**SUMMER TRAINING REPORT ON**

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*to*

**Guru Gobind Singh Indraprastha University, Delhi**

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***Under the Guidance of Submitted by***

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Enrollment No.

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##### Certificate

I, Mr. Abhileen Sarangi, Roll No. 05013701714 certify that the Minor Project Report/Dissertation (Paper Code BBA-209) entitled “Sales Promotion: A case study on Samsung India” is completed by me by collecting the material from the referenced sources. The matter embodied in this has not been submitted earlier for the award of any degree or diploma to the best of my knowledge and belief.

Signature of the Student

Date:

Certified that the Minor Project Report (Paper Code BBA-209) entitled “Sales Promotion: A case study on Samsung India” done by Mr. Abhileen Sarangi, Roll No. 05013701714, is completed under my guidance.

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Table of Contents

[Chapter-I: Introduction 5](#_Toc23571838)

[1.1 Introduction: 5](#_Toc23571839)

[1.2 Objectives of Study 15](#_Toc23571840)

[1.3 Scope of Study 16](#_Toc23571841)

[1.4 Company Profile: 17](#_Toc23571842)

[1.5 Industry Profile 20](#_Toc23571843)

[**Chapter-II: Review of Literature** 23](#_Toc23571844)

[**Chapter-III: Research Methodology** 38](#_Toc23571845)

[Chapter-IV: Data Reduction, Presentation & Analysis 40](#_Toc23571846)

[**EFFECT OF RECESSION ON REAL ESTATE IN INDIA** 40](#_Toc23571847)

[**Chapter-V: Data Interpretation** 43](#_Toc23571848)

[**P & L ACCOUNT** 46](#_Toc23571849)

[**RATIO ANALYSIS** 56](#_Toc23571850)

[**LIQUIDITY RATIO** 58](#_Toc23571851)

[**Chapter-VI: Summary & Conclusions** 60](#_Toc23571852)

[6.1 **Results of the Study**: 60](#_Toc23571853)

[6.2 **Limitations**: 61](#_Toc23571854)

[6.3 **Suggestions**, **Scope for further Study & Conclusion**: 62](#_Toc23571855)

[Reference 64](#_Toc23571856)

# Chapter-I: Introduction

## 1.1 Introduction:

Real Estate property investments are analyzed, including those most commonly used and others that will serve for purposes of comparison or illustration. It also offers suggestions about analytical techniques and provides sources of useful information.

The task of analyzing a real estate investment may be divided into three components:

* Cash flow The amount of cash annually received by the investor, including revenues generated and financing proceeds realized, minus all cash expenses incurred, with the exception of income taxes;
* Tax effect The amount by which the investment affects the taxes payable in the current year by the investor;
* Future benefits The amount by which the capital position of the investor is affected by the sale or refinancing of the property or entity owning the property on an after-tax basis. It takes into account prior mortgage amortization and the change in value of the asset.

The global financial crisis and the resultant slowdown in the global economy during the year 2008-2009 have halted industrial and business expansion. The subsequent drying up of liquidity has led to an overall slowdown in the real estate sector in India.

**There has been sales slowdown across all real estate asset classes: Residential, Commercial, SEZ/Industry Parks.**

Demand in real estate has remained grim, primarily due to low consumer confidence. This can be attributed to a weak economic scenario. High levels of inflation led to the government increasing interest rates. This led to the drying up of liquidity available for businesses to expand, leading to a slowdown in the commercial real estate demand. **The increase in the cost of finance also led to a drop in residential real estate demand.**

According to a report released by UBS Investment Research in April 2009, unsold inventory with developers in major residential real estate destinations in India is still high at around 18% of the properties being promised for delivery over the next 12 months.

The inventory situation is not limited to the residential space. Recent data from Jones Lang Lasalle REIS on supply and vacancy for office space in Delhi and Mumbai indicates that office vacancy rates are very high. However, analysts and industry experts believe that long term prospects of the Indian real estate sector remain promising.

According to ASSOCHAM, the Indian domestic real estate market is estimated to be approximately USD 15 billion, of which FDI contributions are expected to be less than USD 4 billion.

**The share of FDI in real estate is expected to increase manifold in the coming years with the gradual relaxation of ceiling in construction space permitted to foreign investors.**

India’s growing young population, rapid urbanization, growth in industry and services and rapid development of tourism are factors that will propel real estate demand in the long term.

A number of reforms introduced by the Government in recent years have contributed to the scorching pace of development of the Indian Real Estate Industry in the past and will facilitate future growth. **These real estate reforms include:**

* Repealing the Urban Land (Ceiling and Regulation) Act, 1976 by a large number of Indian States
* Allowing FDI upto 51% in single brand retail outlets and 100% in cash and carry
* In April 2008, the Securities and Exchange Board of India (SEBI) announced amendments to the SEBI (Mutual Funds)
* Regulations 1996 permitting the launch of Real Estate Mutual Funds (REMFs) in India. REMFs are required to invest at least 35% of the net assets of the scheme directly in real estate (in ready-to-use property that assures rental income and capital appreciation) not stating the maximum investment limit
* Real Estate Investment Trusts (REITs) have been allowed entry into India. REITs cater to the capital requirement of the real estate sector as it enables the company easy access to funds and preferable exit options

**Financial Institutions in Real Estate**

Indian financial institutions are competing with each other to invest in this higher return segment. Some of the prominent companies promoting real estate funds in India are HDFC Property Fund, DHFL Venture Capital Fund, Kotak Mahindra Realty Fund, Kshitij Venture Capital Fund (a group venture of Pantaloon Retail India Ltd) and ICICI’s real estate fund, India Advantage Fund. Regulated under SEBI’s (Securities and Exchange Board of India) Venture Capital Funds, these are closed-ended schemes with an initial public offer (IPO) contributing to a discount on NAVs (Net Asset Value).

The Tata group has joined hands with private equity firm, Xander, through its group company Trent in April 2007 to raise US$ 1 billion for an institutional retail real estate fund. India's top real-estate firm DLF has raised US$ 2.24 billion in the country's largest initial public offering in June 2007. It has also entered into a joint venture agreement with Indian pharmaceutical major Ranbaxy group company Fortis Healthcare to set up hospitals across the country with investments of about US$ 1.5 billion. Meanwhile, an HDFC sponsored real estate fund has been permitted to bring up to US$ 790 million of FDI into the country, while Indiabulls Real Estate (IREL) is looking to raise up to US$ 1.2 billion.

**REAL ESTATE INDUSTRY OF INDIA**

The real estate story in India is growing bigger by the day as it continues to receive an ever increasing inflows of funds. While more than 35 big ticket foreign funds have already checked in, the first half of the 2010 will see at least 20 more funds making an India entry. Meaning US$ 12 billion of foreign direct investment (FDI) will be injected into the real estate sector.

Merrill Lynch forecasts that the Indian real estate sector shall grow from US $12 billion to US $ 90 billion in 2015.

Majority retailers are now planning to expand within a current city, and a similar percentage is willing to open new stores in other cities. While the last decade saw the transaction of sleepy towns like Gurgaon, Noida and Faridabad into enviable addresses. More and more people are turning to big cities thereby increasing the demand for high-value apartments. Developers maintain that the bar for the super premium luxury housing has risen from Rs. 1 crore to over Rs. 2 crore. If the year 2009 was marked by some of the country’s biggest land deals, the future of India is set to usher in the gold rush of realty.

It is estimated that in the residential sector there is a housing shortage of 19.4 million units out of which 6.7 million are in urban India. The increase in purchasing power and exposure to organised retail formats has redefined the consumption pattern. As a result, retail projects have been mushrooming across even B-grade cities. The retail market is expected grow at around 35 per cent. Industry observers feel that this growth is facilitated by favorable demographics, increasing purchasing power, existence of customer-friendly banks and housing finance companies, professionalism in real estate an reforms initiated by the Government to attract global investors.

**Financial Institutions in real estate**

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**Retailers and Malls**

Organised retail, which currently accounts for only 4.6 per cent of the US$ 270 billion Indian retail sector, is expected to grow at 37 per cent in 2009 and 42 per cent in 2010, according to Indian Retail Report 2007. The report adds that organised retail in India has the potential t add over US $ 45 billion business by the year 2015.

This is expected to create a demand for around 220 million square feet of retail space by 2010. According to industry estimates, 27 million square feet of organised retail space is currently available. Another 90 million square feet is expected to be added by 2009 from 263 mall projects. Of these, 18 million square feet is slated to come up in Delhi as well as Mumbai, 9.5 million square feet in Ludhiana, 6 million square feet in Chandigarh and 3.6 million square feet in Ahmedabad.

In what could perhaps become a trend in the booming retail business, Retailer Retail, Future Group and Bharti-WalMart are among leading retail companies that are acquiring housing societies and colonies in Ahmedabad to knock down and build mega-retail stores. The biggest mall of the world—Mall of India—planned by DLF Universal along NH-8 will have 32 acres spanning a huge entertainment area and large city town square offering a total retail experience.

**CHALLENGES AND OPPORTUNITIES IN THE REAL ESTATE SECTOR**

**Opportunities**

Firstly, it is the sustained high growth rate of GDP and increasing GDP per capita in the country providing and impetus to the real state demand across segments. According to t he recent FICCI report, the last three years have seen real GDP rise a cumulative 26 per cent, with impressive increase of 8.5 per cent in 2007/08, 7.5 per cent in 2008/09 and 8.4 per cent in 2009/10 on the back of the robust growth across industries. Thus, setting into motion the demand for commercial / industrial as well as residential real estate.

Secondary, the huge demographic shift being witnessed in the country in the last decade is cited as one more reason behind the sect ors exponential growth. The increasing rate of life expectancy, declining infant mortality and a high but falling birth rate in the country have created an additional demand for housing and infrastructure for the ever-increasing burgeoning population.

Besides these, favourable reforms ensuring easy project financing, increased fiscal incentives to developers and simplification of Government procedures are the few of the bottom factors that have catapulted the growth in this sector.

**Challenges**

In pursuance of the expected growth that this sector will take, the future is full of challenges. In the commercial office segment. In spite of the huge demand, the developers may have to face heat from the ups and down of other sectors since this segment, in particular, is highly depended on the performance of the Indian IT/ITES.

Secondly, with the introduction of the SEZ policy, it is believed that a significant amount of the office space demand will be targeted in SEZs. While in the residential segment, if one goes by the Planning Commission report there is a shortage of approximately 9 million units, and this deficit, as per the Asian Development Bank, would escalate to around 22 million units by 2009/10 and upto 10 million units by 2030. The most deterring challenge that would come on the way would be the product differentiation and correct understanding of the consumer needs. This challenge would be applicable to both the national or international players as the consumers preference in India vary from one location to other and brand value in a highly competitive market would be stiff without substantial product differentiating factors.

* 1. Objectives of Study
* To know demand of Nivesh Global among the people.
* To focus on the proper mix of short term a long term financing for current assets.
* To know the firm liquidity position i.e., the ability or capacity of the firm to meet its short term obligations out of current assets.
* To study the need for analyzing the changes in a firm’s funds and cash flow position.

## Scope of Study

With the economy surging ahead, the demand for all segments of the real estate sector is likely to continue to grow. The Indian real estate industry is likely to grow from US$ 12 billion in 2005 to US$ 100 billion in by 2018.

## Company Profile:



At Nivesh Global, we build ‘Trust’. By dint of sheer hard work and commitment, we have earned this trust in our journey of last 10 years. We understand the value of collaborative approach, and ensure our solutions are based around this. At the core, deeply engrained is our value system that puts ‘people first’. No wonder, a profound sense of community drives bulk of our initiatives.

Spending time in understanding your requirements and seeing to it that they are delivered has been our mantra. We work with a smile on our faces, striving to put a smile on your face as well. What makes this possible is our corporate culture driven by integrity, performance, and passion. Success is not achieved by leaps and bounds, it is earned through those baby-steps, taken with you by our side. Today, at 100 Crores in revenue and a 2000 member family - We at Nivesh Global are committed to create a unique combination of ‘Wealth & Value’ for you.

**Our Services**



We have spent over a decade fine tuning our offerings. We listen to you and come up with the solutions that makes business as well as ethical sense. While doing so, we bring our expertise of Real Estate and offer you a potent mix of services. Our services are tailor made to create value along with Wealth creation, which of course is at the heart of our practices. The most amazing part is how we do it - through transparency and assurance.

**Real Estate Research**

At Nivesh Global, we provide an in-depth market analysis report to our customers through primary and secondary research conducted by our best in class professionals. The market analysis is done through our data driven approach to give you the best possible outcome. We thrive our best to make our investors understand this complex asset class mostly characterized by opacity, heterogeneity and lumpiness. To better understand how real assets performs we put out the data in a most logical way with all informed risk related factors to create a better understanding of our approach before they make their investment decisions.

**Real Estate Marketing**

We have created a niche for ourselves in the market through right kind of Marketing mix. Our knack of exploring new accounts with the help of customized data-led creativity, automated optimization, performance marketing, digital transparency has led us to create a ripple in the market. Our Marketing professionals uses these customer- centric approach not just to close the sales but to build a long lasting relationship with our clients.

**Portfolio Management**

We also help clients in managing the entire real estate portfolio with an objective of preserving and increasing value of their investment. We evaluate the best solutions that are designed for real estate investment professionals through interactive charts and dashboards to improve your chances for a better return.

## Industry Profile

The real estate sector is one of the most globally recognized sectors. Real estate sector comprises four sub sectors - housing, retail, hospitality, and commercial. The growth of this sector is well complemented by the growth of the corporate environment and the demand for office space as well as urban and semi-urban accommodations. The construction industry ranks third among the 14 major sectors in terms of direct, indirect and induced effects in all sectors of the economy.

It is also expected that this sector will incur more non-resident Indian (NRI) investments in both the short term and the long term. Bengaluru is expected to be the most favoured property investment destination for NRIs, followed by Ahmedabad, Pune, Chennai, Goa, Delhi and Dehradun.

#### Market Size

Real estate sector in India is expected to reach a market size of US$ 1 trillion by 2030 from US$ 120 billion in 2017 and contribute 13 per cent of the country’s GDP by 2025. Retail, hospitality and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs.

Sectors such as IT and ITeS, retail, consulting and e-commerce have registered high demand for office space in recent times. Commercial office stock in India is expected to cross 600 million square feet by 2018 end while office space leasing in the top eight cities is expected to cross 100 million square feet during 2018-20. Gross office absorption in top Indian cities has increased 26 per cent year-on-year to 36.4 million square feet between Jan-Sep 2018. Co-working space across top seven cities has increased sharply in 2018 (up to September), reaching 3.44 million square feet, compared to 1.11 million square feet for the same period in 2017.

#### Investments/Developments

The Indian real estate sector has witnessed high growth in recent times with the rise in demand for office as well as residential spaces. Private Equity and Venture Capital investments in the sector have reached US$ 1.47 billion between Jan-Mar 2019. Institutional investments in India’s real estate are expected to reach US$ 5.5 billion for 2018, the highest in a decade.

According to data released by Department of Industrial Policy and Promotion (DIPP), the construction development sector in India has received Foreign Direct Investment (FDI) equity inflows to the tune of US$ 25.04 billion in the period April 2000-March 2019.

Some of the major investments and developments in this sector are as follows:

* New housing launches across top seven cities in India are expected to increase 32 per cent year-on-year by 2018 end to 193,600 units.
* In September 2018, Embassy Office Parks announced that it would raise around Rs 52 billion (US$ 775.66 million) through India’s first Real Estate Investment Trust (REIT) listing.
* New housing launches across top seven cities in India increased 50 per cent quarter-on-quarter in April-June 2018.
* In May 2018, Blackstone Group acquired One Indiabulls in Chennai from Indiabulls Real Estate for around Rs 900 crore (US$ 136.9 million).
* In February 2018, DLF bought 11.76 acres of land for Rs 15 billion (US$ 231.7 million) for its expansion in Gurugram, Haryana.

#### Government Initiatives

The Government of India along with the governments of the respective states has taken several initiatives to encourage the development in the sector. The Smart City Project, where there is a plan to build 100 smart cities, is a prime opportunity for the real estate companies. Below are some of the other major Government Initiatives:

* Under the Pradhan Mantri Awas Yojana (PMAY) Urban, more than 8.09 million houses have been sanctioned up to May 2019.
* In February 2018, creation of National Urban Housing Fund was approved with an outlay of Rs 60,000 crore (US$ 9.27 billion).
* Under the Pradhan Mantri Awas Yojana (PMAY) Urban 1,427,486 houses have been sanctioned in 2017-18. In March 2018, construction of additional 3,21,567 affordable houses was sanctioned under the scheme.

**Chapter-II: Review of Literature**

Real estate sector in India is witnessing tremendous boom. Real estate industry in India is presently worth $12 billion and is growing at the rate of 30 per cent per annum. The importance of real estate sector in India can be gauged from the fact that it is the second largest employer next only to agriculture. The real estate industry has significant linkages with several other sectors of the economy and over 250 associated industries.

Indian real sector has seen an unprecedented boom in the last few years. This was ignited and fueled by two main forces. First, the expanding industrial sector has created a surge in demand for office-buildings and dwellings. The industrial sector grew at the rate of 10.8 percent in 2006-07 out of which a growth of 11.8 percent was seen by the manufacturing sector. Second, the liberalization policies of government have decreased the need for permissions and licenses before taking up mega construction projects. Opening the doors to foreign investments is a further step in this direction. The government has allowed FDI in the real estate sector since 2002. FDI was deemed necessary in the view of making the sector more organized and increasing professionalism farmers. The villages adjacent to the metro cities have experienced sky-rocketing land prices. This has induced farmers to sell their land for good money.

Eighty percent share of the real estate market is garnered by residential sector and the rest is comprised of offices, shopping malls, hotels and hospitals.

­ Real estate companies are coming up with various residential and commercial projects to fulfill the demand for residential and office properties in Tier-II and Tier-III cities.

An estimated shortage of 26.53 million houses during the Eleventh Five Year Plan (2007-12) provides a big investment opportunity.

→ in the year 2009-10 the total constructions sector size was Rs. 488,345 caror as per The Central Statistical Organization.

**Table: Growth Rate of Major Sectors in India:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year | Agriculture | Industry | Construction | Services | GDP |
| 2001-02 | 3.1 | 6.1 | 6.8 | 4.2 | 3.9 |
| 2004-05 | 0.0 | 8.5 | 16.1 | 9.1 | 7.5 |
| 2005-06 | 5.8 | 8.1 | 16.2 | 10.6 | 9.5 |
| 2006-07 | 4.0 | 10.7 | 11.8 | 11.2 | 9.7 |
| 2007-08 | 4.9 | 7.4 | 10.1 | 10.9 | 9.0 |
| 2008-09 | 1.6 | 2.6 | 7.2 | 9.7 | 6.7 |
| 2009-10 | 0.4 | 8.3 | 8.0 | 10.1 | 8.0 |
| 2010-11 | 5.4 | 8.2 | 8.9 | 9.6 | 8.6 |

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Source: CSO

In simple, Investment is putting money into something with expectation of profit. More specifically, investment is the commitment of money or capital to the purchasing of financial instruments or other physical assets so as to gain profitable returns in the form of interest, dividend or appreciation of the value of the instrument. It is related to saving or deferring consumption.

An investment involves choice by an individual or an organization to invest its money or capital in following instrument,

* Assets like vehicles, machinery, appliances
* Property such as home, building, lands
* Commodity
* Stock market
* Bond
* Financial Derivatives like future & option
* Foreign assets denominated in foreign currency

Investment comes with the risk of loss of the invested sum of money. The investment that has not been thoroughly analyzed can be highly risky with respect to the investment owner because the possibility of losing money is not within the owner’s control. The above listed all the investment instruments possesses less or more chances of risk.

**Classification of Properties:**

Real estate has been broadly categories into 3 classes as follow

**(A). Residential Property:** 



The residential type of property is by far the most popular with both new and experienced agents. Residential property offers a good investment avenue. People buy residential property for two important reasons:

* For staying
* As an investment

#### **►►Advantages of Investing in Residential Property**

* Expenses, including depreciation on the property and interest on your borrowings, are tax deductible.
* You make money as the value of the property increases.
* You can leverage your investment.
* You get rental income.

#### **►►Risks of Investing in Residential Property**

* Interest rates could rise.
* The property could be untenanted for a period of time.
* You could get "bad" tenants.
* It could take up a lot of your personal time.
* House prices could remain static, or even fall.

The following are the type of Residential Property:

1. Single Family Residence
2. Row Houses/ Townships
3. Flats
4. Bungalows

(B)**. Commercial Property:**

****

1. Multi-Family Commercial Real Estate:

Commercial real estate property types include duplex homes, and other construction for habitation by multiple family groups. Condominiums are frequently called multi-family because of their construction as a group, but are normally listed and sold as single family residential units. Duplex homes are also frequently listed and sold as residential units to a buyer that lives in one side and rents out the other.

**2. Retail Space Real Estate Properties:**

This category would include single buildings used as stores for clothing, electronics and other consumer products, as well as malls, strip centers and the like. Restaurant spaces are a specialty subset of the retail category, with some listings shown as restaurant/retail. Valuations can be based on size and land value, retail sales per square foot or other investment return calculations.

**3. Office Buildings and Office Complexes**

A single building designed for office use, or a group of offices in a single building or cluster of buildings would fall into this category. When offices are grouped in structures with single ownership, they are listed as commercial office rental property. The owner derives income from the rental payments of the office tenants. These can be valued based on the rental income return on investment, rather than methods using square footage and land value. Medical & Dental offices are a subset.

**(C). Vacant Land**

****

Land Investment has historically been the forte of large development companies, rich farmers or wealthy individuals. It can be a profitable business if proper development of land is undertaken. Land Investment is referred to as a long term investment and with land prices on the rise in many parts of the world, it is said to be the safest and smartest way of investing ones money.

Capital gains can easily be realized from land when land price increases. The most striking feature of land investment is that investment takes place in a tangible asset which the investors can readily put into use. It is a branch of real estate investment which is gaining ground as major part of capital budgeting analysis. Real estate is basically defined as immovable property such as land and everything permanently attached to it like buildings. It is essentially at this juncture that land as an asset differs from real estate as it does not necessarily includes buildings and the attachments to the land.

Land is perhaps the most basic asset that we want to invest in and may include vast open tracts with no significant estate on it. The job of developing the land lies with the developer, and with proper care to include modern houses and the associated amenities, it will significantly appreciate its value. Land situated close to developed areas will cost more as opposed to those in less developed areas. Land developed for commercial purposes and those developed for building residential complexes will have different prices and tax implications, if any.   
Investing in land can be profitable as there is limited supply of land and the purchaser can really sell dear if he wants to.

**CHARACTERISTICS OF REAL ESTATE INVESTMENT:**

Real estate properties have its own some important features. Some of the characteristics that make real estate unique as compared to other investment alternatives are as follows:

(1). **Tangible**:

Real estate is, well, real! You can visit your investment, speak with your tenants, and show it off to your family and friends. You can see it and touch it. A result of this attribute is that you have a certain degree of physical control over the investment - if something is wrong with it, you can try fixing it. You can't do that with a stock or bond.

(2). **Requires Management**:

Because real estate is tangible, it needs to be managed in a hands-on manner. Tenant complaints must be addressed. Landscaping must be handled. And, when the building starts to age, it needs to be renovated.

(3). **Inefficient Markets**:

An inefficient market is not necessarily a bad thing. It just means that information irregularity exists among participants in the market, allowing greater profits to be made by those with special information, expertise or resources. In contrast, public stock markets are much more efficient - information is efficiently dispersed among market participants, and those with material non-public information are not permitted to trade upon the information. In the real estate markets, information is king, and can allow an investor to see profit opportunities that might otherwise not have presented themselves.

(4). **High Transaction costs:**

Private market real estate has high purchase costs and sale costs. On purchases, there are real-estate-agent related commissions, lawyers' fees, engineers' fees and many other costs that can raise the effective purchase price well beyond the price the seller will actually receive. On sales, a substantial brokerage fee is usually required for the property to be properly exposed to the market. Because of the high costs of “trading” real estate, longer holding periods are common and speculative trading is rarer than for stocks.

(5). **Lower Liquidity**:

With the exception of real estate securities, no public exchange exists for the trading of real estate. This makes real estate more difficult to sell because deals must be privately brokered. There can be a substantial lag between the time you decide to sell a property and when it actually is sold - usually a couple months at least.

(6). **Underlying resident Quality**:

When assessing an income-producing property, an important consideration is the quality of the underlying residence. This is important because when you purchase the property, you're buying two things: the physical real estate, and the income stream from the tenants. If the tenants are likely to default on their monthly obligation, the risk of the investment is greater.

(7). **Variability among Regions**:

While it sounds cliché, location is one of the important aspects of real estate investments; a piece of real estate can perform very differently among countries, regions, cities and even within the same city.

**CONSIDERATIONS WHILE MAKING INVESTMENT IN REAL ESTATE**

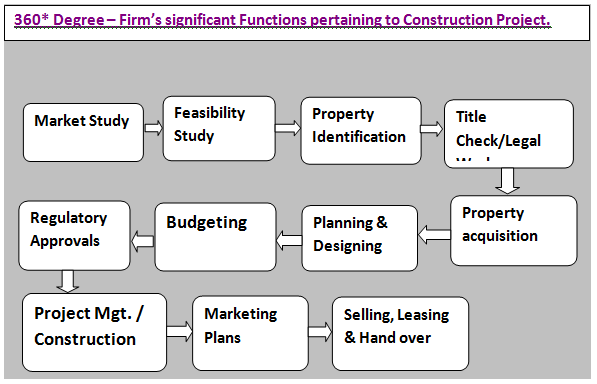
When it comes to making money, Real estate is considered to be one of the surest investments. Lots of opportunities abound, whether it be in the stock market or in business. But these areas also offer a significant amount of risk. As a result, most people do not engage in these speculative activities. But real estate is something which more people can be involved in, simply because everyone needs a home to live in. However, no investment is entirely risk free, and so even here a certain amount of due diligence is required.

Some important point you need to think about:

1. Who is the developer?   
2. Is the project a self development / partnership or joint venture?  
3. Past business / trading history  
4. The location of the proposed project  
5. Basic amenities   
6. The growth prospects of the neighborhood development  
7. Industrial and business development in the locality  
8. Price comparison analysis  
 9. Future property price valuation  
10. What are the returns on your investment?

Affordability is a key consideration when making any purchase. One should factor additional expenses such as electricity and property taxes to get a complete idea of how much can be afforded.

■ An integrated service model offering end-to-end - **360° Realty Services** to cater to the diverse needs of corporate & developers in project management & execution. Managing realty projects right from identification to marketing is a lengthy process replete with many challenges. You may be keen to execute realty projects for commercial / residential purposes but may not be equipped with the right skill-sets / know-how for the undertaking.   
Build-One offers you with a integrated service model meeting the entire realty business needs to help you successfully undertake your realty projects. Build-One offers you with a unified value-chain of core realty services with critical forward & backward integration of other value-added services. The services are effectively streamlined enabling steady progression of the projects, right from idea conceptualization to profit generation / hand-over, encompassing all functional & operational tasks.



1. **Market study:**

Market study refers to detailed analysis of market and locations in different regions within the specific area. One has to look the trend and path of the property market in the area where he want to set up the project. A marketability study tries to create a market area demand model based on available demographic information and the application of common sense to develop a picture of the current and future market area trends that may effect demand.

1. **Feasibility Study**:

Feasibility Study typically involves testing geographic locations for a real estate development project, and usually involves packages of real estate land. Developers often conduct feasibility studies to determine the best location within a jurisdiction, and to test alternative land uses for given packages. Jurisdictions often require developers to complete feasibility studies before they will approve a permit application for retail, commercial, industrial, manufacturing, housing, office or mixed-use project. Market Feasibility takes into account the importance of the business in the selected area. Could the project be built?, Can the site support a building structure that is planned?, etc. should be check out.

1. **Property Identification:**

Property identification refers to the type of project which the builder has to plan. It mean whether put residential or row house or to put specific commercial project looking at the locations and demand for the market. Property identification generally is driven by demand of type of property in the market.

1. **Title clear/Legal work:**

Title clear is the phrase used to state that the owner of real property owns it free and clear of encumbrances. In a more limited sense, it is used to state that, although the owner does not own clear title, it is nevertheless within the power of the owner to convey clear title. For example, a property may be encumbered by a mortgage. This encumbrance means that no one has clear title to the property. However, standard terms in a mortgage require the mortgage holder to release the mortgage if a certain amount of money is paid. Therefore, a buyer with enough money to satisfy both the mortgage and the current owner can get clear title.

1. **Property Acquisition:**

Generally, property acquisition refers to a person or other entity acquiring title to real property by a deed. A deed is the legal instrument used to transfer ownership in real estate. Real property can also be acquired by inheritance and by a court order.

1. **Planning & Designing of Project:**

Planning and designing is carried out only after finishing the above legal works. It is concerned with the proper plans and the design of the project that the developer is going to construct. Here, builder can approach architects to develop plan and design as per the requirements of builder.

1. **Budgeting:**

This point is also important to be considered by a builder. The budget of the real estate project should be optimal as per the plan and designs of the structure. Budgeting needs to analyze the size of the projects.

1. **Regulatory Approval:**

After the plans and design of the projects, it needs to be submitted the same at the concerned govt. authority (Municipal Corp./Municipality) for further verifications and approval for the project. If authority finds no objections, then after they can arrive at decision for approval and sanction of project.

1. **Project Mgt./Construction:**

If government regulatory approvals and project get sanctioned by authority, then after builder can take step further to start initial work of construction. A project management team also has to form for various aspects of the project of residential or commercial. At regular interval of time, govt. executives checks the work whether is going as per the criteria.

1. **Marketing Plan:**

While developer put the marketing plan for the project he has put. On the bases of demand for the housing and location. As a promotional efforts and marketing for the project Hoardings, newspaper ads. attractive schemes, agent/ broker approach has to be followed.

1. **Selling, Leasing and Handover:**

Builder may sell the entire project to other party, or he may sell the project on leasing bases. Another option he may adopt is he can hand over to the party who want to handle this project.

**Chapter-III: Research Methodology**

**Research**

Research is an art of scientific investigation. Research comprises defining and redefining problems, formulating hypothesis or suggested solution, collecting, organizing and evaluating data, making deductions a reaching conclusions and at least carefully testing the conclusions, to determining whether they fit the formulating hypothesis. Research Methodology is a way to systematically solve the research is done scientifically. In it we study the various steps that are generally adopted by a research in studying his research for the researcher to know not only the research methods/techniques but also the methodology.

**The study will be based on:-**

**1. Primary Data-** Collected by circulating a questionnaire.

**2. Secondary Data-** By various resources.

**Data Collection**

Since research is combination of secondary data collection through desk research and primary data through the author of this study collected the information from the personal interviews of the member of financial department of the firm and the general public.

**Primary Data -** Questionnaire and Personal observation.

**Secondary Data-** Provided by various competent authorities of the department.

**Primary + Secondary Data -** City’s economic analysis.

**Collection of Data:-**

* **PRIMARY DATA-** The data which is collected for the first time and is the original data.
* **SECONDARY DATA**- This is the data which is collected from any other source and is the duplicate data.
* **PRIMARY DATA**
* Personal interaction
* Questionnaire
* **SECONDARY DATA**
* Books
* Journals
* Internet
* Company documents
* **SAMPLE SIZE-** 100 Respondents
* **AREA OF OPERATION-** Delhi
* **STATISTICAL TOOLS-**
* Bar diagram
* Pie Charts &
* All relevant sampling tools will be used.

# Chapter-IV: Data Reduction, Presentation & Analysis

**EFFECT OF RECESSION ON REAL ESTATE IN INDIA**

The Development of real estate in India is attributed to the off-shoring and outsourcing businesses, such as high-end technology consultation, call centres and programming houses. The demand from the information technology sector certainly has changed the urban landscape in India. Several multinational companies (MNCs) continue to move their organizational operations to India to take advantage of lower manpower and other costs. Providing human resources and home at their work place assumes great significance and therefore, the requirement to create space for people to live and work that in turn causes the development of other related infrastructure. It has been a predominant trend to set up the world´s best business centres, often campus-style establishments, bearing a distinguishing corporate stamp. Some of these locations are so distinctive that they are termed as the ´temples of new or modern India´. It is just an indication of the extent to which the development of real estate has been taking place.

The real estate market in India remains unorganized, fairly fragmented, mostly characterized by small players with a local presence. Traditionally, real estate developers were viewed with an element of skepticism. Developers were often identified dealing with large amounts of unaccounted money, lacking transparency and would use unscrupulous mean to acquire a variety of regulatory approvals. The tremendous growth of the real estate sector is attributed to various fundamental factors such as growing economy, growing business needs, etc. This boom however is restricted to areas such as commercial office space, retail and housing sectors. The impending concerns of this sector namely- skill shortage, non availability of statistics, lack of low cost-affordable housing, lack of sustainability, high RE prices and last, to meet a future that might have downturn due to oversupply.

The industry is presently facing a major resource crunch – an obvious lack of qualified skilled people from construction firms, PMC firms, etc. Coupled with this manpower shortage is the shortage of availability of relevant statistics which has created an ambiguity as to how much construction activity is actually taking place and one can´t gauge the demand and supply trends accurately. The opportunities and issues of affordable, low cost housing in India are mainly related with tremendous shortfall of middle class housing as majority of the developers are involved in developing high class housing, so there is a dearth of low cost affordable units. The negative version of Indian real estate industry is “they have complete disrespect for sustainability” and that the concept of green buildings, proper waste disposal methods and the longevity of the product are often dismissed.

Presently, the impact of recession in US economy has impacted Indian Real Estate Market as well as it is also witnessing the recession. Till now the real estate industry was a very booming industry in India which were in pace with IT industry. Accordingly, the demand for IT space and Commercial spaces has been grown. Also the high net worth of individual investors has created a very fast pace of demand in Indian real estate sector which have gain a very high impact image of investing in India.

As the money was coming in terms on investment in India from NRI as well as Private Equity funds, the well known developers and real estate players have grown their portfolio as well many small sized players have also created in Indian market. It has provided a very high supply of real estate segments either in residential or in commercial or in office space. SEZ has also creates a very good opportunities for investors as well as corporate to invest and get benefited from Indian real estate market. So the booming market has created a niche as modern living in India and created a very mass employment in Indian segment.

The recent changes which happened in American market such as Bankruptcy of Lehman Brother an oldest financial firm of American market and sell process of PE Firm Merryl lynch by the largest US bank Bank of America has created a very fast drops/recession in financial industry and created a crisis in all over US economy. Both of these firms were invested their more part of funds in to real estate sector without having the proper analyzing or effect. They also have given the funds for mortgage industry of US which is currently facing the hurdle of Sub prime lending and have impacted many players to bankrupt.

All of these changes in US economy have impacted in Indian economy as well as Real estate segment as most of the Indian players have their liquidity funded by both of these firms. Also the IT segment which was mainly funded by the PE firms or have their export to US markets have noticed very sharp drop of net worth of their firms. This recession also impacted the Sensex which has bullish very sharply and brings down the net worth of the leader of Indian real estate player very low. The impact can be shown in share price of DLF, Unitech, GMR group, Reliance group, Wipro, Satyam etc groups.

All of these sudden changes in Indian and US market created a point of thinking to investors & individuals that where it will go and what will be best option in real estate investment. The market rates in India are also dropped by 10 to 30% in most of prominent as well as upcoming cities and the trend appears to be still continuing till it will not recover the effects of this financial crisis.

**Chapter-V: Data Interpretation**

**CASH OUTFLOW**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | (Amounts in lakh ) | |
| **PARTICULARS** | **TOTAL** | **2009** | **2010** | **2011** | **2012** | **2013** |
| LAND COST | 2865.02 | 2865.02 |  |  |  |  |
| GOVT. APPROVAL | 771.45 | 771.45 |  |  |  |  |
| CONSTRUCTION COST (RES) | 42873.94 | 8191.32 | 12696.55 | 8826.15 | 8632.63 | 4527.29 |
| SERVICE TAX | 1937.1 | 387.42 | 581.13 | 387.42 | 387.42 | 193.71 |
| COMPUTER & A.C | 2435.8 | 487.16 | 730.74 | 487.16 | 487.16 | 243.58 |
| CONSTRUCTION COST (COM) |  |  |  |  |  |  |
| MALL | 4965.24 | 948.64 | 1470.4 | 1022.16 | 999.74 | 524.3 |
| HOTEL | 3775.51 | 755.11 | 1132.62 | 755.11 | 755.11 | 377.56 |
| HOSPITAL | 2755.688 | 526.508 | 816.08 | 567.34 | 554.86 | 290.9 |
| SCHOOL | 2982.063 | 569.77 | 883.013 | 613.92 | 600.46 | 314.9 |
| **TOTAL** | **14478.501** | **2800.028** | **4302.113** | **2958.53** | **2910.17** | **1507.66** |
| DEVELOPMENT COST | 11291.62 | 2157.32 | 3343.87 | 2324.53 | 2273.56 | 1192.34 |
| ADMINISTRATION COST | 2166.59 | 413.94 | 641.61 | 446.02 | 436.24 | 228.78 |
| MISC EXP. | 2059.3 | 394.46 | 610.27 | 423.27 | 414.49 | 216.81 |
| ADVERTISEMENT EXP. | 1259.7003 | 251.94 | 377.91 | 251.94 | 251.95 | 125.97 |
| COMMISSION EXP. | 3779.1009 | 755.82 | 1133.73 | 755.82 | 755.83 | 377.9 |
| PAYMENT OF LOAN | 22500 |  | 5625 | 5625 | 5625 | 5625 |
| TAX PAYMENT | 18802.557 | 0 | 0 | 3152.978 | 5780.595 | 9868.984 |
| INTREST PAY | 9450 | 2700 | 2700 | 2025 | 1350 | 675 |
| **GRAND TOTAL(A)** | **136670.69** | **22175.88** | **32742.92** | **27663.82** | **29305.05** | **24783.02** |

**CASH OUTLOW**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **CASH INFLOW**  (Amount in lakh) | | | | | | |
| **PARTICULARS** | **TOTAL** | **2009** | **2010** | **2011** | **2012** | **2013** |
|  |  |  |  |  |  |  |
| INFLOW (RES) | 125969.89 | 9372.89 | 21453.12 | 27284.35 | 33407.56 | 34451.97 |
| IN FLOW (COM) | 24716.01 |  |  | 3707.41 | 10504.3 | 10504.3 |
| BANK LOAN | 22500 | 22500 |  |  |  |  |
| PROMOTOR'S FUND | 7500 | 7500 |  |  |  |  |
| **GRAND TOTAL ( B)** | **180685.9** | **39372.89** | **21453.12** | **30991.76** | **43911.86** | **44956.27** |
|  |  |  |  |  |  |  |
| **NET INFLOW (A-B)** | **44015.212** | **17197.01** | **-11289.8** | **3327.942** | **14606.81** | **20173.25** |
| **CUMULATIVE NET FLOW** |  | **17197.01** | **5907.209** | **9235.151** | **23841.97** | **44015.21** |

**TOTAL INFLOW**

**P & L ACCOUNT**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | |  | |  | |  | |  | | **(Amount in Lakh)** | | | |
| **PARTICULARS** | | **TOTAL** | | **2009** | | **2010** | | **2011** | | **2012** | | **2013** | |
| BY SALES | |  | |  | |  | |  | |  | |  | |
| RESIDENTIAL | | 125970.03 | |  | |  | | 21629.77 | | 35364.68 | | 68975.58 | |
| COMMERCIAL | | 24716.01 | |  | |  | | 3707.41 | | 10504.3 | | 10504.3 | |
| **TOTAL SALES** | | **150686.04** | |  | |  | | **25337.18** | | **45868.98** | | **79479.88** | |
| BY CLOSING WIP RESIDENTIAL | | 142307.4476 | | 19375.85 | | 42191.66 | | 44229.762 | | 36510.1752 | | 0 | |
| BY CLOSING WIP COMMERCIAL | | 22436.76031 | | 2800.028 | | 7102.141 | | 7888.8909 | | 4645.70044 | | 0 | |
| **TOTAL** | | **164744.2079** | | **22175.88** | | **49293.801** | | **52118.653** | | **41155.8756** | | **0** | |
| **GRAND TOTAL( Cr.)** | | **315430.2479** | | **22175.88** | | **49293.801** | | **77455.833** | | **87024.8556** | | **79479.88** | |
| **BY OPENING WIP** | |  | |  | |  | |  | |  | |  | |
| RESIDENTIAL | | 142307.4476 | |  | | 19375.85 | | 42191.66 | | 44229.7624 | | 36510.1752 | |
| COMMERCIAL | | 22436.76031 | |  | | 2800.028 | | 7102.141 | | 7888.89087 | | 4645.70044 | |
| TO LAND | | 2865.02 | | 2865.02 | |  | |  | |  | |  | |
| TO SERVICE TAX | | 1937.1 | | 387.42 | | 581.13 | | 387.42 | | 387.42 | | 193.71 | |
| TO COMPUTER & AC | | 2435.8 | | 487.16 | | 730.74 | | 487.16 | | 487.16 | | 243.58 | |
| TO GOV. APPROVAL | | 771.45 | | 771.45 | |  | |  | |  | |  | |
| TO DEVELOPMENT COST | | 11291.62 | | 2157.32 | | 3343.87 | | 2324.53 | | 2273.56 | | 1192.34 | |
| TO ADMINISTRATION COST | | 2166.59 | | 413.94 | | 641.61 | | 446.02 | | 436.24 | | 228.78 | |
| TO MICS EXPENCES | | 2059.3 | | 394.46 | | 610.27 | | 423.27 | | 414.49 | | 216.81 | |
| TO ADVERTISEMENT EXP. | | 1259.7003 | | 251.94 | | 377.91 | | 251.94 | | 251.95 | | 125.97 | |
| TO COMMISSION EXP. | | 3779.1009 | | 755.82 | | 1133.73 | | 755.82 | | 755.83 | | 377.9 | |
| TO INTREST PAID | | 9450 | | 2700 | | 2700 | | 2025 | | 1350 | | 675 | |
| TO CONTRUCTION COST (RES) | | 42873.94 | | 8191.32 | | 12696.55 | | 8826.15 | | 8632.63 | | 4527.29 | |
| TO CONTRUCTION COST (COM) | | 14478.501 | | 2800.028 | | 4302.113 | | 2958.53 | | 2910.17 | | 1507.66 | |
| **GRAND TOTAL ( Dr)** | | **260112.3301** | | **22175.88** | | **49293.801** | | **68179.641** | | **70018.1032** | | **50444.9156** | |
| **PROFIT BEFORE TAX** | | **55317.9178** | | **0** | | **0** | | **9276.1922** | | **17006.7524** | | **29034.9644** | |
| CUMULATIVE PBT | |  | | 0 | | 0 | | 9276.1922 | | 26282.9446 | | 55317.909 | |
| PROVISION FOR TAX @ 33.99% | | 18802.55727 | | 0 | | 0 | | 3152.9777 | | 5780.59514 | | 9868.98438 | |
| CUMULATIVE PROVISION FOR TAX | |  | | 0 | | 0 | | 3152.9777 | | 8933.57288 | | 18802.5573 | |
| **PROFIT AFTER TAX** | | **36515.35173** | | **0** | | **0** | | **6123.2145** | | **11226.1573** | | **19165.98** | |
| CUMULATIVE PROFIT AFTER TAX | |  | | 0 | | 0 | | 6123.2145 | | 17349.3718 | | 36515.3517 | |
| |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **CALCULATION OF WIP FOR RESIDENTIAL PROJECT** | | | | | | | |  |  |  |  |  | (Amount in lakh) | | | **PARTICULARS** | **TOTAL** | **2009** | **2010** | **2011** | **2012** | **2013** | | LAND COST | 2865.02 | 2865.02 |  |  |  |  | | GOVT.APPROVAL | 771.45 | 771.45 |  |  |  |  | | SERVICE TAX | 1937.1 | 387.42 | 581.13 | 387.42 | 387.42 | 193.71 | | COMPUTER & AC. | 2435.8 | 487.16 | 730.74 | 487.16 | 487.16 | 243.58 | | CONTRUCTION COST ( RES) | 42873.94 | 8191.32 | 12696.55 | 8826.15 | 8632.63 | 4527.29 | | DEVELOPMENT COST | 11291.62 | 2157.32 | 3343.87 | 2324.53 | 2273.56 | 1192.34 | | ADMINSTRATION COST | 2166.59 | 413.94 | 641.61 | 446.02 | 436.24 | 228.78 | | MISC EXPENCES | 2059.3 | 394.46 | 610.27 | 423.27 | 414.49 | 216.81 | | ADVERTISEMENT EXP. | 1259.7003 | 251.94 | 377.91 | 251.94 | 251.95 | 125.97 | | COMMIOSSION EXP. | 3779.1009 | 755.82 | 1133.73 | 755.82 | 755.83 | 377.9 | | INTREST PAID | 9450 | 2700 | 2700 | 2025 | 1350 | 675 | | **TOTAL** | **80889.6212** | **19375.85** | **22815.81** | **15927.31** | **14989.28** | **7781.38** | | SALE RELIASATION | 125970.03 |  |  |  |  |  | | % OF COST OF SALES | **64.213** |  |  |  |  |  | | **OPENING STOCK** | **142307.448** |  | **19375.85** | **42191.66** | **44229.76** | **36510.18** | | ADD:-EXP. DURING YEAR | 80889.63 | 19375.85 | 22815.81 | 15927.31 | 14989.28 | 7781.38 | | **TOTAL** | **223197.078** | **19375.85** | **42191.66** | **58118.97** | **59219.03** | **44291.56** | | LESS:- COST OF SALSE(RES) | 80889.6212 |  |  | 13889.21 | 22708.86 | 44291.56 | | **CLOSING STOCK** | **142307.448** | **19375.85** | **42191.66** | **44229.76** | **36510.18** | **0** |     **CALCULATION OF WIP FOR COMMERCIAL PROJECT**  (Amount in Lakh) | | | | | | | | | | | | |
| **PARTICULARS** | **TOTAL** | | **2009** | | **2010** | | **2011** | | **2012** | | **2013** | |
| **OPENING STOCK** | **22436.7603** | |  | | **2800.028** | | **7102.141** | | **7888.891** | | **4645.7** | |
| ADD:-CONTRUCTION COST (COM.) | 14478.501 | | 2800.028 | | 4302.113 | | 2958.53 | | 2910.17 | | 1507.66 | |
| LESS:-COST OF SALES(COMM.) | 14478.501 | |  | |  | | 2171.78 | | 6153.36 | | 6153.36 | |
| **CLOSING STOCK** | **22436.7603** | | **2800.028** | | **7102.141** | | **7888.891** | | **4645.7** | | **0** | |
| COST | 14478.501 | |  | |  | |  | |  | |  | |
| SALE RELIASATION | 24716.01 | |  | |  | |  | |  | |  | |
| %OF COST OF SALES | **58.579** | |  | |  | |  | |  | |  | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **ADVANCE FROM CUSTOMER** | | | | | | | |
| **PARTICULARS** | **2009** | **2010** | **2011** | **2012** | **2013** |  |  |
| **OPENING BALANCE** |  | **9372.89** | **30826** | **36480.7** | **34523.5** |  |  |
| **ADD:-** DURING THE YEAR | 9372.89 | 21453.1 | 30991.8 | 43911.9 | 44956.3 |  |  |
| **TOTAL** | 9372.89 | 30826 | 61817.8 | 80392.6 | 79479.7 |  |  |
| **LESS:-** SALES | 0 | 0 | 25337.1 | 45869.1 | 79479.9 |  |  |
| **CLOSING BALANCE** | **9372.89** | **30826** | **36480.7** | **34523.5** | **-0.14** |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **CALCULATION OF CASH AT BANK**  (Amount in lakh) | | | | | |
| **PARTICULARS** | **2009** | **2010** | **2011** | **2012** | **2013** |
| **OPENING BALANCE** |  | **17197** | **5907.21** | **9235.15** | **23841.97** |
| PROMOTERS FUND | 7500 |  |  |  |  |
| BANK LOAN | 22500 |  |  |  |  |
| INFLOW | 9372.89 | 21453.1 | 30991.8 | 43911.9 | 44956.27 |
|  |  |  |  |  |  |
| **TOTAL** | 39372.9 | 38650.1 | 36899 | 53147 | 68798.24 |
| **LESS:-**OUTFLOW | 22175.9 | 32742.9 | 27663.8 | 29305 | 24783.02 |
|  |  |  |  |  |  |
| **CLOSING BALANCE** | **17197** | **5907.21** | **9235.15** | **23842** | **44015.21** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **BALANCE SHEET**  (Amount in lakh) | | | | | |
| **PARTICULARS** | **2009** | **2010** | **2011** | **2012** | **2013** |
| **LIABILITIES** |  |  |  |  |  |
| Promoters Capital | 7500 | 7500 | 7500 | 7500 | 7500 |
| Bank Loan | 22500 | 16875 | 11250 | 5625 | **0** |
| P/L Account | 0 | 0 | 6123.214498 | 17349.37176 | 36515.35173 |
| Advance from customers | 9372.89 | 30826.01 | 36480.69 | 34523.47 | -0.14 |
| **TOTAL** | **39372.89** | **55201.01** | **61353.804** | **64997.84** | **44015.21** |
|  |  |  |  |  |  |
| **ASSETS** |  |  |  |  |  |
| Closing W-I-P |  |  |  |  |  |
| Residential | 19375.85 | 42191.66 | 44229.76237 | 36510.17521 | 0 |
| Commercial | 2800.028 | 7102.141 | 7888.890871 | 4645.700435 | 0 |
| Cash in bank | 17197.012 | 5907.209 | 9235.151258 | 23841.96612 | 44015.21173 |
| **TOTAL** | **39372.89** | **55201.01** | **61353.804** | **64997.84** | **44015.21** |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **NET PRESENT VALUE** | | |  |  |  |  |  |
|  |  |  |  |  | (Amount in lakh) | |  |  |
| **PARTICULARS** | **TOTAL** | **2009** | **2010** | **2011** | **2012** | **2013** |  |  |
|  |  |  |  |  |  |  |  |  |
| Cost of capital | 12% |  |  |  |  |  |  |  |
| Cash Inflow | 111051.16 | 9372.89 | 17107.75 | 24714.32 | 31276.25 | 28579.95 |  |  |
| Cash Outflow | 97193.3 | 22175.87 | 29234.74 | 19546.12 | 16755.3 | 9481.27 |  |  |
|  |  |  |  |  |  |  |  |  |
| **NPV** | **13857.9** |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  | **ACCEPTANCE RULE** | | |  |  |  |  |
| When , |  |  |  |  |  |  |  |  |
|  | NPV is Positive project is accepted | | | |  |  |  |  |
|  | NPV is Negative project is rejected | | | |  |  |  |  |
|  | NPV is Zero Indifference your choice | | | |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **RESULT:-**  The value of NET PRESENT VALUE is greater than zero, so the project of NIVAS GLOBAL may be accepted by the organization. | | | | | | | | |
| **PAY BACK PERIOD** | | | | | | | | |
|  |  |  |  |  | (Amount in lakh) | |  |  |
| **PARTICULARS** | **TOTAL** | **2009** | **2010** | **2011** | **2012** | **2013** |  |  |
|  |  |  |  |  |  |  |  |  |
| Outflow | 97193.3 | 22175.87 | 29234.74 | 19546.12 | 16755.3 | 9481.27 |  |  |
| Inflow | 111051.16 | 9372.89 | 17107.75 | 24714.32 | 31276.25 | 28579.95 |  |  |
| **Commulative Inflow** |  | **9372.89** | **26480.64** | **51194.96** | **82471.21** | **111051.2** |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| PERIOD = | 4+ 14722.09/ 28579.95 \*12 | | |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **PAY BACK PERIOD = 4yrs 8month** | | | | | | | | |
|  |  |  |  |  |  |  |  |  |
|  | **ACCEPTANCE RULE** | | | |  |  |  |  |
| If Calculated Pay Back Period is greater than the Projected Pay Back Period. The project is rejected otherwise accepted. | | | | | | | | |
|  |  | |  |  |  |  |  |  |
| **RESULT:-** The Projected period of the project is **5 year** and our calculated pay back period is **4 year 8 month** so project is accepted | | | | | | | | |
|  |  |  | | |  |  |  |  |

**RATIO ANALYSIS**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Gross Profit Ratio = Gross Profit/ Net Sales \*100** | | | | | | | | | |
| SALES | | | |  |  | 150686 | | | |
| COST OF SALES | | | |  |  | 95368.1 | | | |
|  | | | |  |  |  | | | |
| GROSS PROFIT | | | |  |  | 55317.9 | | | |
| **GROSS PROFIT RATIO** | | | |  |  | **36.7107** | | | |
| **RESULT:- The Gross Profit Ratio of this project based on assumption is 36.71%.** | | | | | | | | | |
| **NET PROFIT RATIO** | **Net Profit /Net sales \*100** | | | | | | | | | |
| SALES |  |  | 150686 | | | | | | | |
| NET PROFIT |  |  | 36515.4 | | | | | | | |
| **NET PROFIT RATIO** |  |  | **24.2327** | | | | | | | |
| **RESULT:- The Gross Profit Ratio of this project based on assumption is 24.23%.** | | | | | | | | | | |
| **GROSS CAPITAL EMPLOYED = Net Profit(Before interest & tax) \* 100** | | | | | | | | | | | |
| **(RETURN ON TOTAL ASSETS)** | | | | | | |  | **TOTAL ASSETS** | | | | |  |  |
| PBT | | | | | | |  |  | 18802.6  295830 | | | |  |  |
| TOTAL ASSETS | | | | | | |  |  |  |  |
| **RETURN ON ASSETS = 6.35587**  **RESULT:- Company earn a revenue of 6.35% of total assets.** | | | | | | | | | | | | | | |

**NET CAPITAL EMPLOYED = Net profit(Before interest & tax) \* 100**

|  |  |  |  |
| --- | --- | --- | --- |
| ( RETURN ON NETASSETS) |  | **NET ASSETS** | |
| **NET ASSETS = TOTAL ASSETS - CUURENT**  **LIABILITIES** | | |  |
| PBT |  |  | 18802.6 |
| NET ASSETS |  |  | 153738 |
| **RETURN ON NET ASSETS** |  |  | 0.1223 |

**TOTAL ASSETS TURNOVER RATIO = SALES/TOTAL ASSETS**

|  |  |  |  |
| --- | --- | --- | --- |
| SALES |  |  | 150686 |
| TOTAL ASSETS |  |  | 295829.9 |
|  |  |  |  |
| **ASSETS TURNOVER RATIO** |  |  | **0.509** |

**LIQUIDITY RATIO**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **CURRENT RATIO** | | | | | | |
| CURRENT RATIO = CURRENT ASSETS /CURRENT LIABILITY | | | | | |  |
|  |  |  |  |  |  |  |
| CURRENT ASSETS | |  |  |  | 264940.8 |  |
| CURRENT LIABILITY | |  |  |  | 111202.9 |  |
|  |  |  |  |  |  |  |
| **CURRENT RATIO =** | |  |  |  | **2.382498** |  |
|  |  |  |  |  |  |  |
| **RESULT:- The current ratio for this project is 2.38 times, which shows a good working condition**  **Of the organisation.** | | | | | | |
|  |  |  |  |  |  |  |
| **LIQUID RATIO** | | | | | | |
| LIQUID RATIO = LIQUID ASSETS /CURRENT LIABILITY | | | | |  |  |
| LIQUID ASSETS | |  |  |  | 131085.7 |  |
| CURRENT LIABILITY | |  |  |  | 111202.9 |  |
|  |  |  |  |  |  |  |
| **LIQUID RATIO =** | |  |  |  | **1.178797** |  |
|  |  |  |  |  |  |  |
| **RESULT:- Organisation has a sufficient amount of asset to meet its liquid obligation.** | | | | | | |
| **NET WORKING CAPITAL RATIO** | | | | | | |
| NET WORKING CAPITAL RATIO = NET WORKING CAPITAL / NET ASSETS | | | | | | |
| NET WORKING CAPITAL = CURRENT ASSETS - CURRENT LIABILITY | | | | | | |
| CURRENT ASSETS | |  |  |  | 264940.8 |  |
| CURRENT LIABILITY | |  |  |  | 111202.9 |  |
| NET ASSETS | |  |  |  | 153737.8 |  |
| NET WORKING CAPITAL = | | |  |  | 153737.8 |  |
|  |  |  |  |  |  |  |
| **NET WORKING CAPITAL RATIO =** | | | |  | **1** |  |
| **RESULT:- Organization has a sufficient working capital to meet its day to day obligation.** | | | | | | |

**Chapter-VI: Summary & Conclusions**

6.1 **Results of the Study**:

After studying all the factors of the real estate it can be concluded that the Real Estate is a very wide concept and it is highly affected by the macro-economic factors like GDP, FDI, per capital income, Interest rates and employment in the nation. The most important factor in the case of Real Estate is location which affects the value and returns from the Real-Estate. India needs a stronger capital market base for property financing. The debate on the potential introduction of REITs(Real estate investment trust) and real-estate funds points in the right direction. The introduction of REIT s in2007, will give international investors in particular a familiar investment vehicle. Private investors could also enter into indirect investment in real-estate. Although interest in new projects is most likely to come primarily from institutional investors, the rising middle class is likely to seek new instruments aside from direct property investments in the medium term’s, in the end we can say that the investment in Real Estate in India is aviary good investment opportunity. But one should be very careful while taking decision in this direction due to rising inflation and interest rates. Legal issues should also be kept in mind while choosing a property.

* 1. **Limitations**:
* For the preparation of this project report, it demand a quantum of time. The limited time hassled in the completion of the project work.
* The conclusions and finding derived here are as per my limited understandings and knowledge.
* There is lack of specific methods of calculation and proper statistical tools.
* The project report is largely based on the secondary data.
  1. **Suggestions**, **Scope for further Study & Conclusion**:

**Referrals**

In effect, a referral or recommendation is third party confirmation that the business,–i.e. the agent–is competent and trustworthy. The challenge for agents is to increase the number of people who believe that they are sufficiently competent and trustworthy to recommend them to other people. This reputation for competence and trustworthiness doesn’t just happen–it has to be earned.

**Advertising**Advertising properties listed for sale represent implied endorsements of agents’ competence and trustworthiness. After all, the owners of the properties advertised for sale must have believed the agents to be competent and trustworthy; otherwise they would not have hired them to help sell their properties.

**Open Houses**

Open houses allow real estate agents to showcase their technical expertise and personal characteristics. By interacting with agents at open houses, prospective clients can assess individual agents’ competence and trustworthiness and by extension, how the agent can help them. For prospective clients, it’s like test driving a new car.

**Networking**Networking is the most multi-faceted, versatile and effective marketing tool available to real estate agents. Among other things, it allows them to exchange information and showcase their trustworthiness. Above all, it also makes it possible to interact with other people, who ideally will like and trust an individual agent well enough to do business with, and refer others to him or her.

**Prospecting**The best way to develop a client base is by well focused prospecting.  
Prospecting is an essential marketing strategy. It generates new leads that can be converted into clients. It also provides the inflow of new clients. These clients will ultimately become part of the pipeline by contributing repeat and referral business.

**A Benefit For All Agents**

All real estate agents can benefit from applying the best marketing practices of high producing agents. Specifically, this means that the key marketing strategies of high producing agents will help you attract clients.

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