found that India bulls Housing Finance has scored highest score 8, three companies has scored 6 in Asset Quality segment, those companies are HDFC Ltd, LIC Housing Finance and PNB Housing Finance. Whereas, HUDCO's score is the least considering asset quality and its overall score is 4.

Management Quality:

Management efficiency is another vital component of CAMEL model. Management takes crucial decisions regarding risk perceptions. Management efficiency indicates how well a company's board of directors and top level management are able to identify, measure and prevent the present and future risks which are associated with the company. To measure the efficiency level of the management, return on Net worth ratio (RONW) is considered and along with that, Net Income per Employee (NIPE) is considered. RONW indicates the return that company's shareholders can receive on their respective investments in the company. Similarly, NIPE shows how efficiently the company can utilize its employees or it can be said that contribution of each employee to generate income of the company. For both the ratios, higher value is considered better performance.

I. **RONW = Net Income / Shareholders Fund**

II.NIPE = Net Income / No. of Employees

Table 7:
Management Efficiency (M) of Selected HFCs from 2014-15to 2018-19(Return on Net Worth)

YEAR	HDFC Ltd.	LIC Housing Finance Ltd.	India bulls Housing Finance Ltd.	PNB Housing Finance Ltd.	HUDCO
2014-15	19.34	17.72	30.47	12.4	9.87
2015-16	20.78	18.15	21.84	15.21	9.56
2016-17	18.77	17.43	23.94	9.93	9.18
2017-18	16.79	14.06	27.66	12.82	10.15
2018-19	12.45	14.95	21.6	14.54	10.77
Mean	17.626	16.462	25.102	12.980	9.906
Score	4	3	5	2	1

A HFC that has higher RONW is generally considered to have generated higher shareholder value. Table 7 is showing the return on new worth of the selected companies for the specified five-year period. It is depicted through this table that India bulls is able to maintain the highest RONW of an average of 25.102 in this period and scores 5, followed by HDFC Ltd. HUDCO has the lowest average of 9.906 in this segment

Table : 8
Management Efficiency (M) of Selected HFCs from 2014-15 to 2018-19(Net Income per Employee)

YEAR	HDFC Ltd.	LIC Housing Finance Ltd.	India bulls Housing Finance Ltd.	PNB Housing Finance Ltd.	HUDCO
2014-15	2.88	10.5	0.39	0.36	1.64
2015-16	3.23	11.25	0.43	0.48	1.56
2016-17	3.23	1.09	0.45	0.62	0.96
2017-18	3.3	9.56	0.46	0.73	1.16
2018-19	3.39	1.05	0.47	0.82	1.43
Mean	3.206	6.69	0.44	0.602	1.35
Score	4	5	1	2	3

Table 8 is showing the performance of the selected companies on the basis of net income per employee (NIPE). NIPE shows the efficiency and effective level of the employees of any organization. LIC Housing Finance has scored the highest in this segment as it is able to maintain a five-year average of 6.69 whereas India bulls Housing Finance has been able to maintain an average of 0.44 only and scored 1

Table 9:

Total Scoring for 'M'

	HDFC Ltd.	LIC Housing Finance Ltd.	India bulls Housing Finance Ltd.	PNB Housing Finance Ltd.	HUDCO
NIPE	4	3	5	2	1
RONW	4	5	1	2	3
Total	8	8	6	4	4

Talking about the overall management performance, both LIC and HDFC Ltd. Have scored 8 and are placed at the first position; both PNB Housing and HUDCO have scored 4 and have secured the last position in this segment

Earning Quality:

Earning quality mainly indicates the profitability and productivity of any institution. Better earning quality secures sustainability. To measure the earning capacity, two important indicators are Net profit margin (NPM) and Return on capital employed (ROCE).

Net profit margin indicates how well the company is performing. This ratio is an overall profitability indicator. On the other hand, ROCE compares the relative profitability of the companies considering the amount of capital used in the business. The higher ratio indicates a better performance.

$$\textbf{NPM} = \frac{\textbf{Net Profit}}{\textbf{Net Sales}}$$

$$\textbf{ROCE} = \frac{\textbf{Operating Profit}}{\textbf{Capital Employed}}$$

Table 10:

Earning Capacity (E) of Selected HFCs from 2014-15 to 2018-19(Net Profit Margin)

YEAR	HDFC Ltd.	LIC Housing Finance Ltd.	India bulls Housing Finance Ltd.	PNB Housing Finance Ltd.	HUDCO
2014-15	21.86	12.99	31.66	11.03	22.95
2015-16	22.95	13.39	28.91	12.1	24.92
2016-17	23.17	13.8	28.33	13.4	24.05
2017-18	26.93	13.49	29.19	15.34	24.21
2018-19	22.22	14	24.2	14.45	21.27
Mean	23.426	13.534	28.458	13.264	23.48
Score	3	2	5	1	4

As a rule of thumb, a 10% net profit margin is considered average, a 20% margin is considered good and a 5% margin is considered low. Table 10 is showing the Net profit margin for the specified five-year period of the selected companies. India bulls has performed the best in this segment and it has the highest average in this period. Both HUDCO and HDFC Ltd. Have performed almost at par and scored 4 & 3 respectively. PNB Housing is the worst performer in this segment with the lowest average of 13.264 in the specified five-year period.

Table 11:
Earning Capacity (E) of Selected HFCs from 2014-15 to 2018-19(Return on Capital Employed)

YEAR	HDFC Ltd.	LIC Housing Finance Ltd.	India bulls Housing Finance Ltd.	PNB Housing Finance Ltd.	HUDCO
2014-15	4.51	1.53	5.51	1.5	2.85
2015-16	4.79	1.62	4.92	1.71	2.64
2016-17	16	11.18	15.16	1.74	8.91
2017-18	10.81	9.71	14.96	9.16	7.72
2018-19	11.18	10.12	12.36	12.36	6.92
Mean	9.458	6.832	10.582	5.294	5.808
Score	4	3	5	1	2

Table 11 is showing another parameter of evaluating the earning capacity of the selected companies. After analyzing the specified five-year period's return on capital employed, it is clear that India bulls Housing is leading the group with the highest ROCE of 10.582 (mean) and the PNB Housing has the lowest mean ROCE of 5.294 with the lowest score of 1.

Table 12: Total Scoring for 'E'

	HDFC Ltd.	LIC Housing Finance Ltd.	India bulls Housing Finance Ltd.	PNB Housing Finance Ltd.	HUDCO
ROCA	3	2	5	1	4
NPM	4	3	5	1	2
Total	7	5	10	2	6

Table 12 is showing the overall performance of the selected companies on the basis of earning capacity. Considering both ROCA and NPM, India bulls Housing Finance has scored the highest 10, followed by HDFC Ltd. with a score of 7. PNB's overall score is the lowest 2 in this segment.

Liquidity Quality:

Liquidity is one of the important aspects for those organizations which are dealing with cash and other liquid assets. For financial institutions, liquidity management is one of the major areas of concern because it has a direct connection with profitability. To determine the quality of liquidity management, Current Ratio and Dividend Pay-out Ratio have been considered here.

Current ratio indicates how many units of current asset backs one unit of current liability. Current ratio is always preferred to be ≥ 1.

Dividends are normally paid in the form of cash. Thus, high dividend pay-out ratio can have direct implications on the cash/liquidity management and liquidity position of the company.

Table 13:

Liquidity Position (L) of Selected HFCs from 2014-15 to 2018-19 (Current Ratio)

YEAR	HDFC Ltd.	LIC Housing Finance Ltd.	India bulls Housing Finance Ltd.	PNB Housing Finance Ltd.	HUDCO
2014-15	0.27	0.46	0.78	0.71	0.89
2015-16	0.26	0.44	0.73	0.28	1.11
2016-17	0.34	0.44	0.79	0.40	1.27
2017-18	6.57	6.10	0.60	5.73	22.34
2018-19	4.90	5.00	22.68	2.86	51.69
Mean	2.468	2.488	5.116	1.996	15.46
Score	4	3	2	5	1

Liquidity position shows how well the company is able to pay its day to day obligations. A sound liquidity position enhances the ability to earn more profit. On the other hand, more liquidity means that the company has failed to use the excess amount of fund to earn extra revenue from other sources. So, it is very important to maintain an ideal ratio according to the industry norms. As per Table 13, PNB is able to maintain a good liquidity position and nearest to the industry standard of value 2. HDFC Ltd., on the other hand, has an average higher than the standard in second position. All other companies, expect HUDCO, has been able to maintain an average current ratio of more than 2.

Table 14:

Liquidity Position(L) of Selected HFCs from 2014-15 to 2018-19(Dividend Pay-out Ratio- Cash Profit)

YEAR	HDFC Ltd.	LIC Housing Finance Ltd.	India bulls Housing Finance Ltd.	PNB Housing Finance Ltd.	HUDCO
2014-15	39.23	18.08	45.60	11.97	12.92
2015-16	37.57	16.16	77.06	11.82	12.26
2016-17	6.34	0.00	39.89	0.00	11.81
2017-18	30.44	15.54	48.53	13.18	10.84
2018-19	37.27	14.14	45.33	16.33	11.39
Mean	30.170	12.784	51.282	10.660	11.844
Score	4	3	5	1	2

A reduction in dividends paid is not appreciated by investors and usually the stock price moves down as this could point towards difficult times ahead for the company. On the other hand, a stable dividend pay-out ratio indicates a solid dividend policy by the company's management. A range of 35% to 55% is considered healthy and appropriate from a dividend investor’s point of view. From Table 14, it is clear that, India bulls has constantly maintained its good dividend pay-out ratio in the specified five-year period and scored the highest in this segment. HDFC stands second with a five-year average of 30.170. PNB has the lowest average for the same period and has scored the least in this segment.

Table 15:
Total Scoring for 'L'

	HDFC Ltd	LIC Housing Finance Ltd	India bulls Housing Finance Ltd	PNB Housing Finance	HUDCO
CR	4	3	2	5	1
DP	4	3	5	1	2
Total	8	6	7	6	3

Considering the overall liquidity position of the selected companies, HDFC scores the highest 8, both LIC and PNB score 6 and HUDCO scores 3 and is placed last in the segment.

Table 16:
CAMEL Ranking

	HDFC Ltd.	LIC Housing Finance Ltd.	India bulls Housing Finance Ltd.	PNB Housing Finance Ltd.	HUDCO
C	7	2	7	4	10
A	6	6	8	6	4
M	8	8	6	4	4
E	7	5	10	2	6
L	8	6	7	6	3
Overall Score	36	27	38	22	27
Rank	2	3.5	1	5	3.5

After analyzing and comparing all five parameters of CAMEL model, it is found that India bulls Housing Finance has scored 38 and ranked first in this group. HDFC Ltd. has an overall score of 36 and ranked second. Both LIC Housing and HUDCO has scored the same overall score 27 and both have the rank 3.5 and PNB Housing Finance has the lowest overall score of 22 and have rank 5.

1.6 CONCLUSION

1.7

Housing Finance Companies are one of the major players in the Indian Housing Sector. So it is very important to evaluate their overall financial performance. CAMEL model gives us an opportunity to evaluate a company from five different parameters. If Capital adequacy is concerned, HUDCO is the best performer. If Asset quality is concerned, India bulls Housing Finance is the best performer in the lot. If Management Efficiency is concerned, both LIC and HDFC are at the top. If earning capacity is concerned, India bulls is the best performer in this parameter. In the case of Liquidity position, HDFC is the best performer.

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