

A Study of Investment Analysis on Goel Ganga Group Investment

Jaipriya Katheria and Prof. Kalyani Bante
Jhulelal Institute of Technology, Nagpur, India

Abstract: Real estate investment analysis is an organized investigation of the various factors and elements which affect the current and the future value of a particular property and consideration of the relationship of those factors and elements to an investment decision. The present text focuses on perceiving real estate property as an investment asset that generates a certain amount of revenue to its owner, assuming expected risk and the expected level of liquidity. The first step is to determine the open market value of the selected property, which represent the expected expenses of the investment costs incurred (taking into account other acquisition costs), then we determine the open market rent value, which is the expected return on the selected property, then identify possible business risk associated with the commercial use of real estate and finally, the liquidity of the entire investment is estimated. In conclusion, methods for evaluating investments are applied to assess the realization of the investment – acquisition of the selected real estate for commercial purposes, the estimated return time and the percentage of the return on investment is calculated of the paper.

Keywords: Investment, Investor, Profit, Management, Market, Location, Cash flow.

I. INTRODUCTION

Portfolio Analysis is one of the areas of investment management that enable market participants to analyze and assess the performance of a portfolio (equities, bonds, alternative investments, etc.), intending to measure performance on a relative and absolute basis along with its associated risks. Portfolio analysis is an examination of the components included in a mix of products with the purpose of making decisions that are expected to improve overall return. The term applies to the process that allows a manager to recognize better ways to allocate resources with the goal of increasing profits. Investors make decisions relying on the relative profit potential of investment alternatives. The wrong choices may be made if systematic and quantitative methods are not used. In a given investment situation, it is necessary to consider several economic and technical parameters with respect to costs, profits, savings, the choice of time, tax and loyalty, project life, etc. If a reliable approach is not used to quantify the effects of these factors, it is very difficult to correctly assess each alternative and make the best choice.

II. LITRETURE REVIEW

R. Sridevi ,Saranya. W (2018)[8] in their paper entitled “Factors Influencing Consumers House Purchase Behavior in Chennai “investigated factors that are influencing consumers while purchasing house in Chennai. This study also aimed to find an association between significant determinants of consumers purchase behavior. A total of 112 consumers were participated in the survey and convenient sampling method was used to select respondents for this study. In this work data analysis was done by using like percentage analysis, Factor analysis and cluster analysis. Concluding point is the purchase decisions are significantly influenced by income, social communal, personal Communal factors.

Dikshita Gajera1, Dr. Mohammed shakeel S. Malek(2018)[9] made an attempt to recognize, review and investigate the purchasing pattern of people. Number of factors that are considered by individuals while buying a house and even before buying are included in the survey. Both shop and investors opinions are collected to study the consumer behavior. This study found that both financial and location factors are significantly influencing the decisions of buyers. This work concludes that economically strong people are willing to buy shops and economically weak people are showing interest to buy shop only and this work also suggests that the further research could be carried by including number of critical factors that may influence consumer behavior.

Julius Chia1, AmranHarun (2016)[13] in their article “Understanding Factors that Influence House Purchase Intention Among Consumers in Kota 17 Kinabalu: An Application of Buyer Behavior Model Theory” observed that financing, features of housing, environment, superstition and distance elements have a significant and positive impact on the decision to buy houses in spite of mounting prices of houses in Kota Kinabalu, Malaysia. However, this study concluded that the brand image of the house developer has nothing to do with the investor’s investment decision.

Anand Bajpai, Prakash Bhalchandra (2015)[16] In their paper entitled “Rational and Irrational Factors Affecting Real Estates Buying Behavior of Different Nationalities with Special Reference of Dubai: A survey” stated that once the deal has been over on property purchase , there should be a reliable inquiry to check whether it was a 'good deal' or not, if it is a reliable sound venture, then only the choice to buy the property must be taken into account. The research concluded that financial factors play a vital role in the decision of buying the property in Dubai.

Olga Preveden (2015) [17] in their paper entitled “Expertise and decision making in real estate appraisal: results from a naturalistic study” revealed that the cognitive process of real estate evaluates and appreciates the expertise of the naturalistic approach. Behavioral tradition that is based on rationalist models is dominating the research into appraiser decision-making. In order elucidate psychological procedures and proficiency in the domain of real estate assessment, Naturalistic Decision Making theoretical and methodological approaches are drawn which is explained in the present paper. The significance of human element in decision making appraisal could have implication for supporting individual decisions and for the training segment in the industry, which are to be explained in a clear way.

III. OBJECTIVES

- To study the expectations and market characteristics and it's impact on Goel Ganga investment performance/ Sales performance.
- To evaluate the performance of investment of Goel Ganga and making required changes in it as per the need of the company.
- To study the asset allocation and deployment strategy of Goel Ganga investors.

IV. HYPOTHESIS

H0 :- There is no significant impact of investor’s expectations and market characteristic on goel ganga sales performance.

H1 :- There is significant impact of investors’s expectations and market characteristic on goel ganga sales performance.

V. RESEARCH METHODOLOGY

Data refers to information or facts. It includes numerical figures, non-numerical figures, descriptive facts and qualitative and quantitative information. The task of data collection begins after a research problem has been defined and research plan has been decided.

A smart investment can be life-changing. It has the potential not just to change your life, but even the lives of your offspring. Gone are the days when people relied on a single source of income and traditional savings to become financially independent.

Today, investment portfolios include a variety of assets, such as stocks, mutual funds, gold, crypto, and much more. While all these assets are popular, real estate continues to occupy the lion’s share of the total assets of a typical Indian. According to a report, 77% of the total assets of a typical Indian household are in real estate.

Since the demand for real estate is always on the higher side, real estate makes for a great investment option in India. Buying a new home is always a dream come true for Indian households. While fulfilling this dream gives you emotional satisfaction, it also promises financial growth, as real estate investment in India has a good ROI.

Here are some reasons real estate continues to be a preferred choice of investment for millions and billions of Indians:

1. Appreciation of Value

Real estate, especially in urban areas, is bound to appreciate due to scarcity of land. It is said that the longer you stay invested in real estate, the more money you make. The value of a good real estate investment increases over time. Rents also typically increase every year, this ensures higher cash flow. History is proof that the real estate market is back on

track, following even the most uncertain times. Be it the 2008 economic crisis or the recent period of the pandemic, the prices returned to the same level and even escalated further. Hence, real estate provides you with good control over your investments, unlike stocks where the risk of loss is high.

2. Decent Return on Investment

The real estate returns in the majority of Indian cities surpass the inflation rate. Hence, it offers you real profits in the long run. Unlike stocks, gold, and crypto, the investment process in real estate is quite structured with RERA, well-documented and established court precedents, and established legal procedures like stamp duty and registration once done, the chances of theft or any fraud are minimal if you're investing in a reputed builder's project.

3. Tax Benefits

When you invest in real estate, you can also save your taxes. There are quite a few tax benefits of investing in real estate. If you have opted for a home loan, under section 80C, you can save up to INR 1.5 lakh on the principal amount. Similarly, as per section 24, you can also save up to 2 lakhs on the interest payable. In this way, you can make investing in real estate more affordable and also reduce a significant amount of taxable income.

4. Safe & Secured Investment Option

Real estate is a relatively safer investment option than other assets like stock markets and crypto. Stocks and bitcoin are too volatile investment avenues in uncertain conditions like pandemics, inflation woes and recession. Real estate, on the other hand, has witnessed consistent growth in the last few decades. With the introduction of the Real Estate Regulatory Authority (RERA), the lower interest rates on home loans, and lower stamp duty in a few states, sales in the real estate sector have further increased because of these factors.

Data could be broadly classified as follows:

- Primary data
- Secondary data

PRIMARY DATA

Primary data is known as the data collected for the first time through executives and thus happens to be original in character. Such data are collected with specified set of objectives to assess the current status of any variables studied. The primary data used for this project was collected using questionnaires. Primary data is collected on the basis of the below points:-

1. By using Reports of the last 3 months of goel ganga group
2. Observing the executives of goel ganga during the sessions with investors
3. Personal meets with Executives on weekly basis

SECONDARY DATA

Secondary data refers to the information or facts already collected and available for reference from sources such as library, website etc. Secondary data about the company profile and other details were collected from the company website and through personal discussion.

The secondary data on the other hand, are those which have already been collected by someone else and which have already been passed through the statistical reports.

The sources of gathering secondary data are detailed as follows:

1. The company's annual records
2. The company's trade journals
3. Company manuals and magazines
4. Websites

<https://www.wallstreetmojo.com>

<https://www.wsj.com> (Wall street journal)

<https://www.realestateindia.com/>

SAMPLE UNIT

Sample size : 100 Customers
Sample element: Goel Ganga Group
Sample unit : Customers of the outlet
Sample area : Nagpur

VI. CONCLUSION

In summary, a real estate investment analysis is similar to an appraisal. It must consider all the physical attributes of the real estate, the location, the functional adequacy for the intended use, the age and condition of the property, present or future need for capital improvements, and competitive position in its marketplace. It must consider external economic factors such as the economic base and demographic characteristics of the community, present and potential future market competition, and tendencies of the local real estate market. It must consider the myriad of internal economic factors including tenancy and leases, operating expenses, management requirements, tenant improvements and other requirements for funds. The possibility or probability of increased revenue due to built-in lease terms, turnover of tenants, inflation and market trends is particularly important to most investors. Financing in place, or available in the market, must be factored into the study. To conclude, the principal elements which make a real estate investment analysis something more than an appraisal are:

1. The analysis goes into more depth of study than is usually required for an appraisal.
2. The client's investment criteria need to be considered before, during, and after the analysis.
3. The long term future potential of the property, like in the project of Goel Ganga makes it more valuable due to its location which increases the investment value along with the performance of the sales of the project.
4. The results of the study include advice and counsel on an investment decision in addition to a factual report.

REFERENCES

- [1]. Investment Analysis: An Introduction To Portfolio Theory And Management Michael Dempsey, October 24, 2019.
- [2]. Quantitative Investment Analysis – Denis W. McLeavey, 2007.
- [3]. Investment Analysis And Portfolio Management- M. Ranganatham – 2002.
- [4]. Real Estate Investing: Master Commercial, Residential and Industrial Properties by Understanding Market Signs, Rental Property Analysis and Negotiation Strategies – Michael K. Brown - May 2018 · Pluto King Publishing · Narrated by Mutt Rogers
- [5]. Commercial Property Valuation: Methods and Case Studies (Wiley Finance) Hardcover – Import, 12 July 2019 by Giacomo Morri (Author), Paolo Benedetto (Author)
- [6]. How to Succeed in the Rental Property Business: Earn a Steady Income Renting Properties.
- [7]. Learn to Choose the Perfect Investment Property, Find and Keep Reliable Tenants and Achieve Financial Freedom - Marshall Noble Jul 2022 · Native Publisher LLC ·
- [8]. Narrated by Grant Ramsey and PIA NEBRADA
- [9]. Wall Street Mojo - <https://www.wallstreetmojo.com>
- [10]. Wall Street Journal - <https://www.wsj.com>
- [11]. Real Estate India - <https://www.realestateindia.com/>
- [12]. Commercial Property Investment: Pros, Cons, and Tips – Rahul Bansal -December 23, 2020 <https://propacity.in/>
- [13]. Property Share - <https://www.propertyshare.in>
- [14]. Investment Analysis Explained: Definition, Types, and Importance – Investopedia -
- [15]. <https://www.investopedia.com>