

Summer Internship Phase-II
Final Report

Company- Aditya Birla Sun life Insurance

Project Title- 'EQUITY RESEARCH ON REAL ESTATE SECTOR'

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Executive Summary

The project 'EQUITY RESEARCH ON REAL ESTATE SECTOR' is on the basis of EIC model. The Economic analysis includes a country's economic analysis. The Industry analysis includes sector analysis based on different aspects such as porter 5 forces, SWOT analysis, government initiatives for the particular sector. The company analysis focuses on company's management team, its vision, financial analysis.

The project work includes valuation of the share prices of the real estate companies like Godrej Properties and Oberoi Realty. The valuation is based on the EIC model where in the prices of the shares are estimated according to the expected growth in the sector and adjusting the shortcomings of the sector. The estimation of Price earning is according to the historical analysis approach wherein the past PE's have been tracked down and used to value and estimate the company's future prices of share.

The main idea behind conducting equity research is to find out the overall condition and trend of Real Estate sector and to find out promising scripts and Real Estate sector companies to invest .It involves predicting the future prices. The financial analysis includes comparing data in terms of ratio analysis. Various types of valuation ratios have been ascertained.

According to the financial analysis & valuation the findings of the study are that ASIAN PAINTS seems to be a better investment than KANSAI NEROLAC. On the valuation analysis part Kansai Nerolac seems Better Avenue to invest.

Company Profile

Aditya Birla Sun Life Insurance

Aditya Birla Sun Life Insurance Limited is a life insurance company that was incorporated on August 4th 2000 and commenced its operations on January 17th, 2001. ABSLI is a subsidiary company of the Aditya Birla Capital Limited (ABCL). The company is a 51:49 a joint venture between the Aditya Birla Group of India and Sun Life Financial Inc. of Canada.

The company is one of the leading life insurance company in the country and has contributed significantly to the growth and development of the life insurance industry. Also it has several firsts to its credit. It is the first Indian insurance company to introduce the concept of “Free Look Period” and the same was made mandatory by Insurance Regulatory Development Authority of India (IRDAI). ABSLI was the first company to launch Unit Linked Life Insurance Plan amongst private players in India. The company was also the originator of practice to disclose portfolio on monthly basis.

The current MD & CEO of the Aditya Birla Sun Life Insurance Limited is Mr. Kamlesh Rao. The company has more than 420 branches and has more than 16.6 lakh active customers. It also has a claim settlement ratio of 97.15%. It has a wide range of products that caters to the varied needs of the customers.

During the FY 2018-19, while the industry grew at around 10-12%, the company grew by more than 60%. The company is an ISO 22301 certified organization. ABSLI has also won various awards some of which are as under-

- Insurance India Summit & Awards 2018 for best fraud intelligence company of the year.
- The company’s risk management team won the Best Risk Management Team 2017 in the insurance business conferred by the Legal Era Risk Award 2017.
- The Golden Peacock Global Award by the Golden Peacock Global Awards Secretariat in 2011.
- Kamikaze Customer Experience & Loyalty Award for Best Customer Service Initiative Award to Salhakaar, an initiative by Revenue Assurance Team.

As of march 2019, there are 70 insurers operating in India, of which 24 are life insurers, 27 are general insurers, 7 are standalone health insurers and 12 are reinsurers. During the year 2018, India's share in the global insurance market was 1.92%. In the life insurance business and non-life insurance business, India ranks 10th and 15th respectively. As per Union Budget 2019-20, 100 per cent foreign direct investment (FDI) permitted for insurance intermediaries.

Aditya Birla Capital

Aditya Birla Capital Limited (ABCL) is the holding company of the Aditya Birla Group, which manages the financial services business. It was founded in 2007 and is amongst top top 5 private diversified NBFC in India. It has a diversified portfolio of 12 lines of business to cater the different financial requirements of the clients. The company has a strong credit rating for the lending business (AAA) by ICRA and CARE RATINGS. The company has more than 10 million active customers and the Asset under Management stood at more than Rs. 3000 plus billion as of June 30, 2019.



The financial services businesses of Aditya Birla Capital Limited are as under-

- Aditya Birla Finance Limited
- Aditya Birla Health Insurance Limited
- Aditya Birla Housing Finance Limited
- Aditya Birla Insurance Brokers Limited
- Aditya Birla Money
- Aditya Birla My Universe Limited
- Aditya Birla PE Advisors Limited
- Aditya Birla Sun Life AMC
- Aditya Birla Sun Life Insurance
- Aditya Birla Sun Life Mutual Fund
- Aditya Birla Sun Life Pension Management Limited
- Aditya Birla Sun Life Asset Reconstruction Construction Company Limited

Sun Life Financial

Sun life Financial is a Canadian Financial Services company which was founded in 1865. It is one of the largest life insurance company in the world and ranks 273 on the Forbes Global list 2000 list for 2019. It is also recognized as one of the world's 100 most sustainable corporations by Corporate Knights and is voted as “most trusted brand of Life Insurance Company” according to 2019 Reader's Digest trusted brand in Canada.

The company trades on the Toronto (TSX), Philippine (PSE) and New York (NYSE) stock exchanges under the name SLF.

PRODUCTS

The life insurance Products are divided under various heads namely-

- Protection
- Wealth with Protection
- Children's Future
- Health
- Retirement

- Saving with Protection

Plans

Protection

ABSLI offers the Term Insurance under the head Protection. The term insurance provides a financial security for the family. In case the insured person dies during the policy term, the death benefit is paid to the nominee.

The company offers two types of term insurances-

1. ABSLI Life Shield Plan

This term insurance has been designed with multiple options to meet the different needs of the client. The plan has 8 different options to choose from and also has the option of Returning of Premium and Waiver of Premium. The minimum sum assured is Rs.2500000 and the maximum being with no limit.

2. ABSLI Income Shield Plan

This term plan provides financial support to the family members and the loved ones in case of unforeseen death of the insured person. It provides a regular income to family to protect them. The minimum sum assured is Rs.500000 maximum being with no limit.

Wealth with Protection Plans

This plans provides protection as well as helps one save money regularly for the future. The company offers 5 products under this head.

1. ABSLI Wealth Assure Plan

This plan empowers one to grow his money over time and also gives protection to the person. The minimum premium for this product starts from Rs.24000p.a.

2. ABSLI Wealth Max Plan

This is a single premium life insurance plan. It also has the option to do the top-ups in case there is additional savings. The minimum premium is Rs.100000 for the policy term of 5 & 10 years or a minimum INR. 200000 for a policy term of 15 & 20 years.

3. ABSLI Wealth Secure Plan

This premium involves paying premium for limited term and having a protection for whole life. The minimum premium is Rs.30000p.a. If paid annually or semi-annually and Rs.60000 if paid monthly or quarterly.

4. ABSLI Fortune Elite Plan

This plan enables the person to decide how to invest the premium paid amongst the three investment options-Systematic Transfer option, Return optimiser option or the Self-Managed option.

5. ABSLI Wealth Aspire Plan

This plan enables you to accumulate significant amount of money by providing flexibility to pick plan choices, premium paying terms, policy terms and 4 investment options. The minimum premium for this plan is Rs.40000 p.a. if paid annually.

Child Future Plan

This investment plan is intended to help your kid with regards to financing their foreign education, raising cash-flow to set up a little locally situated business or meeting wedding costs.

1. ABSLI Vision Star Plan

The ABSLI Vision Star Plan is planned remembering of the changing objectives and desires of your kid. Subsequently, all through the term, you have the flexibility to get the advantages of your payouts according to your kid's need, and conceding the payouts whenever required. The minimum sum assured in this premium is Rs.100000.

Health Plans

This plan helps one get quality treatment without worrying about organizing of funds. It provides adequate sum to cover significant sicknesses, hospitalization etc.

1. ABSLI Cancer Shield Plan

This plan covers all stages of the cancer and has waiver of premium for diagnosis of early stage of cancer. The minimum sum assured is Rs.10 lakh and the maximum being Rs.50 lakh.

2. ABSLI Critishield Plan

This plan helps one protect from the expenses of certain diseases such as heart and kidney ailments. The minimum sum assured is Rs.10 lakh and the maximum is limited to Rs. 50 lakh.

Retirement

A retirement pension plan helps one face all the expenses and financial obligation that might arise after retirement. The company has three plans under this head-

1. ABSLI Empower Pension Plan

This plan is a unit linked non-participating individual pension plan that helps accumulate premium and offer returns at the time of retirement. The minimum premium is Rs.18000 p.a. if paid annually and Rs.36000p.a. If paid monthly.

2. ABSLI Immediate annuity plan

This plan involves one time lump sum payment of premium and generate regular income after retirement.

3. ABSLI Empower Pension-SP Plan

This is a single pay premium plan with minimum premium of Rs.1 lakh and maximum with no limit.

Saving with Protection Plan

These plans offer one the opportunity to set aside money in small quantities with advantages of having life cover and tax exempted returns.

1. ABSLI Secure plus Plan

It is back-up income opportunity plan that guarantees more than just income. The minimum premium is Rs.50000p.a. if paid annually and Rs.36000 p.a. if paid monthly.

2. ABSLI Vision Money back Plan

It is a plan which provides one with liquidity by providing them with regular income and also life cover to meet unforeseen circumstances. The minimum sum assured is Rs.100000.

3. ABSLI Vision Life Income Plan

It is an ideal mix of income and money related assurance for you and your family with survival benefits payable consistently from the end of the premium paying term till the age of 100.

4. ABSLI Savings Plan

This plan empowers one to save regularly and develop savings over a period of time. The minimum sum assured is Rs.30000 and the maximum being Rs.1000000.

5. ABSLI Vision Life Secure Plan

It is a whole life insurance plan where the insured receives the sum assured, accrued regular bonuses and terminal bonus (if any). The minimum sum assured is Rs.2 lakhs and minimum premium payable is Rs.12000 p.a.

6. ABSLI Income Assured Plan

It is a traditional non-participating life insurance plan which offer you secured savings, regular income and a comprehensive financial protection. The minimum sum assured is Rs.100000.

7. ABSLI Vision Endowment Plus Plan

This plan furnishes you return of premium alongside accrued bonuses on maturity and furthermore offers financial assurance for your family. The minimum premium payable is Rs.2495 p.a.

Equity Research

Meaning

Stock research professionals are responsible for analysing, advising and reporting on investment opportunities that may be of interest to investment banks, institutions or their clients. The equity research department is a group of analysts and partners from investment banks (sellers), institutions (buyers) or independent organizations.

Purpose+

The following are the purpose of the equity research report-

- To give investors details about investment decisions
- They give financial analysis of a stock or any particular investment.
- The benefits are often used by banks to use equity reports as a way of backing up their investment and sales and trading clients.
- They give recommendation whether to buy, sell, and hold a particular stock.

DEBT MARKET

The debt market (also called the bond market or credit market) is a financial market in which participants receive the issuance and trading of debt securities. The debt market mainly includes government-issued securities and corporate debt securities, which helps to transfer capital from depositors to issuers or organization companies and operations that require funds for government projects and business expansion.

The most prominent feature of debt instruments in the Indian debt market is that the rate of return is fixed. This means that there is almost no risk in return. This fixed bond yield is often called the "interest rate" or "interest rate." Therefore, the buyer (of the bond) provides the seller with a loan at a fixed interest rate, which is equal to the coupon rate.

Types of Bond Market:-

- **Corporate Bond**

Companies provide corporate bonds. The purpose of these bonds is to raise money for financing activities such as business expansion. The maturity period is of at least one year i.e. these are long term investments.

- **Government Bonds**

These bonds are safer investments as these are issued by National Governments. These investments guarantee returning face value of the bonds along with periodic interests on these bonds.

- **Municipal Bonds**

These bonds are issued by local authorities and their agencies to fund development of local projects like roads, bridges etc.

- **Mortgage Bonds**

The real estate block mortgage provides mortgage bonds. Mortgage bonds are created by collateralizing specific assets. They pay interest monthly, quarterly or semi-annually.

The Equity Research Process

- **Economic Analysis-** A systematic method for determining the optimal use of scarce resources, including comparing two or more alternatives to achieve specific goals under given assumptions and constraints.

Economic analysis considers the opportunity cost of the resources used and attempts to measure the private and social costs and benefits of the project to the community or economy in monetary terms.

- **Understanding Industry or sector analysis-** A market assessment tool designed to enable companies to understand the complexity of specific industries. Industry analysis involves examining the economic, political, and commercial factors that affect the way the industry develops.
- **Company Analysis for investment purpose-** Business analysis is the process of assessing stocks listed by investors, collecting information about the company's profile, products and services, and profitability. It's also called "Fundamental analysis".

- **Financial Statement Analysis of a Company** – An accurate financial statement is created to ascertain the position of the company. The financial statements involves Profit and loss account, Balance Sheet and Cash flow statement.
- **Performing Financial and Valuation** - In the process, company's assets are valued.
- **Writing Report showing the result of analysis** - The above processes is then culminated into the report writing stage where the equity analyst create in-depth report accessible to stakeholders.
- **Presentation or recommendation** – the recommendation about buying and selling are provided to investors.

OBJECTIVE OF THE STUDY

- To do analysis of country, sector and company
- To Analyse whether Real Estate sector is good for investment
- To do fundamental study on company Godrej Properties and Oberoi Realty
- To do technical analysis on company Godrej Properties and Oberoi Realty
- To ascertain whether to buy, sell or hold the share.

LITERATURE REVIEW

“Trading in equity is a major activity which takes place in stock market. Securities traded under equity market can be public stocks or privately traded stocks. Generally, equity trading can be performed by owner itself as well as by an agent. If an agent performs the trade on behalf of owner/client, the process is known as agency trading and for performing the trade agents are paid commission. Moreover, there are also market makers who buy and sell a particular company’s shares which help to limit price variation i.e. volatility. There are various types of equities: Stock on the basis of market capitalization, on the basis of dividend payment, on the basis of fundamentals, on the basis of risk and on the basis of cyclic trends.

Stock on the basis of market capitalization includes “small-cap stocks, Mid-cap stocks and Large-cap stocks”. Small-cap stocks represent small size companies that have market capitalization up to Rs.5000crores. Investor who wants to generate significant gains in the long run and do not require current dividends, can opt for small-cap stocks. Many of the companies are new in the market and even have the potential to grow rapidly in the near future. Therefore, stocks of such companies are cheaply available and investor can buy them at initial stage to earn profit in the long run. Mid-cap stocks represent medium sized companies that have market capitalization in the range of Rs 5000 crores and Rs 20000 crores. Lastly, Large-cap stocks represent largest companies in the market like TATA, RELIANCE, and ICICI which has market cap. of more than rs.20000 crores. Investors who invest in large-cap stocks have an advantage of receiving higher dividends as compared to the former cap stocks.

Lastly, stock on the basis of cyclic trends includes cyclical stock and defensive stock. There are companies which are affected by cyclical fluctuations like during booming economy their growth increases but slows down during downsizing of the economy. Therefore, price of stocks also varies according to the cyclical fluctuations; they rise during boom period and falls when economy slows down.” Prominent study was conducted by Gupta (1981) ‘Return on New Equity Issues’ which focused on the difference between returns from new issue of equity shares and return from existing equity shares. He suggested the investors that return from new issue of equity shares which includes dividends and capital appreciation particularly of new companies should be analyzed by Rao and Bhole (1990) examined the rate of return from equity during short run as

well as in the long run. They analyzed that rate of return from equity in the long run turned to be positive but on the same time real return in the short run were often negative. Their study has shown the results that nominal total return on equities in India has increased but as compared to rate of inflation the real return on equity has been found negative. A study was conducted by Raman (1995) examined the importance of equity research. While making a decision related to investment in shares, one should do fundamental analysis and equity research. To support this statement he also focused on margin of safety i.e. investor should focus on the value with a margin of safety in relation to the price. The gap between price and value is known as margin of safety, hence he opined the investors that if investor needs good and positive separately because the rate of return on new issues is different over time. A study was conducted

RESEARCH METHODOLOGY

Methodology:

Secondary data has been used for the study. Interaction with the mentor and the recovery team has made me understand the facts about approaches to equity research.

Data collection

Secondary data has been collected from the internet, company websites, newspapers, books & magazines

Economy Analysis- India

GROSS DOMESTIC PRODUCT (GDP)

The Indian economy expanded 3.1 percent year-on-year in the first quarter of 2020, beating market forecasts of a 2.1 percent rise. Still, it is the slowest GDP growth since quarterly data became available in 2004, as the country imposed a nationwide lockdown from March 24th aiming to contain the spread of the coronavirus.

GDP growth rate for 2019-20 estimated at 5% against 6.8% in FY19. The first advance estimates of the **GDP growth** for FY20 are being pegged at 5 per cent. The Indian economy grew at a six-year low of 5 per cent and 4.5 per cent, respectively, in the quarters ending June and September.

The biggest blow is to private consumption that accounts for 60% of domestic demand'. The Reserve Bank of India (RBI) on Friday said India's Gross Domestic Product (GDP) growth will be in negative territory in 2020-21 as the outbreak of COVID-19 has disrupted economic activities. In a televised address, RBI Governor Shaktikanta Das said the global economy is heading into recession. He also said inflation outlook is "highly uncertain". The current nominal GDP of India is \$3.202 trillion.

UNEMPLOYMENT RATE

Month	Unemployment Rate (%)		
	India	Urban	Rural
May 2020	23.48	25.79	22.48
Apr 2020	23.52	24.95	22.89
Mar 2020	8.75	9.41	8.44
Feb 2020	7.76	8.65	7.34
Jan 2020	7.22	9.70	6.06
Dec 2019	7.60	9.02	6.93
Nov 2019	7.23	8.88	6.45
Oct 2019	8.10	8.27	8.02

Sep 2019	7.16	9.62	6.00
Aug 2019	8.19	9.71	7.48
Jul 2019	7.34	8.30	6.90
Jun 2019	7.87	8.26	7.69

The unemployment rate in the recent months has risen to its peak in last few decades due to the emergence of COVID-19 pandemic. The total unemployment percent in India in month of May 2020 has been 23.48% which is more than 3 times as compared to the same period last year.

As the lockdown measures eases in month of June 2020 which was announced in march 2020 end due the pandemic, the employment is going down to around 10% in the coming months as according to the government data.

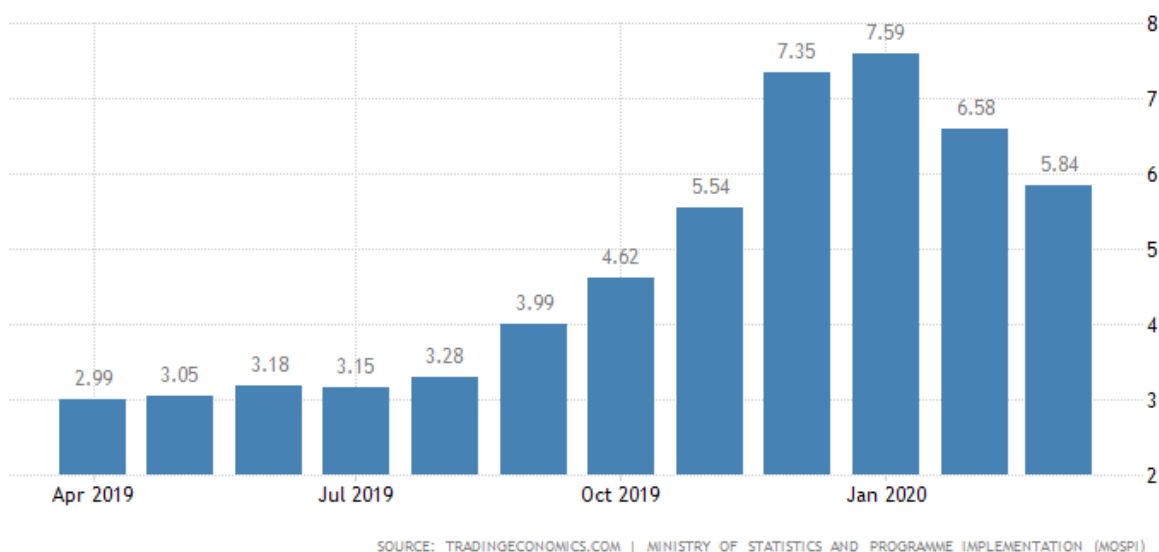
INFLATION RATE

Inflation refers to a decrease in the value of money; in other words, the overall price level has increased. The word bulge literally means explosion or growth. If the amount of money (money supply) in a country grows faster than the country's production, then the average price will increase due to the increased demand for goods and services. Inflation may also be caused by higher costs charged to end users. It can be the cost of raw materials or increased production costs, but it can also be a higher tax rate. These price increases lower the value of money. Therefore, you can buy fewer items with the same amount. But this does not need to affect purchasing power immediately. Purchasing power will only decline if wage increases are lower than price increases

The inflation rate is based on the Indian Consumer Price Index. The index measures the average price consumers spend on a "basket" of market-based goods and services. In most countries, inflation based on the consumer price index (CPI) is the main indicator of inflation.

India's retail price inflation has been revised down from an initial estimate of 5.91% to 5.84% in March 2020. This is the lowest level since November last year, because the prices of food and beverages and other groceries have increased at a more moderate pace, while the inflation of clothing and footwear has practically not changed. At the same time, the cost of fuel and lighting equipment, cooking utensils, tobacco and narcotics has risen faster. The Indian government has not released major retail inflation data for April and May because the country is trying to contain the spread of the COVID-19 pandemic and is currently in a state of blockade. According to the statistics department, these data are usually collected from 1114 city markets and 1181 villages during the personal visits suspended from March 19.

According to Trading Economics' global macroeconomic model and analysts' expectations, India's inflation rate should be 4.50% by the end of the quarter. Looking ahead, we estimate that India's inflation rate will reach 5.20 within 12 months.



INDIAN GOVERNMENT DEBT TO GDP

In economics, the debt-to-GDP ratio is the ratio of a country's public debt to its gross domestic product (GDP). A low debt-to-GDP ratio indicates that the economy produces and sells goods and

services that are sufficient to pay off debt but not assume new debt. Geopolitical and economic factors (including interest rates, wars, recessions, and other variables) affect a country's borrowing methods and the choice to borrow new debt.

The data on India's public debt to GDP ratio is updated annually, from March 1999 to March 2019. The data reached a record high of 61.6% in March 2003 and a record low of 44%, which was 5% in March 2019. CEIC calculates public debt as a percentage of nominal GDP based on quarterly public debt and annual nominal GDP. The Ministry of Finance provides public debt in local currency. Based on prices from 2011 to 2012, the Central Bureau of Statistics provided nominal GDP in local currency based on the 2008 national accounts system. Public debt only covers the central government. The nominal GDP before 2005 was calculated based on the 2008 National Account System and the 1993 National Account System at 2004-2005 prices. As of March 2019, India's national public debt reached US\$119 billion. As of March 2019, the country's nominal GDP reached 712 billion US dollars.

India's public debt-to-GDP ratio is expected to peak at the end of FY21, due to record borrowing from the central and state governments, and the country's gross domestic product (GDP) is expected to shrink. The country within the year.

According to data from the Reserve Bank of India (RBI), by March 2020, the total commitment of the Central Bank of India and the state government was approximately 147 trillion rupees, which translates into a debt ratio of 72.1% of public GDP at the end of the previous fiscal year (considering To a nominal GDP of 2030 crore).

FOREIGN DIRECT INVESTMENT

Foreign direct investment (FDI) is the main source of non-debt-related financial resources in India's economic development. Foreign companies invest in India to take advantage of relatively low wages and special investment privileges (such as tax holidays). For a country with foreign investment, this also means acquiring technical knowledge and creating jobs. The favorable political system and stable trading environment of the Indian government have caused foreign capital to flow into India. In recent years, the government has taken many initiatives, such as relaxing FDI standards in the fields of defense, PSU refineries, telecommunications, power and stock exchanges, among others.

Types of Routes:

Automatic route

Under the automatic route, non-resident investors or Indian companies can invest without the approval of the Indian government.

Through Government

As part of the road to government, the Indian government needs approval before investing. Foreign investment proposals under government channels will be reviewed by relevant ministries/administrative departments.

Types of foreign direct investment:

- **Horizontal investment**-Horizontal direct investment refers to the establishment of an investor in the same type of business transaction in a foreign country as it does in its country of origin.
- **Vertical investment**-Vertical investment refers to investments that establish or acquire foreign business activities that are different from the investor's main activities but related.
- **Enterprise Group**-A type of foreign direct investment enterprise group, which refers to a company or individual making foreign investment in a company that is not related to the company's existing activities in its country of origin. Since this type of investment involves entering an industry with no investor experience, it usually takes the form of a joint venture with a foreign company already active in the industry.

According to official data, India's foreign direct investment (FDI) increased by 13% in the fiscal year 2019-2020 to a record US\$49.97 billion. Between April and March 2018-19, the country has received US\$44.36 billion in foreign direct investment.

The industries that attract the most foreign investment in 2019-2020 include services (US\$7.85 billion), software and hardware (US\$6.77 billion), telecommunications (4.44 data), of which trade (US\$4.57 billion), automobiles (US\$2.82 billion), and construction (

USD 2 billion) and chemicals (USD 1 billion), Ministry of Industry and Internal Trade Promotion (DPIIT).

In the last financial year, Singapore became the largest source of foreign direct investment in India with US\$14.67 billion.

This is followed by Mauritius (US\$8.24 billion), the Netherlands (US\$6.5 billion), the United States (US\$4.22 billion), and the Cayman Islands (US\$3.7 billion). US dollar (Japan) (US\$3.22 billion) and France (US\$1.89 billion).

Foreign direct investment is important because the country needs substantial investment to restructure its infrastructure sector to stimulate growth.

PER CAPITA INCOME

Per capita income is often used as a means of communicating average income, although it can also be used to measure the wealth of a country's population, especially relative to other countries. Per capita income is usually used to measure the living standard of a country.

It is usually expressed in commonly used international currencies such as the euro or the dollar, so it is useful because it is well known and can be easily calculated based on easily obtained GDP and population estimates and produce useful statistics for comparing wealth between sovereign territories data. This keeps the country informed of its development.

The Gross Domestic Product per capita in India was last recorded at 2104.20 US dollars in 2018. The GDP per Capita in India is equivalent to 17 percent of the world's average.

The gross domestic product per capita income for 2020 is estimated to be around 2338 US dollars and India stands at 139th position in the world.

Sector Analysis

Sector analysis is a review and assessment of the current status and future prospects of a given economic sector. Sectorial analysis provides investors with an idea of the overall expected performance of a given company group.

Investors who implement industry rotation strategies usually use industry analysis or use a top-down approach to select the industry in which the securities are to be invested. In a top-down approach to investment, first determine the most promising areas, and then investors check companies in this area to determine which stocks will eventually be purchased.

Sector analysis is an investment valuation technique in which companies in a group of investors play similar functions in the sectorial economy when analysing potential behaviour. The idea behind this idea is that stocks in a certain type of business will rise or fall with the performance of the industry. Investors can divide the industry into general categories such as transportation or technology, or more specific categories to better identify potential hot stocks. After analyzing the industry, investors can use a variety of strategies to try to improve the performance of their investors.

For investors, the seemingly unlimited stock supply, allowing them to browse all stocks, gather information and track the performance of individual stocks can be daunting. Investors can use industry analysis to focus only on large groups of companies that play similar roles in the economy, thereby helping to narrow the scope of possible investments. The theory behind this strategy is that stocks in these groups tend to act with everyone else.

About Real estate and construction in India

The real estate industry is one of the most recognized industries in the world. The real estate sector has four sub-sectors-housing, retail, hotel and business. The growth of the business environment, the demand for office space and the demand for urban and semi-urban housing provide a good complement to the growth of the industry. The construction industry ranks third among the 14 major sectors in terms of direct, indirect and induced effects in all economic sectors.

It is expected that the sector will attract more Indian non-resident investment (NRI) in the short and long term. Bangalore is expected to be the preferred real estate investment destination for NRI, followed by Ahmedabad, Pune, Chennai, Goa, Delhi and Dehradun.

Market Size

By 2040, the real estate market is expected to reach 65 billion rupees (9.3 billion U.S. dollars), compared with 120 billion rupees (1.72 billion U.S. dollars) in 2019. India's real estate industry is expected to reach 2030, the market size will reach 1 trillion US dollars, and 2017 was 120 billion US dollars, by 2025 will account for 13% of the country's GDP. Retail, hotel and commercial real estate are also experiencing substantial growth, providing essential infrastructure for India's growing demand. From 2017 to 2028, the compound annual growth rate of Indian real estate is 19.5%.

In recent years, IT and ITeS, retail, consulting and e-commerce industries have high demands for office space. By the end of 2018, the stock of commercial office space in India is expected to exceed 600 million square feet, while the rent of office space in the top eight cities is expected to exceed 100 million square feet in 2018-20. By the end of 2019, the co-working space in the seven major cities has increased to 12 square feet. In the first nine months of 2019, the demand for commercial leasing activities in office buildings reached 47 million square feet. In 2019, office rents in eight major cities reached 60.6 million square feet, a year-on-year increase of 27%. In 2019, Bangalore had the highest office rent at 15.3 square feet, followed by Hyderabad at 12.8 square feet.

Investments/Developments

With the increasing demand for office and residential space, the Indian real estate industry has recently experienced strong growth. From January to March 2019, private equity and venture capital investments in this area reached US\$1.47 billion. By 2018, the institutional investment in Indian real estate is expected to reach US\$5.5 billion, the highest in a decade. In 2009-2018, the Indian real estate industry attracted US\$30 billion of institutional investment and received US\$2.3 billion in the first half of 2019. investment. Real estate attracted approximately US\$14 billion in foreign private equity (PE) from 2015 to the third quarter of 2019. Real estate attracted approximately Rs 43,780 crore (US\$ 6.26 billion) in investment in 2019.

According to data released by the Ministry of Industry Promotion and Internal Trade Policy (DPIIT), the construction industry is the fourth largest sector in terms of FDI inflows. From April 2000 to December 2019, foreign direct investment in the sector (including construction development and construction activities) amounted to US\$41.53 billion.

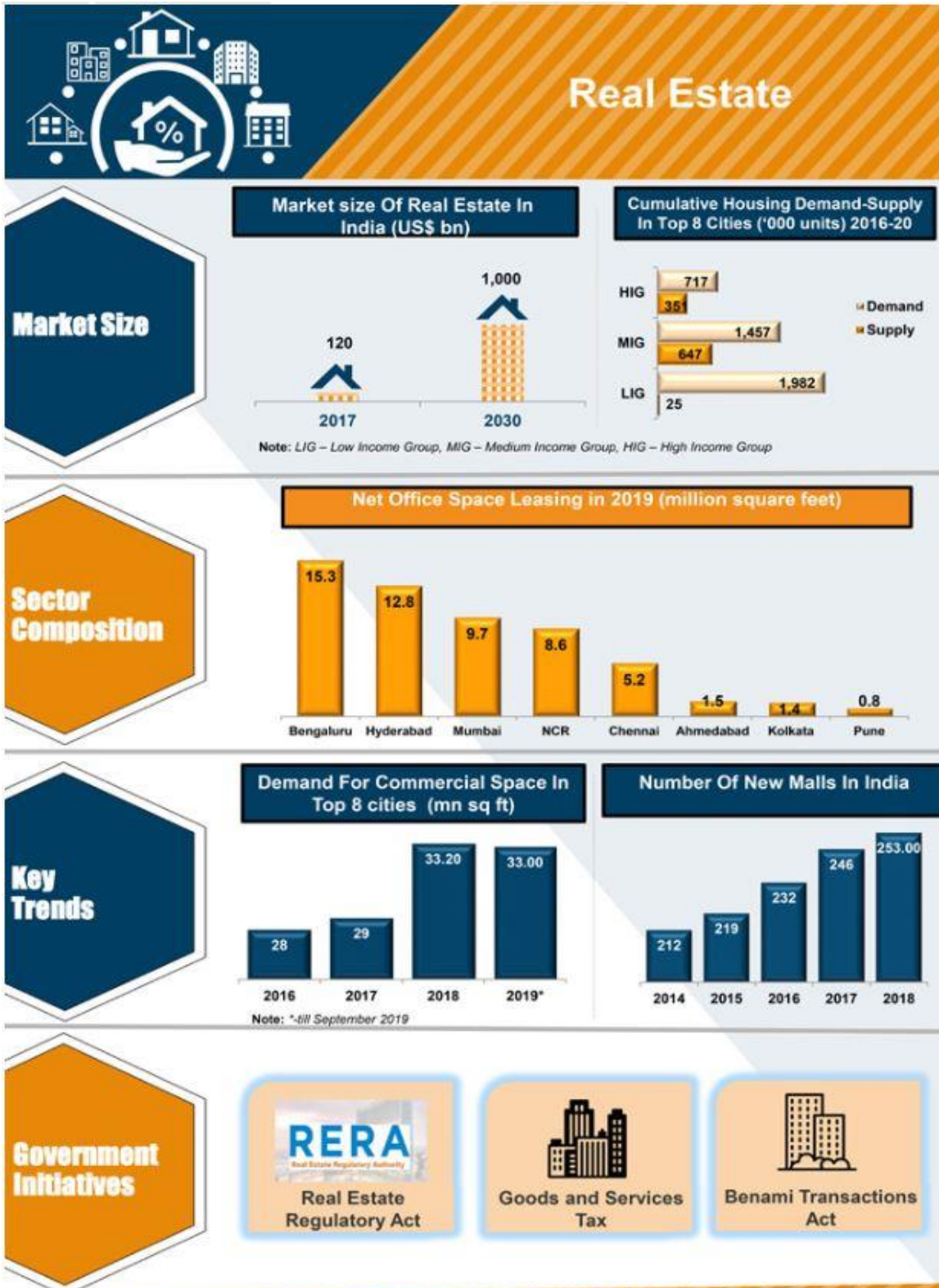
Some of the major investments and developments in this sector are:

- First REIT raised Rs 47.5 billion (US\$676.4 million) and was launched by global investment company Blackstone and real estate company Embassy Group in early 2019.
- In January 2019, Tengfei Group acquired the Pallavaram IT Park in Chennai for US\$35.7 million.
- Iconic RK Studios property located in the suburb of Chembur in the city of Chennai.
- It is expected that by the end of 2018, the number of new housing launches in seven major cities in India will increase by 32% year-on-year to 193,600 units.
- In September 2018, Embassy office Parks announced that it would raise approximately 52 billion rupees (US\$77566 million) through its initial listing on the Indian Real Estate Investment Trust (REIT).

Government Initiatives

The Indian government and various state governments have taken some measures to encourage the development of the industry. Smart city projects that plan to build 100 smart cities are a great opportunity for real estate companies. Here are some other major government initiatives:

- In order to restart approximately 1,600 suspended housing projects in major cities in the country, the ITU Cabinet approved the establishment of an Alternative Investment Fund (AIF) with an investment of Rs 250 crore (\$358 billion).
- The Blackstone Group has completed a US\$12 billion investment milestone in India.
- Puravankara Ltd, a real estate company, plans to invest Rs 85 crore (\$121.6 million) over the next four years to develop three ultra-luxury residential projects in Bangalore, Chennai and Mumbai.
- Under the leadership of Pradhan Mantri Awas Yojana (City) [PMAY (U)], urban areas promised 12 million houses and created 12 million jobs.
- The government has established an affordable housing fund (AHF) in the National Housing Bank (NHB), using short-term priority sector loans with an initial funding of 10 billion rupees (1.43 billion US dollars). The term of the bank/financial institution for HFC microfinance.
- As of September 16, 2019, India has officially approved 419 special economic zones, of which 234 are in operation.
- In February 2018, the establishment of the National Urban Housing Fund was approved and Rs 60 crore (US\$ 9.27 billion) was issued.



There are several types of real estate, and each type has its own unique uses and uses. The main categories are:

Land properties

Land is the benchmark for all types of real estate. Land usually refers to undeveloped property and vacant land. The promoter obtains a piece of land, merges it with other attributes (called a rally), and then rezones to increase the density and value of the attributes.

Residential

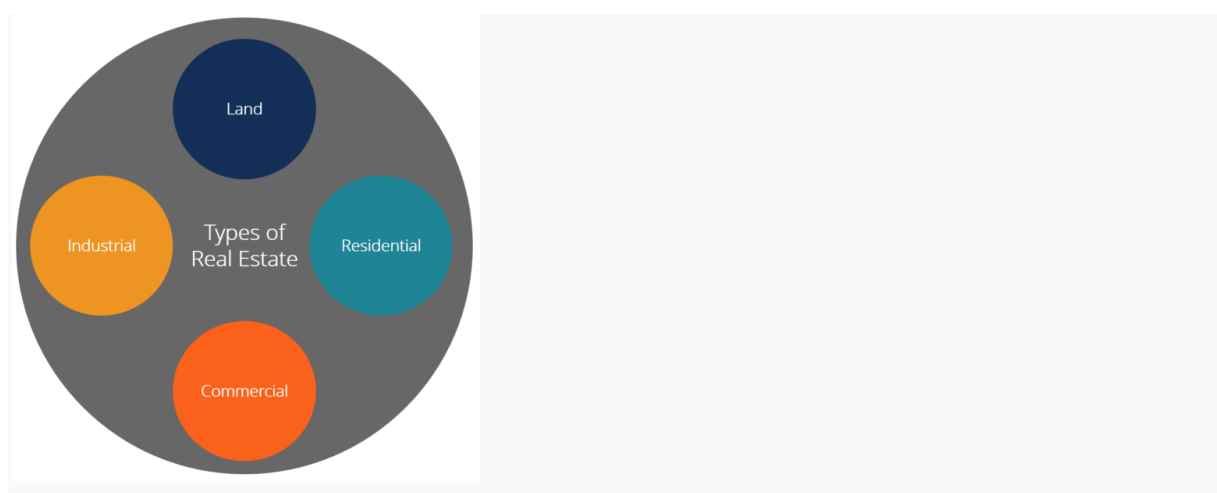
Residential real estate includes housing for individuals, families or groups of people. This is the most common real estate and asset class that most people know. In the residential area, there are single-family houses, apartments, townhouses and other types of housing.

Commercial

Commercial property refers to the land and buildings used by enterprises for business activities. Examples include shopping malls, personal shops, office buildings, parking lots, medical centers, and hotels.

Industry

Industrial real estate refers to the land and buildings used by industrial companies for activities such as factories, machinery production, research and development, construction, transportation, logistics, and storage.



SWOT analysis

STRENGTHS

It is one of the least risky investment as compared to other investment option in a normal market situation. It has a potential to increase in value over time multiple number of times. The value of it can also be increased through refurbishment and good management. It is one of the best way to store wealth and is a measure to hedge inflation risk. The trading of real estate is done in open markets by agents and other parties, also real estate doesn't have a single market for trading.

In the current scenario, Real estate is regarded as the safer investment as emergence of covid-19 has increased the demand for residential properties and with support of government it is easier and less risky for creating wealth. Other added benefit of these investment is that it is the most preferred security in the form of collateral by financial institutions like banks and other NBFC's.

WEAKNESSES

The weaker part of investing in this sector that it one of the most illiquid asset as it is difficult to transfer ownership rights and requires to go through a process. Apart from that, the supply is low due to increasing commercialization and ever increasing population. The capital requirement is huge which makes it difficult to carry on its activity on its own and needs to finance its activities in form of loans, and various other source which has a large amount cost attached to it.

OPPORTUNITIES

The demand for real estate is ever increasing and the growth potential is immense in this sector. The new opportunities for renting to students, start-ups such as Airbnb to earn a little extra income for the owner has created more potential in this sector. With new growth and development projects, there are always opportunities available for the investor if one looks and researches well within the sector.

THREATS

The seasonal demand at some places may affect the prices of the properties due to which there is loss in value for the owner. The other threat to the real estate sector is the economic slowdown i.e. like currently the Covid-19 situation has affected the prices and movement of the sector due to lockdown in the whole country.

Some other threat such as competition in the market from other players, decrease in the real estate value in a certain area due to unforeseen circumstances can prevail at times.

Porters Five Forces

Competitive Rivalry

The competition is quite strong due to presence of large number of players in the industry. The seller is able to not keep a high margin even after such a high investment which comes from various financial institution because it's difficult to have such a high investment for such long term projects due to the presence of competitors in the market. The competitive neutrality is also missing due to unequal provisions of policy concessions.

Threat of New Entrants

The threat of new entrants is very low due to high investments required and the consumers are usually inclined towards brand value of the known players in the market. The high cost of land acquisition and cost of the land through financing is a high burden to be borne by new players is difficult. The NBFC's usually resist from providing loans to new players. Another barrier is land use restrictions which act as a natural barrier for the players. The gestation period is long which makes return on investment and the principal uncertain.

Bargaining Power of Customers

The renowned and large real estate companies have a bargaining power over customers due to quality and services they offer. Although bad managed lands and dispute related to any property can take that bargaining power and usually the customer or any powerful buyer buys at a very

low price. Even in such cases, the realty dealer tries to get away these kind of properties as soon as possible to recover the invested amount which increases the bargaining power of the customer.

Bargaining Power of Suppliers

Due to emergence of quality over space, the suppliers bargaining power is declining and the customers are more demanding over new types of designs and friendly space. The players in the market who are able to offer such quality is increasing with increasing consumerism which is further adding to declining power of suppliers in bargaining. With new ideas, the players who are able to adapt the new ideas are gaining the bargaining power.

Substitute Products

There is no other substitute for this. As the land is a limited resource, the crowded cities and towns have higher prices and the cost of settling in in such cities is getting difficult day by day. The substitute for some of these is low priced government provided shelters which are only accessible to economically backward classes.

Company Analysis

The analysis of the company includes measuring its performance and identifying the causes of such performance. When certain companies perform well in the event of economic or industrial failure, this means that the company has unique characteristics that make them successful. The identification of these characteristics (whether quantitative or qualitative) is called business analysis.

The quantitative indicators of business analysis are financial indicators and operational efficiency indicators. Financial indicators are profitability indicators and financial status indicators analysed through the company's profit and loss statement and balance sheet.

Qualitative factors are the reputation of the management disclosed in the manager/auditor's report, the company's name, the company's future operating plan, etc., as well as the information disclosed by the management to the media. .

The analysis of comparable companies begins with the creation of a peer group of similar companies of similar size in the same industry and same region. Investors can then use online resources to compare specific businesses with their competitors. This information can be used to determine the enterprise value of an enterprise, and to calculate other ratios that are used to compare an enterprise with its peer group.

Oberoi Realty

History

Oberoi Realty Limited is a family real estate development company established in 1998. The company was founded by Ranvir Oberoi and was formerly known as Oberoi Constructions Ltd. The company is located in Mumbai, Maharashtra and was listed on the Mumbai Stock Exchange (BSE) and the National Stock Exchange (NSE) in 2010. Currently, the company is led by Vikas Oberoi, the company's president and CEO.

Oberoi Realty first developed high-end residential projects, then diversified into commercial, hotel, commercial and social infrastructure projects.

The company is currently building 27.43 million square feet. All these projects are distributed on the island of Mumbai, including Worli, Khar, Juhu, Andheri, JVL R, Goregaon, Kandivali, Borivali in the western suburbs and Mulund and Thane in the middle suburbs.

Oberoi Real Estate Company was established as Kingston Real Estate Pte Ltd in 1998. Oberoi Construction Sdn Bhd. (OCPL) was established in Mumbai on November 2, 1993 according to the "Company Law" [6]. OCPL is involved in real estate development and related activities and is a 100% subsidiary of Oberoi Realty Ltd. The current name Oberoi Realty was adopted on October 22, 2009 to clarify the exact nature of the business and operations. After that, the company immediately became a "public limited company" entity, so the name was changed to Oberoi Realty Limited.

In February 2002, Oberoi Real Estate acquired an 80-acre plot in Goregaon East called Oberoi Garden City, which is also the company's flagship project. In 2005, they expanded to 3 new areas, ie. Real estate Andheri (west), Andheri (east) and Mulund [8]. In addition to developing real estate. Oberoi Real Estate Company developed and completed the hosting project Westin Garden Garden Hotel Mumbai according to the operating agreement model. According to the agreement, the hotel building (including fixtures and accessories) belongs to Oberoi Real Estate Company, which is owned by Starwood Asia Pacific Hotel and Resort Pte Ltd operates and manages. Limited (Starwood®), which is then owned by Marriott International under the Westin brand. The hotel started operations in May 2010 [9].

Our social infrastructure project Oberoi International School belongs to Oberoi Realty and is managed by the public charity foundation Oberoi Foundation. This is a private mixed school offering international bachelor's degree programs. The school now has two campuses, of which the Goregaon East campus has been in operation for 11 years, while the JVL R school began operations in 2017.

Management at Oberoi Realty LTD.

Name	Designation
Bhaskar Kshirsagar	Co. Secretary & Compl. Officer

Bhaskar Kshirsagar	Secretary
Bindu Oberoi	Non Exe.Non Ind.Director
Irfan Ahmed	Vice President - Engg.
Jaswinder Singh Sandhu	Executive Vice President
Joseph Kilar	Head
Karamjit Singh Kalsi	Ind. Non-Executive Director
Rajendra Chandorkar	Executive Vice President
Saumil Daru	Chief Financial Officer
Saumil Daru	Non Ind.& Exe.Director
Tilokchand P Ostwal	Ind. Non-Executive Director
Vikas Oberoi	CEO
Vikas Oberoi	Chairman & Managing Director
Vishwas Bindiganavale	Vice President

Vision - To create spaces that enhance the quality of life

Values

- Quality
- Passion for Innovation
- Customer Centricity
- Integrity and transformation
- Teamwork
- I connect

Projects



Oberoi Splendor Grande, Mumbai



The Westin Mumbai Garden City, Mumbai



Oberoi Chambers, Mumbai



Oberoi International School

Valuation

Balance Sheet

Particulars	Mar'19	Mar'18	Mar'17	Mar'16	Mar'15
Liabilities	12 Months	12 Months	12 Months	12 Months	12 Months
Share Capital	363.60	339.60	339.54	339.30	328.24
Reserves & Surplus	5672.13	4122.30	3770.60	3376.73	2641.04
Net Worth	6035.73	4461.90	4110.13	3716.03	2969.27
Secured Loan	670.92	681.18	.00	.00	.00
Unsecured Loan	.00	193.69	99.50	108.61	127.04
TOTAL LIABILITIES	6706.65	5336.77	4209.63	3824.64	3096.31
Assets					
Gross Block	832.66	848.23	862.00	1010.23	1004.33
(-) Acc. Depreciation	80.15	67.30	46.14	161.59	120.43
Net Block	752.51	780.93	815.86	848.64	883.90
Capital Work in Progress	25.02	7.21	6.79	10.92	6.15
Investments	737.89	774.72	695.51	404.20	388.51
Inventories	1100.25	1114.48	1055.21	903.50	1032.79
Sundry Debtors	23.69	79.55	27.39	38.53	27.61
Cash and Bank	277.46	48.18	218.91	87.58	87.48
Loans and Advances	4151.74	2999.71	1844.32	2222.23	1767.40
Total Current Assets	5553.14	4241.92	3145.82	3251.84	2915.28
Current Liabilities	359.68	466.25	451.48	687.40	1013.90
Provisions	2.24	1.74	2.87	3.55	83.62
Total Current Liabilities	361.92	468.00	454.34	690.95	1097.52
NET CURRENT ASSETS	5191.22	3773.92	2691.48	2560.88	1817.75
Misc. Expenses	.00	.00	.00	.00	.00
TOTAL ASSETS(A+B+C+D+E)	6706.65	5336.77	4209.63	3824.64	3096.31

Rs (in Crores)

Profit and Loss Account

	Mar'19	Mar'18	Mar'17	Mar'16	Mar'15
	12Months	12Months	12Months	12Months	12Months
INCOME:					
Sales Turnover	1028.66	974.22	890.71	1179.77	699.24
Excise Duty	.00	.03	.12	.00	.00
NET SALES	1028.66	974.19	890.59	1179.77	699.24
Other Income	129.6252	109.1185	58.4815	143.9508	61.8149
TOTAL INCOME	1158.28	1083.31	949.07	1323.72	761.06
EXPENDITURE:					
Manufacturing Expenses	311.37	345.58	333.11	529.57	217.85
Material Consumed	24.12	.00	.00	.00	.00
Personal Expenses	62.16	57.99	55.62	49.34	47.75
Selling Expenses	11.39	10.94	8.40	10.19	.00
Administrative Expenses	58.30	35.64	31.65	34.13	35.19
Expenses Capitalised	.00	.00	.00	.00	.00
Provisions Made	.00	.00	.00	.00	.00
TOTAL EXPENDITURE	467.34	450.16	428.77	623.22	300.80
Operating Profit	561.32	524.03	461.82	556.54	398.44
EBITDA	690.94	633.15	520.30	700.49	460.26
Depreciation	31.52	39.64	42.00	42.07	33.51
Other Write-offs	.00	.00	.00	.00	.00
EBIT	659.42	593.51	478.30	658.42	426.75
Interest	14.54	2.57	2.17	.15	.17
EBT	644.89	590.94	476.13	658.28	426.57
Taxes	191.18	173.77	155.48	182.81	121.80
Profit and Loss for the Year	453.70	417.17	320.65	475.47	304.77
Non Recurring Items	.50	.79	.21	.00	.00
Other Non Cash Adjustments	.00	.00	.00	.00	.00
Other Adjustments	-.50	-.79	-.21	.00	.00
REPORTED PAT	453.70	417.17	320.65	475.47	304.77

Ratio Analysis

Particulars	2019-18	2018-17	2017-16	2016-15	2015-14
Net Profit Margin	17.90	14.60	25.19	19.67	8.92
Quick ratio	2.97	2.03	3.93	5.23	6.68
Earnings per share	12.66	12.28	9.45	14.15	9.29
Price-earnings ratio	39.51	-	-	-	-
Debt- equity ratio	0.64	1.33	1.66	1.76	1.25
Return On Equity	6.21	7.89	10.79	9.87	1.44
Operating Profit Margin	14.81	6.26	9.04	21.38	3.24
Price to book value ratio	3.18	3.87	3.04	2.21	3.13
Interest coverage Ratio	2.89	2.13	2.95	2.70	1.18
Dividend per share	2	2	2	2	2

Godrej Properties

Godrej Properties is a real estate company, established on February 8, 1985 and headquartered in Mumbai. MH. Currently, it is located in Chandigarh, Gurgaon, Ahmedabad, Kolkata, Nagpur, Mumbai, Pune, Hyderabad, Mangalore, Noida, Bangalore, Chennai and Kochi etc. 12 cities to conduct business. The company is currently developing projects that are expected to cover more than 89.7 million square feet.

Godrej Properties Limited was established on February 8, 1985 under the name Sea Breeze Constructions and Investments Private Limited. According to a special shareholders resolution in 1990, the company name was changed to Godrej Properties and Investments Private Limited.

Subsequently, at the shareholders' meeting on November 23, 2004, the company changed its name to Godrej Properties and Investments Limited, and eventually changed its name to Godrej Properties Limited.

In 2010, Godrej Properties raised \$100 million through a successful IPO and became a public company. In terms of sales, Godregi Real Estate became the largest listed real estate developer in India for the first time in fiscal 2016, selling over 50 billion acres of real estate that year. In the same year, we also provided 560,000 square meters (6 million square feet) of real estate to seven cities in India.

MANAGEMENT

Name	Designation
Adi B Godrej	Chairman Emeritus
Pirojsha Godrej	Executive Chairman
Mohit Malhotra	Managing Director & CEO
Jamshyd N Godrej	Non Executive Director

Vision

Godrej Properties brings the Godrej Group philosophy of innovation, sustainability, and excellence to the real estate industry.

Projects

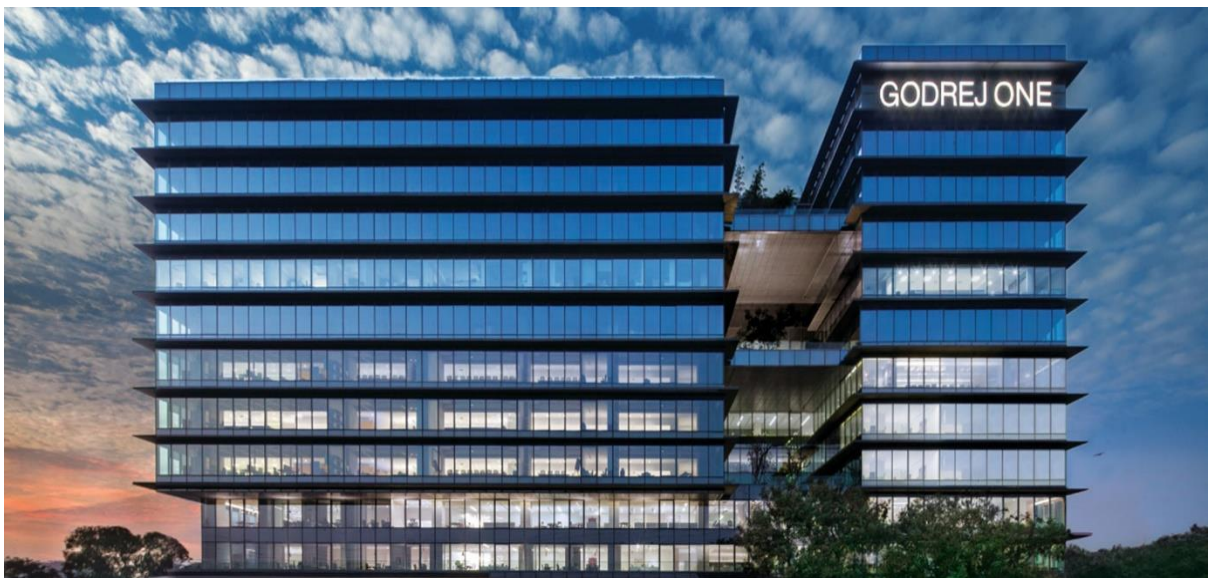
Some of the popular completed projects of Godrej properties limited are



Godrej BKC, Mumbai



Godrej Garden City, Ahmedabad



Godrej One, Mumbai



The Trees, Mumbai

Valuation – Godrej Properties

Balance Sheet

BALANCE SHEET OF GODREJ PROPERTIES (in Rs. Cr.)	4	MAR '20	MAR '19	MAR '18	MAR '17	MAR '16	5
		12 mths	12 mths	12 mths	12 mths	12 mths	
SOURCES OF FUNDS							
Total Share Capital		126.01	114.66	108.24	108.18	108.13	
Equity Share Capital		126.01	114.66	108.24	108.18	108.13	
Reserves		4,908.77	2,537.12	2,123.57	1,881.81	1,993.25	
NETWORTH		5,034.78	2,657.05	2,231.81	1,989.99	2,101.38	
Secured Loans		3,204.04	3,515.84	940.31	1,262.36	1,271.72	
Unsecured Loans		0.00	0.00	2,762.55	2,243.30	1,357.01	
TOTAL DEBT		3,204.04	3,515.84	3,702.86	3,505.66	2,628.73	
TOTAL LIABILITIES		8,238.82	6,172.89	5,934.67	5,495.65	4,730.11	
Gross Block		127.60	138.62	146.41	123.75	135.71	
Less: Accum. Depreciation		0.00	37.79	30.74	19.78	26.66	
NET BLOCK		127.60	100.83	115.67	103.97	109.05	
Capital Work In Progress		0.00	3.81	0.13	0.04	0.00	
INVESTMENTS		3,562.64	2,465.96	1,341.40	766.63	761.95	
Inventories		1,247.42	1,580.10	1,900.01	1,942.75	1,228.05	
Sundry Debtors		139.12	103.63	109.10	147.39	67.26	
Cash and Bank Balance		427.28	282.12	270.40	74.90	230.36	
Total Current Assets		1,813.82	1,965.85	2,279.51	2,165.04	1,525.67	
Loans and Advances		4,309.55	3,240.81	3,063.02	3,072.22	2,778.45	
Total CA, Loans & Advances		6,123.37	5,206.66	5,342.53	5,237.26	4,304.12	
Current Liabilities		1,550.38	1,581.88	850.41	605.46	454.21	
Provisions		24.41	22.49	14.65	6.79	6.61	
Total CL & Provisions		1,574.79	1,604.37	865.06	612.25	460.82	
NET CURRENT ASSETS		4,548.58	3,602.29	4,477.47	4,625.01	3,843.30	
TOTAL ASSETS		8,238.82	6,172.89	5,934.67	5,495.65	4,714.30	
Contingent Liabilities		0.00	279.29	272.78	712.38	146.17	
Book Value (Rs)		199.78	115.63	103.10	91.97	97.17	

Profit and Loss Account

PROFIT & LOSS ACCOUNT OF GODREJ PROPERTIES (In Rs. Cr.)	MAR 20	MAR 19	MAR 18	MAR 17	MAR 16
	12 mths	12 mths	12 mths	12 mths	12 mths
INCOME					
REVENUE FROM OPERATIONS [GROSS]	1,747.05	1,405.47	806.13	879.39	239.48
Less: Excise/Service Tax/Other Levies	0.00	0.00	0.00	0.00	0.00
REVENUE FROM OPERATIONS [NET]	1,747.05	1,405.47	806.13	879.39	239.48
TOTAL OPERATING REVENUES	1,747.05	1,433.75	955.83	998.63	340.26
Other Income	540.63	460.25	493.61	222.40	222.82
TOTAL REVENUE	2,287.68	1,894.00	1,449.44	1,221.03	563.08
EXPENSES					
Cost Of Materials Consumed	678.48	0.00	0.00	0.00	0.00
Operating And Direct Expenses	0.00	509.34	595.83	616.32	221.14
Changes In Inventories Of FG,WIP And Stock-In Trade	317.66	500.55	0.00	0.00	0.00
Employee Benefit Expenses	152.43	143.52	98.74	60.26	45.63
Finance Costs	270.55	251.95	191.95	156.66	187.00
Depreciation And Amortisation Expenses	16.67	13.12	14.53	13.18	13.48
Other Expenses	339.70	190.54	174.85	108.53	62.46
TOTAL EXPENSES	1,775.49	1,609.02	1,075.90	954.95	529.71
PROFIT/LOSS BEFORE EXCEPTIONAL, EXTRAORDINARY ITEMS AND TAX	512.19	284.98	373.54	266.08	33.37
Exceptional Items	0.00	0.00	0.00	0.00	0.00
PROFIT/LOSS BEFORE TAX	512.19	284.98	373.54	266.08	33.37

Ratio Analysis- Godrej Properties

Particulars	2019-18	2018-17	2017-16	2016-15	2015-14
Net profit margin %	31.36	35.97	33.71	30.64	34.36
Quick ratio	1.22	0.66	0.94	0.86	0.66
Earnings per share	22.80	13.51	11.15	12.96	9.66
Price-earnings ratio	14.07	18.50	26.31	14.99	27.64
Debt- equity ratio	0.10	0.16	0.15	0.09	0.18
Return On Equity	10.17	7.53	6.61	8.15	6.84
Operating Profit Margin	46.08	51.58	50.99	47.32	53.21
Price to book value ratio	2.39	2.83	2.18	1.54	2.01
Interest coverage Ratio	61.47	95.11	101.91	98.07	278.59
Dividend per share	0	0	0	0	0

Comparison of the companies on the basis of Ratio's.

Particulars	Oberoi Realty	Godrej Properties	Godrej Properties/ Oberoi Realty
Net profit margin	17.90	31.36	175%
Quick ratio	2.97	1.22	41%
Earnings per share	12.66	22.80	180%
Price-earnings ratio	39.51	14.07	36%
Debt- equity ratio	0.64	0.10	16%
Return On Equity	6.21	10.17	164%
Operating Profit Margin	14.81	46.08	311%
Price to book value ratio	3.18	2.39	75%
Interest coverage Ratio	2.89	61.47	2127%
Dividend per share	2	0	0

Analysis of the ratios

The Analysis is based on the march 2019 quarter data due to non-availability of current year's data, the analysis will provide with the fair view of the comparison between two mid-cap real estate companies Oberoi Realities and Godrej Properties.

- The **net profit margin** of both the companies has been fairly stable, but on comparing we see Godrej Properties has much higher profit margin. Usually the industry net profit margin revolves around 15-20%. Godrej properties net profit margin although have decreased as compared to previous years and Oberoi properties margin has increased compared from last year.
- **Quick ratio** of a company is also known as acid test ratio which is quick assets divided by current liabilities. Quick assets are the assets that can be easily liquidated whenever required. The optimal quick ratio is 1:1. Here, in our case both the companies has a fairly good quick ratio but the ratio of oberoi realty is double of godrej properties
- Here on comparing **Earnings per Share (EPS)** of both companies, Godrej has 180% earnings of Oberoi Realty but when we look at the share price of both the shares. The share of Oberoi trades around Rs.350 whereas the share of Godrej properties is around Rs.800 which makes the earning more or less same in both the cases on the basis of amount of investment.
- Now on comparing the **debt/equity ratio** of the companies, we see here the Godrej has a very less debt as compared to equity whereas oberoi also has a debt % lesser than equity but more as compared to godrej.
- Now let's look at the **Dividend payout ratio**. The oberoi has a consistent dividend of Rs2 which is quite low whereas Godrej Properties doesn't even has dividend over the years which makes it even less attractive to invest in.
- The **Price to book value ratio** of both the companies has been nearly same but the Godrej properties has a P/B ratio under 3 which better compared to Oberoi Realty as even the value investors consider the stock according to P/B ratio when it is under 3. Although a stock near 1 or 0 below P/B ratio is lucrative investment as it a undervalued stock.

Technical Analysis

MEANING

Technical Analysis is the ascertaining of future financial price direction of stocks based on past price direction. Like weather forecasting, technical analysis does not result in accurate predictions about the future direction. Instead, it can help investors anticipate what is “likely” to happen to prices over the course of time. Technical analysis uses a variety of charts over time.

PRINCIPLES

At the turn of the century, Dow's theory laid the foundation for later modern technical analysis. Dow's theory is not fully integrated, but is reconstructed from Charles Dow's several years of writing. Among the many theorems proposed by Dow, three are compelling:

- Price Discounts Everything
- Price Movements Are Not Totally Random
- “What” Is More Important than “Why”

- Price Discounts Everything

The theorem is similar to strong and semi-strong forms of market efficiency. Technical analysts believe that the current price can fully reflect all information. Since all information has been reflected in the price, it represents fair value and should form the basis of analysis. After all, the market price reflects the sum of the knowledge of all participants, including traders, investors, portfolio managers, buyer analysts, seller analysts, market strategists, technical analysts, basic analysts, etc. Such an impressive, impeccable reference price will be stupid. Technical analysis uses the information captured by the price to explain what the market is saying in order to understand the future.

- Prices Movements are not Totally Random

Most technicians agree with price trends. However, most technicians also realize that prices will not change in certain periods. If prices are always random, it will be very

difficult to make money using technical analysis. Since technical analysis can be applied to many different time periods, it is possible to discover short-term and long-term trends. The overall trend is upwards, but it is also scattered in the trading range. Between trading ranges, the smaller upward trend is the larger upward trend. When the stock breaks above the trading range, the upward trend is updated. When securities fall below the lowest point in the previous trading range, a downward trend begins.

- **"What" is More Important than "Why"**

What is the current price?

What is the history of the price movement?

The price is the final result of the battle between the supply and demand sides of the company's stock. The purpose of the analysis is to predict the direction of future prices.

By focusing on prices only and on prices only, technical analysis represents a straightforward approach. Fundamentalists want to know why the price is correct. For technicians, why part of the equation is too broad, and the basic reasons given are often doubtful. Technicians think it's best to focus on what, without worrying about why. Why is the price rising? It's simple, there are more buyers (demands) than sellers (supplies). After all, the value of an asset is just someone willing to pay for it. Who needs to know why?

Few types of technical charts:

- **MACD (MOVING AVERAGE CONVERGENCE DIVERGENCE)**

Trend tracking indicator showing the relationship between two moving average prices. The MACD is calculated by subtracting the 26-day exponential moving average (EMA) from the 12-day EMA. Then draw the MACD's 9-day MAC (called the "signal line") above the MACD as a trigger for buying and selling.

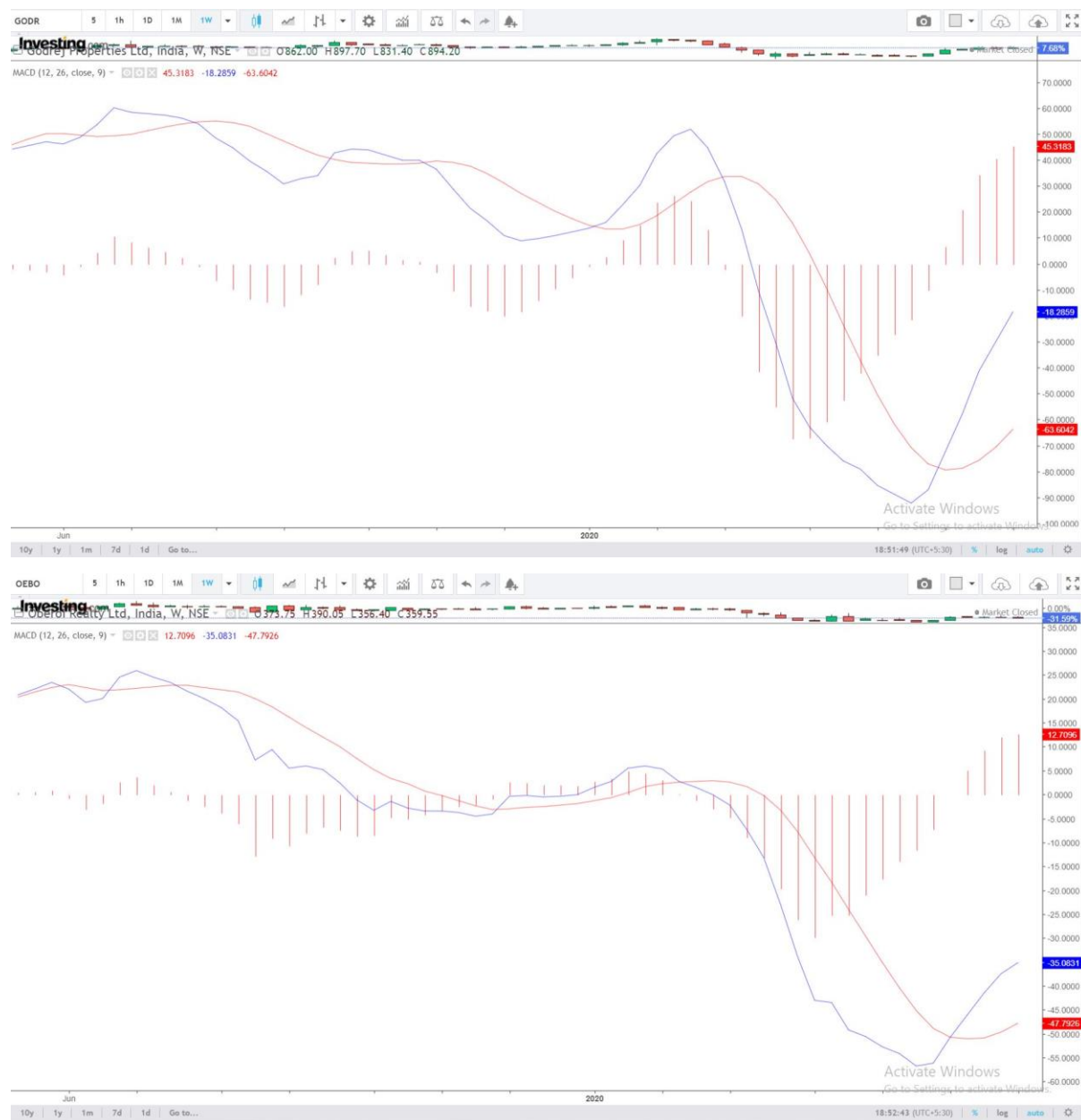
There are three commonly used methods to explain MACD:

1. Crossover-As shown in the chart above, when MACD falls below the signal line, this is a bearish signal, indicating that it may be time to sell. Conversely, when MACD rises above the signal line, the indicator sends a bullish signal, indicating that asset prices should experience upward dynamics.

2. Divergence-When the price of the title is separated from the MACD. It marks the end of the current trend.

3. A sharp increase-when the MACD increases sharply-that is, the shorter moving average moves away from the long-term moving average-this indicates that the safety has been overbought and will return to normal levels soon.

Traders also monitor the movement above or below the zero line, as this indicates the position of the short-term average relative to the long-term average. When MACD is greater than zero, the short-term average is greater than the long-term average, indicating upward momentum.



• RELATIVE STRENGTH INDEX

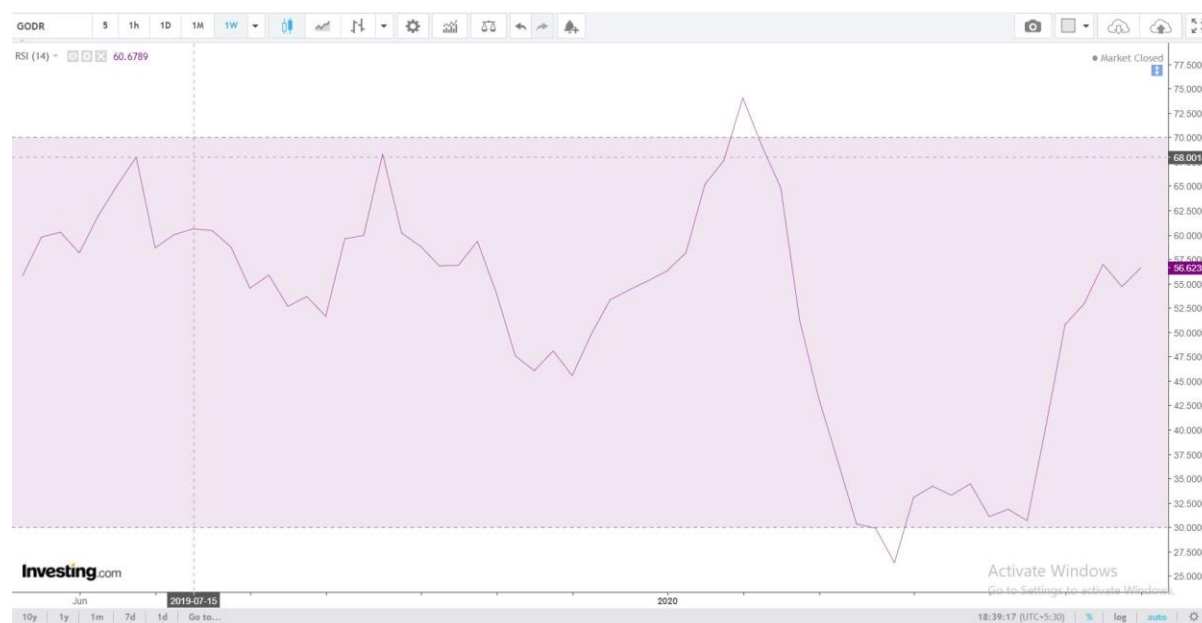
A technical momentum indicator that compares the magnitude of recent gains to recent losses in an attempt to determine overbought and oversold conditions of an asset. It is calculated using the following formula:

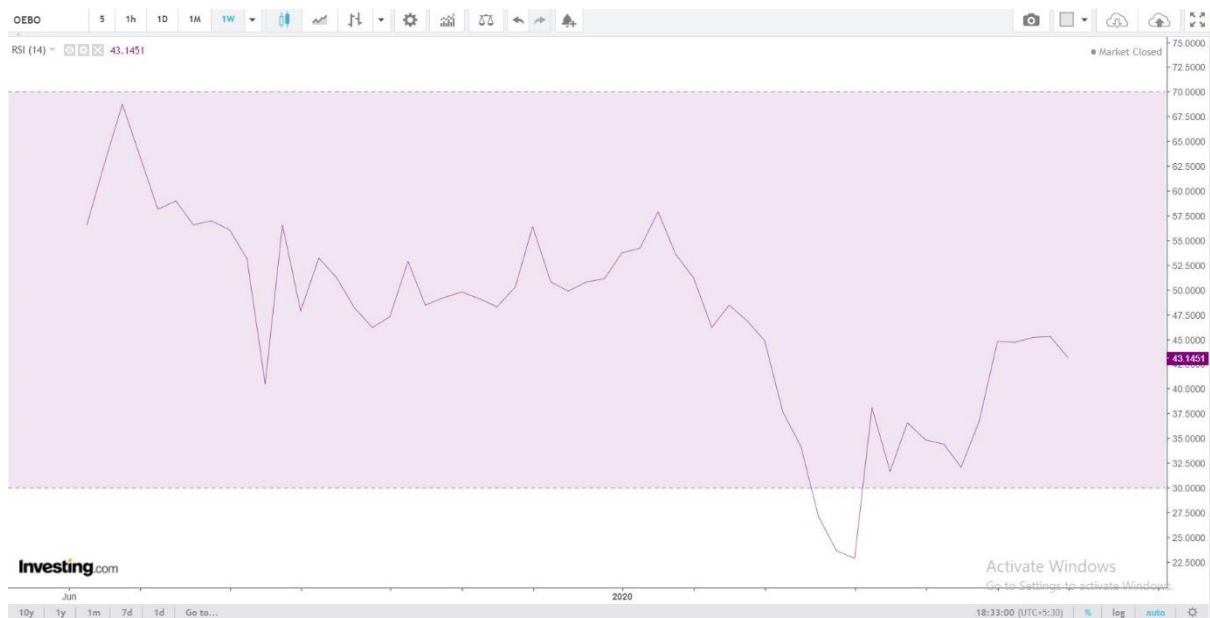
$$RSI = 100 - 100 / (1 + RS^*)$$

*Where $RS = \text{Average of } x \text{ days' up closes} / \text{Average of } x \text{ days' down closes}$.

The RSI is plotted on the chart and ranges from 0 to 100. once the RSI reaches level 70, the asset is considered overbought, which means it may be overvalued and ideal for withdrawals. Similarly, if the RSI is close to 30, it indicates that the asset may be oversold and therefore may be overvalued.

Therefore, it may be underestimated. Traders using RSI should be aware that large increases and decreases in asset prices can affect RSI by generating false buy or sell signals. RSI is best used as a valuable supplement to other stock selection tools.





• BOLLINGER BAND

Since the standard deviation is a measure of volatility, the Bollinger Bands adapt to market conditions. When the market becomes more volatile, the band will expand (away from the moving average), and when the volatility is less, the band will shrink (toward the average price). Technical traders often use tightening bands as an early sign that volatility will increase dramatically.

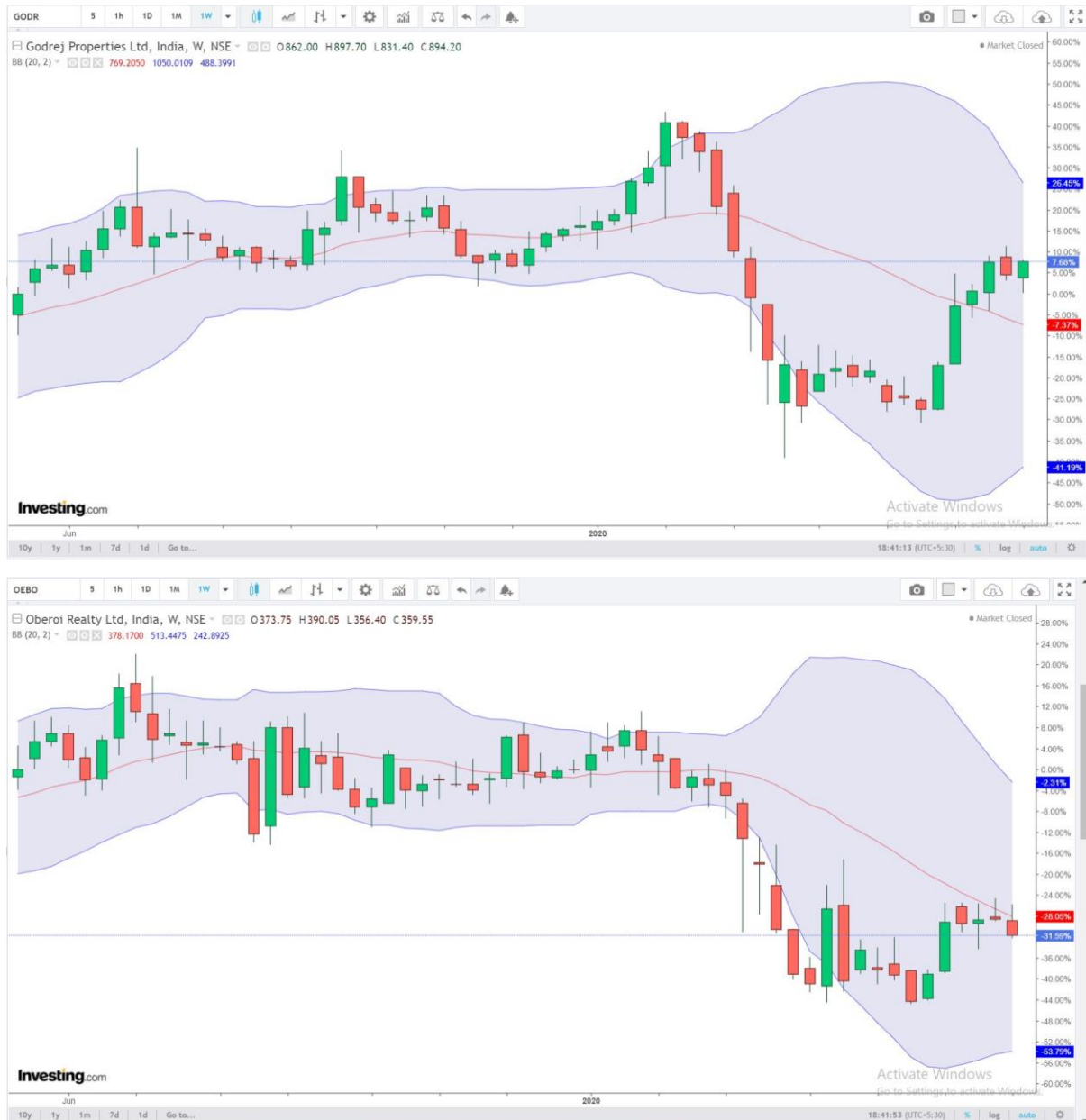
It is one of the most popular short-term technical analysis techniques. The closer the price is to the highest price, the more overbought the market, and the closer the price is to the lowest price, the more oversold the market.

If the price deviates from the lower limit and exceeds the 20-day average (midline), the upper limit represents a higher price target. In a strong upward trend, prices usually fluctuate between the upper limit and the 20-day moving average. When this happens, intersections below the 20-day moving average will warn of a downward trend.

The top and bottom lines are formed by subtracting the standard deviation from the current price. Multiply the standard deviation by 2 to act on both the upper and lower sides. The midline is a 20-day simple moving average.

Although each strategy has its drawbacks, Bollinger Bands has become one of the most useful and commonly used tools that emphasize extreme short-term prices in the title. Buying stocks when the stock price falls to the lower Bollinger band lower limit usually

helps traders to take advantage of oversold conditions and profitability when the stock price rises to the moving average.



• PARABOLIC SAR

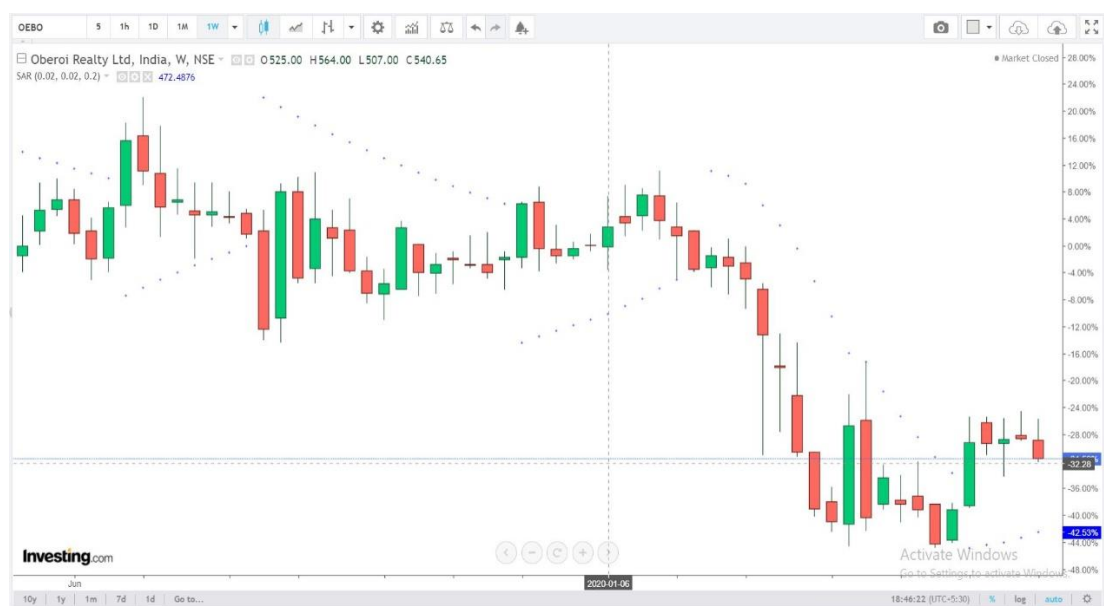
Parabolic SAR is a popular indicator that traders mainly use to determine the short-term future dynamics of a given asset. It allows traders to determine where to place stop orders. The calculation of this indicator is very complicated and exceeds its actual use in trading.

one of the most interesting aspects of this indicator is that it assumes that traders have been fully investing in positions. Therefore, this is especially interesting for traders who develop trading systems and still want to make money in the market.

The parabolic SAR indicator is represented graphically on the asset chart in the form of a series of points above or below the price (depending on asset dynamics). When the asset trend rises, a small dot appears below the price, and when the trend decreases, a small dot appears above the price.

The point below the price is considered a bullish signal, which forces traders to expect kinetic energy to stay up. on the contrary, the dots above the price are used to indicate that the bears are under control and the dynamic should remain down.

When the latest high price of the program is broken, the buyer's first entry point will appear. This is when SAR is placed at the last lowest price. As the stock price rises, these points gradually increase, first slowly increasing, and then accelerating with the trend. This acceleration system allows investors to see the development of trends and establish their position. With the development of the trend, the moving speed of SAR began to accelerate, and the points quickly caught up with the price trend of the program. As you can see in Figure 1, this indicator is very effective when the security trend is developing, but when the price is sideways or trading in a volatile market, it can cause many false signals.





Recommendations

- On comparing, Godrej is a better investment option as it a lower price/book value ratio which is better.
- The dividend margin of both the companies is not more, so both are not good in this regard.
- Revenue of Godrej is much higher than the Oberoi properties. Also the market capitalization of Godrej is on the higher side, which has much more potential to grow.
- Looking at the both the companies, both are not far away as an good option from investment as the debt is lower in both the cases and both are profit from past few years but due to Covid-19 pandemic, the sector has been hard hit, so during these times it is said the opportunities to invest rises, so it is better to invest in this sector to earn returns in the near future.

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