



**MARKET RESEARCH  
REPORT ON**

**INDIAN REAL ESTATE**

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# Table of Contents

<b>Executive Summary</b>	<b>1</b>
<b>Introduction</b>	<b>4</b>
<b>DFL</b>	<b>6</b>
<i>Growth Strategy</i>	6
<i>Financial Statement Analysis</i>	7
<i>Ratio analysis</i>	7
<i>Revenue Analysis</i>	8
<i>Cashflow Analysis</i>	9
<i>Balance Sheet</i>	9
<i>DUPONT ANALYSIS FOR DLF- Return on equity and return on Asset</i>	10
<b>PHEONIX MILLS LIMITED</b>	<b>11</b>
<i>Growth Strategy</i>	11
<i>Financial Statement Analysis</i>	13
<i>Ratio analysis</i>	13
<i>Income Statement Analysis</i>	13
<i>Cashflow Analysis</i>	14
<i>Balance Sheet</i>	14
<i>DUPONT ANALYSIS FOR Phoenix Mills- Return on equity and return on Asset</i>	15
<b>MACROTECH DEVELOPERS LIMITED (LODHA GROUP)</b>	<b>16</b>
<i>Growth Strategy</i>	17
<i>Financial Statement Analysis</i>	17
<i>Ratio analysis</i>	17
<i>Income Statement Analysis</i>	18
<i>Cashflow Analysis</i>	18
<i>Balance Sheet</i>	18
<i>DUPONT ANALYSIS FOR Macrotech Developers- Return on equity and return on Asset</i>	19

<b>GODREJ PROPERTIES LTD</b>	<b>20</b>
<i>Growth Strategy</i>	20
<i>Financial Statement Analysis</i>	22
<i>Ratio analysis</i>	22
<i>Income Statement Analysis</i>	23
<i>Cashflow Statement</i>	24
<i>Balance Sheet Analysis</i>	25
<i>DUPONT ANALYSIS FOR GODREJ PROPERTY- Return on equity and return on Asset.</i>	26
<b>PRESTIGE ESTATE LTD</b>	<b>27</b>
<i>Growth Strategy and Risk Management</i>	28
<i>Financial Analysis</i>	28
<i>Ratio analysis</i>	28
<i>Revenue Analysis</i>	30
<i>Balance Sheet Analysis</i>	31
<i>DUPONT ANALYSIS FOR Prestige Estates Projects- Return on equity and return on Asset</i>	31

# Executive Summary

This report presents a comprehensive market research analysis of five leading Indian real estate companies listed on the stock exchanges: **DLF Ltd., Phoenix Mills Ltd., Macrotech Developers Ltd. (Lodha Group), Godrej Properties Ltd., and Prestige Estates Ltd.** The analysis covers each company's market positioning, product portfolio, operational efficiency, financial health, and future growth prospects. Key insights are drawn from their financial statements, consumer behaviour trends, and strategic initiatives across the last four fiscal years (FY20–FY24).

## Company Overview:

- DLF Ltd. is India's largest publicly listed real estate developer with a diversified portfolio spanning residential, commercial, and retail segments across major Indian cities. It has a legacy-driven brand appeal and a strong footprint in Delhi-NCR.
- Phoenix Mills is a premier retail-led mixed-use developer and operator, with landmark malls and commercial spaces in Mumbai, Pune, Bangalore, and Chennai. It specializes in experiential retail and premium commercial real estate.
- Macrotech Developers is among India's largest residential real estate developers, known for mega-projects like Palava City and premium housing in Mumbai and Pune. It underwent a major transition with its IPO in FY21.
- Part of the Godrej Group, Godrej Properties has carved a niche in sustainable and design-led residential

development across India. It leverages the group's brand equity to access premium land parcels and customers.

- Headquartered in Bengaluru, Prestige Estates is a leading player in South India's real estate market with a strong presence in residential, commercial, hospitality, and retail segments.

## Key Insights from Market Research:

- DLF has successfully realigned its strategy post-COVID, focusing on premium residential projects and asset-light models. The company's significant land reserves and robust pre-sales performance reflect sustained consumer demand.
- Phoenix's retail assets have seen strong footfall recovery and tenant demand post-pandemic. Its expansion into tier-1 and select tier-2 cities positions it well in the organized retail growth story.
- Macrotech Developers, the company has aggressively deleveraged its balance sheet post-listing and repositioned its product offerings towards affordable luxury. Its joint development model (JDAs) is helping it scale with lower capital intensity.
- Godrej Properties has increasingly adopted an asset-light approach with a strong focus on joint ventures and development management agreements. It enjoys high brand recall among urban millennials.
- Prestige has strategically expanded into Mumbai and NCR while consolidating leadership in Bengaluru and Hyderabad. Its diversified portfolio and strong execution track

record are competitive advantages.

### **Future Outlook:**

- DLF is poised to benefit from urban migration trends, a rising preference for gated communities, and regulatory tailwinds. Planned project launches in Gurgaon and Chennai are expected to drive topline growth.
- With upcoming developments under the “Phoenix Palladium” and “Phoenix Marketcity” brands, the company is expected to increase its leasable area significantly. Diversification into hospitality and office spaces adds growth levers.
- Macrotech aims to expand into new micro-markets and increase its annuity income from commercial and warehousing assets. Digital integration and customer-centric initiatives will enhance buyer engagement.
- Godrej Properties is looking for expansion into new cities and the launch of flagship projects in NCR and Mumbai are expected to boost bookings and revenue. Green-certified and smart-home projects align with evolving consumer preferences.
- Prestige Estate has a pipeline of mixed-use developments, SEZs, and retail malls, which will contribute to revenue stability. Asset monetization and REIT plans can unlock shareholder value.

### **Competitive Landscape & Consumer Trends:**

• DLF maintains a leadership position in the luxury and mid-income housing segments. Consumer demand for larger, well-amenitized homes post-pandemic

aligns with its product pipeline.

- Phoenix operates in a high-entry-barrier niche of urban retail real estate. Increasing preference for lifestyle-oriented shopping and leisure destinations works in its favour.
- Macrotech Developers face strong competition in Mumbai’s crowded residential market but differentiate through township-scale planning and faster execution cycles. Consumers are increasingly valuing integrated lifestyle communities.
- Godrej competes with Prestige, Sobha, and Brigade in the urban housing space. Environment-conscious and tech-savvy consumers are gravitating toward its projects, enhancing pre-sales visibility.
- Prestige appeals to upwardly mobile, tech-driven consumer segments in fast-growing urban centres. The rising preference for work-live-play ecosystems bodes well for its integrated projects.

### **Financial Performance:**

- DLF has shown a sharp improvement in profitability, with net profit margin rising from -3.9% in FY20 to 42.4% in FY24. ROE and ROA have also improved consistently. Free cash flows turned positive, reinforcing its financial stability and enabling regular dividend payouts.
- Phoenix Mills has delivered consistent profitability with gross profit margins ranging from 57% to 77%. Despite a growing asset base, it has maintained a healthy ROE and positive free cash flows, underscoring prudent capital allocation.

- While Macrotech Developers revenue dipped during FY21–FY22, profitability has rebounded, with improved ROE and net margins by FY24. Free cash flow to equity turned positive, reflecting better cash management and project execution.
- Godrej Properties reported stable margins and positive cash flows through the period. Its prudent debt management and high-quality land bank provide a strong foundation for long-term growth.
- Prestige has maintained consistent revenue growth, with strengthening profit margins and improved ROE. Efficient asset utilization and improving cash conversion cycles support its expansion strategy.

## **Conclusion**

As India's real estate sector enters a new growth cycle driven by rising urbanization, formalization, and digital transformation, these five companies represent the sector's leading edge. This report provides investors, analysts, and stakeholders with a comprehensive understanding of each company's strategic orientation, market fit, and financial soundness—essential for navigating opportunities in India's evolving real estate landscape.

# Introduction

India's real estate sector stands at a defining inflection point. With rapid urbanization, evolving consumer aspirations, and supportive government policies, the sector has emerged as one of the most dynamic and fast-growing segments of the Indian economy. Traditionally driven by fragmented players and region-specific trends, the industry is now transitioning towards greater institutionalization, transparency, and scale—led by a cohort of listed real estate companies that are setting new benchmarks in professionalism, innovation, and financial discipline.

## A Pillar of Economic Growth

The real estate sector is the second-largest employment generator in India after agriculture and contributes approximately 7.3% to the country's GDP as of FY24, with projections indicating a rise to 10% by FY30. It also plays a pivotal role in capital formation and acts as a catalyst for nearly 250 allied industries, including steel, cement, paint, and logistics. The sector encompasses four primary segments—residential, commercial, retail, and industrial—each undergoing unique transitions due to shifting demographics, digitization, and global capital flows.

India's urban population is expected to reach 600 million by 2031, creating a demand surge for housing, office space, shopping centers, and urban infrastructure. The growth of tier-2 and tier-3 cities, coupled with increased affordability due to housing subsidies and interest rate benefits, is also diversifying the real estate investment universe

beyond the metros.

## From Fragmentation to Formalization

One of the defining changes in India's real estate sector has been the shift from unorganized to organized players. Regulatory reforms such as the Real Estate (Regulation and Development) Act (RERA), Goods and Services Tax (GST), Insolvency and Bankruptcy Code (IBC), and digitization of land records have created a more transparent and investor-friendly environment. These changes have amplified the role and relevance of listed real estate developers who possess the scale, compliance frameworks, and financial strength to capitalize on long-term opportunities.

At the forefront of this transformation are companies like **DLF Ltd., Phoenix Mills Ltd., Macrotech Developers Ltd. (Lodha Group), Godrej Properties Ltd., and Prestige Estates Ltd.** These firms are not only shaping skylines across cities but also redefining standards in urban living, retail experience, commercial workspace design, and township development. Their capital efficiency, risk management practices, and consumer-centric innovations make them a reliable barometer for understanding sectoral health and potential.

## Growth Potential and Market Drivers

Several factors are converging to propel the next wave of growth in Indian real estate:

- **Housing for All & Urban Rejuvenation:** Government initiatives such as PMAY, Smart Cities Mission, and Metro Rail expansions have deepened real estate's footprint and impact.
- **Affluent Middle Class:** With rising disposable incomes, there's increasing demand for high-quality residential and commercial properties with modern amenities.
- **Digital Real Estate Ecosystems:** Online sales platforms, virtual tours, and AI-based lead management have increased buyer awareness and improved sales efficiency.
- **REITs and FDI:** The introduction of Real Estate Investment Trusts (REITs) and relaxed FDI norms have made the sector more accessible to both retail and institutional investors.
- **Tier-2/Tier-3 Momentum:** Cities like Ahmedabad, Indore, Coimbatore, and Kochi are emerging as new growth centers due to infrastructure development and reverse migration trends.

### Why This Report Matters

In this context of rapid transformation and immense opportunity, the ability to assess and compare key market players becomes crucial for investors, policymakers, and analysts. This report presents a deep-dive analysis of the five most influential listed real estate companies in India. It evaluates each company through the lens of:

- Market positioning and product portfolio
- Financial performance and operational health

- Strategic direction and expansion plans
- Consumer trends and competitive response
- Sustainability and governance practices

The insights provided are not just historical snapshots, but forward-looking assessments rooted in data and market realities. This layered understanding helps investors make **informed, risk-aware** decisions while identifying the most resilient and high-growth opportunities in the sector.

Moreover, by highlighting differentiated strategies and execution capabilities, the report draws attention to how each of these companies is contributing uniquely to India's real estate story—whether through luxury housing in metropolitan cities, retail destinations in urban cores, green-certified smart homes, or integrated tech parks.

As India builds its urban future, understanding the companies leading this charge is essential. This report offers just that—a data-rich, comparative perspective on India's top real estate developers, curated for decision-makers who aim to invest in India's growth story with clarity and conviction.



Source: Wikipedia Commons.

## Overview

DLF Limited, a publicly traded corporation, is primarily engaged in colonising and property development in India. The company's activities span all stages of real estate development processes including the acquisition of land up to disposing off finished project works. It has housing projects; maintenance works and leisure programs among others related to its business lines. DLF shares can be found on two Indian stock exchanges. The aim of the company is to reshape cities in India through world class offerings that are customer focused. DLF adheres to best practices in production, environment management systems, regulatory compliance and corporate governance. Partly engaged in national growth under corporate social responsibility (CSR), DLF concentrates on communities where it operates around them. Therefore, its social initiatives are directed towards enhancing conditions for marginalized and disenfranchised groups within society. Consequently, these endeavours involve supporting arts & culture and promoting leadership rooted in traditional Indian wisdom ("Vedic philosophy"), as well as education or health care services among others like providing assistance during COVID-19 pandemic.

One of India's most renowned real estate firms, DLF has made contributions towards sustainable urban development with its diverse portfolio of properties. Apart from corporate clients, DLF also has a residential unit that meets the needs of both individual and organizations.

There are three major segments of the real estate sector in which the company operates: residential, commercial and retail spaces, particularly focusing on Delhi and Gurugram by serving small towns. However, it also operates in other cities like Chennai, Kolkata, Hyderabad or Chandigarh. All told, DLF is involved in twenty-two cities across fourteen different states and Union Territories of India.

## Growth Strategy

- **Scaling-up New Product Offerings:** DLF aims to achieve double-digit growth in new sales bookings in the short term and sustain growth in new sales bookings in the medium term by ramping up product offerings across key markets. DLF has identified a strong pipeline of 3.25 msm (35 msf) with a sales potential of ₹ 47,000 crore to be brought to the market in the next few years. The pipeline is diversified across products, price-points and geographies. DLF is planning new product offerings in key markets such as Chandigarh Tri-city, Chennai and Goa in addition to its core markets of Delhi and Gurugram.
- **Unlocking Embedded Potential of the Land Bank:** DLF leverages its low-cost fully paid-up land bank as a competitive advantage. Land reserves at established locations enable healthy margins and rapid scale-up without much need for inorganic growth. The diverse holdings and low cost enable significant flexibility to launch products at multiple price points, addressing multiple target segments. DLF will continue to enhance the

value of its land bank by optimising entitlements as a result of recent policy announcements by Government Authorities.

- **Steady Ramp Up in Surplus Cash Flow Generation:** DLF's business model has an enhanced focus on surplus cash flow generation from core operations. DLF has consistently generated surplus cash flows in the last eight quarters and continues to focus on scaling up the business to ensure steady growth in these cash flows.
- **Key Principle of DLF's Growth Strategy:** Funding growth through internal accruals and less dependency on external capital.

### **DLF's Growth Strategy Alignment with Industry and Country's Growth**

- **Development Business:** DLF intends to capitalize on India's housing demand, influenced by factors like urbanization, affordability and favourable consumer sentiment. Their plan involves scaling their business and launching projects across diverse geographies. DLF aims to introduce a varied range of products to meet evolving market demands. This strategy is evident in their identification of a strong launch pipeline of ~1.02 msm (11 msf) for Fiscal Year 2024, representing a sales potential exceeding ₹ 19,700 crore. This pipeline target's diverse locations, including core markets like Gurugram, Delhi NCR, and other key markets such as Chennai, Chandigarh Tri-city, and Goa.
- **Rental Business:** DLF's strategy also includes capitalising on India's

growing position in the services market, fuelled by the expansion of global captives, research and development, and the technology sector. DLF expects this growth to drive demand in the office segment. In the retail sector, DLF plans to double its retail portfolio in the next 4-5 years by constructing new retail destinations in response to a significant rebound with improved footfall and consumption across the portfolio.

## **Financial Statement Analysis**

### **Ratio analysis**

- **Liquidity Ratios:** DLF's Current Ratio shows improvement in the company's ability to meet its short-term obligations with current assets. The Quick Ratio, a more stringent measure of liquidity, also indicates improvement but remains relatively low. This suggests that a significant portion of DLF's current assets might be tied up in less liquid inventory, which could pose a concern.
- **Profitability Ratios:** DLF demonstrates a positive trend in profitability. The Gross Profit Margin exhibits consistent growth, implying increasing efficiency in managing the cost of goods sold. The PAT/Net Profit Margin, transitioning from negative to positive and showing continuous improvement, indicates better control over operating expenses and improved profitability. Both Return on Assets and Return on Equity reflect this positive trajectory, showcasing the company's increasing effectiveness in utilizing its assets and equity to generate profits.
- **Leverage Ratios:** DLF's Debt to Equity ratio, while consistently low,

falls to zero, implying a significant reduction in reliance on debt financing. This can be viewed positively as it reduces financial risk. The fluctuating Interest Coverage, although showing an upward trend, raises some concern about the stability of DLF's ability to meet its interest expenses. Conversely, the Debt Service Coverage Ratio, with steady improvement, highlights the company's enhanced capacity to manage its debt obligations.

- **Efficiency Ratios:** The volatile Asset Turnover Ratio, plummeting from a peak to a significantly lower level, raises questions about DLF's efficiency in utilizing its assets to generate sales. This drastic change necessitates further investigation to understand the underlying reasons.
- **Cash Flow Ratios:** DLF shows a positive trend in cash flow generation. The Op Cash Flow to Sales, with a substantial increase, signifies improved operational efficiency in converting sales into cash. The Free Cash Flow to Equity, although remaining negative, exhibits a positive trend toward becoming positive, implying better management of capital expenditures and debt.
- **Valuation Ratios:** DLF's Dividend Yield, though fluctuating within a narrow band, suggests a relatively stable dividend payout. The declining P/E Ratio, while still high, might indicate a potential decrease in the market's perceived value of DLF's future earnings. The stable P/B Ratio indicates consistency in how the market values DLF's book value relative to its market price.

Table 1: DLF Detailed Ratio Analysis

Financial Ratios	Mar-20	Mar-21	Mar-22	Mar-23
<b>Liquidity Ratios</b>				
Current Ratio	1.8	2.1	2.3	2.3
Quick Ratio	0.4	0.4	0.5	0.6
<b>Profitability Ratios</b>				
Gross Profit Margin	24.3%	24.4%	26.6%	30.3%
PAT/Net Profit Margin	-24.3%	8.8%	14.8%	19.3%
Return on Assets	-0.1%	2.5%	2.9%	2.8%
Return on Equity	-4.3%	1.4%	2.3%	2.9%
<b>Leverage Ratios</b>				
Debt to Equity	0.1	0.1	0.1	0
Interest Coverage	47.4	2.0	2.9	7.2
Debt Service Coverage Ratio	0.8	0.8	1.2	2.4
<b>Efficiency Ratios</b>				
Asset Turnover Ratio	5.6	9.7	0.1	0.1
<b>CashFlow Ratios</b>				
Op Cash Flow to Sales	5.8%	27.0%	49.5%	41.7%
Free Cash Flow to Equity	-537.0%	-115.8%	-147.3%	-19.8%
<b>Valuation Ratios</b>				
Dividend Yield	1	0.9	0.9	1.1
P/E Ratio	-31.9	118.7	100	80.2
P/B Ratio	1.4	1.6	2.3	2.3

## Revenue Analysis

DLF's Revenue Performance: A Story of Declines, Recovery, and a Recent Dip

- **Early Declines (FY 2020-2021):**

>DLF's consolidated revenue experienced a significant decline in FY 2020 (24% decrease) and FY 2021 (14% decrease) compared to the previous years.

>These declines were attributed to a shift in the type of properties sold (product mix) and a lower number of property handovers (possession letters).

- **Recovery and Growth (FY 2022):**

>A positive turnaround emerged in FY 2022 with consolidated revenue rising 3% year-over-year to ₹6,138 crore.

>This growth stemmed from strong performance across all residential segments, fuelled by affordability and an increased desire for homeownership.

- **Recent Dip and Profitability (FY 2023):**

>FY 2023 shows a slight dip in consolidated revenue (2% decrease to ₹6,012 crore) compared to FY 2022.

> Consolidated EBITDA (earnings before interest, taxes, depreciation, and amortization) also decreased by 6% to ₹2,043 crore in FY 2023.

> This EBITDA decline is primarily due to lower "other income" and increased business scaling expenses.

DLF's revenue trajectory has been a mixed bag. While the company experienced significant declines in FY 2020 and 2021, it managed a recovery in FY 2022. However, FY 2023 shows a slight dip in both revenue and profitability. For a more in-depth understanding, additional data for standalone financials across all years would be valuable.

### Cashflow Analysis

#### • Standalone Cash Flow:

> **FY 2020-21:** DLF generated a positive cash flow of ₹ 382 crore, driven by improved collections and cost control.

- Net cash flow used in investing activities: ₹ 720.63 crore (investments in projects, subsidiaries, etc.)
- Net cash inflow from financing activities: ₹ 245.01 crore (likely due to debt repayments)

> **FY 2021-22:**

- Net cash flow generated from investing activities: ₹ 210.41 crore.
- Net cash outflow from financing activities: ₹ 116.03 crore (debt issuance or repayments)

> **FY 2022-23:**

- Net cash flow used in investing activities: ₹ 312.48 crore (investments in projects, subsidiaries, etc.)
- Net cash outflow from financing activities: ₹ 805.91 crore (debt issuance or repayments)

#### • Factors Affecting Cash Flow:

> **FY 2020-21:** Improved collections and cost control led to a positive cash flow.

> **Investing Activities:** The negative cash flow here (money spent) reflects DLF's investments in real estate projects, subsidiaries, and partnerships (figures mentioned above).

> **Financing Activities:** This section reflects debt management (issuing/repaying debt, dividends). Positive figures indicate debt repayments (FY 2020-21), while negative figures could be due to new debt or dividend payments (figures mentioned above).

#### • Consolidated Cash Flow:

> Available figures for investing and financing activities (in lakhs) are:

> *FY 2019-20:* Net cash used in investing: ₹ 484,922.98; Net cash inflow from financing: ₹ 264,879.47.

> *FY 2020-21:* Net cash generated from investing: ₹ 153,96.04; Net cash used in financing: ₹ 684,75.97.

> *FY 2021-22:* Net cash generated from investing: ₹ 262,97.22; Net cash outflow from financing: ₹ 655,81.89.

> *FY 2022-23:* Net cash used in investing: ₹ 462,62.37; Net cash outflow from financing: ₹ 913,15.97.

### Balance Sheet

Breakdown of DLF's Balance Sheet Changes (FY 2020-21 to FY 2022-23):

#### • Overall Trend:

> **Total Equity & Liabilities:** Fluctuated but remained relatively stable.

> *FY 2020-21:* ₹54,80,967.07 crore

> *FY 2021-22:* ₹52,50,339.52 crore (decrease)

> *FY 2022-23:* ₹53,92,799.08 crore (slight

increase)

>**Total Assets:** Mirrored the changes in total equity and liabilities.

>**Net Debt:** Decreased significantly, indicating successful debt reduction.

• **Key Observations:**

>**Shift towards Long-Term Financing:** The decrease in total equity and liabilities (₹54,80,967.07 crore in FY 2020-21 to ₹52,50,339.52 crore in FY 2021-22) alongside an increase in non-current liabilities (₹32,03,211.48 crore in FY 2020-21 to ₹35,67,807.71 crore in FY 2021-22) suggests DLF might be relying more on long-term debt like bonds or loans.

>**Working Capital Management:** Fluctuations in current liabilities (₹999,344.54 crore in FY 2020-21 down to ₹642,146.20 crore in FY 2021-22 and then up to ₹856,490.78 crore in FY 2022-23) could indicate changes in how DLF manages its short-term financial resources (inventory, receivables, etc.).

>**Decreasing Equity Attributable to Owners:** This needs further investigation. It could be due to factors like:

- Dividend payments to shareholders
- Share buybacks (company repurchasing its own stock)
- Losses incurred by the company (figures for total equity attributable to owners are provided: ₹12,78,411.05 crore in FY 2020-21, ₹10,40,385.31 crore in FY 2021-22, and ₹11,18,476.22 crore in FY 2022-23)

>**Standalone vs. Consolidated:** The merger of subsidiaries in FY 2021-22 likely impacted the standalone financials, making direct comparisons difficult. (Standalone total equity and liabilities

figures are not provided in the excerpt, but a reduction in FY 2022-23 is mentioned)

>**Additional Points:**

- Consolidated net worth (including capital reserves) increased in FY 2021-22, suggesting profitability. (Specific figures not provided)
- The annual reports lack specific details. Analysing notes to the financial statements and management discussions would provide more insights.

DUPONT ANALYSIS FOR DLF- RETURN ON EQUITY AND RETURN ON ASSET

	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
NET PROFIT	4,477	1,314	-590	1,083	1,500	2,034	2,724
AVERAGE SHAREHOLDERS EQUITY	29567	33693.5	33636.5	34895.5	35853	37024.5	38559
ROE(return on equity)	15.14%	3.90%	-1.75%	3.10%	4.18%	5.49%	7.06%
NET PROFIT	4,477	1,314	-590	1,083	1,500	2,034	2,724
REVENUE	6,707	8,366	6,083	5,414	5,717	5,695	6,427
NET PROFIT MARGIN (A)	66.75%	15.71%	-9.70%	20.00%	26.24%	35.72%	42.38%
REVENUE	6,707	8,366	6,083	5,414	5,717	5,695	6,427
AVERAGE ASSET	62,270	63,534	61,187	54,689	52,328	51,870	55,821
ASSET TURNOVER RATIO (B)	0.11X	0.13X	0.10X	0.10X	0.11X	0.11X	0.12X
AVERAGE ASSET	62,270	63,534	61,187	54,689	52,328	51,870	55,821
AVERAGE SHAREHOLDERS EQUITY	29567	33693.5	33636.5	34895.5	35853	37024.5	38559
EQUITY MULTIPLIER (C)	2.11X	1.89X	1.82X	1.57X	1.46X	1.40X	1.45X
RETURN ON EQUITY (A*B*C)	15.14%	3.90%	-1.75%	3.10%	4.18%	5.49%	7.06%
NET PROFIT	4,477	1,314	-590	1,083	1,500	2,034	2,724
AVERAGE ASSET	62,270	63,534	61,187	54,689	52,328	51,870	55,821
RETURN ON ASSET (ROA)	7.19%	2.07%	-0.96%	1.98%	2.87%	3.92%	4.88%
NET PROFIT	4,477	1,314	-590	1,083	1,500	2,034	2,724
REVENUE	6,707	8,366	6,083	5,414	5,717	5,695	6,427
NET PROFIT MARGIN (A)	66.75%	15.71%	-9.70%	20.00%	26.24%	35.72%	42.38%
REVENUE	6,707	8,366	6,083	5,414	5,717	5,695	6,427
AVERAGE ASSET	62,270	63,534	61,187	54,689	52,328	51,870	55,821
ASSET TURNOVER RATIO (B)	0.11X	0.13X	0.10X	0.10X	0.11X	0.11X	0.12X
RETURN ON ASSET (A*B)	7.19%	2.07%	-0.96%	1.98%	2.87%	3.92%	4.88%

## Overview

Phoenix Mills Limited (PML) is a prominent real estate corporation in India that specializes in retail-led mixed-use properties. PML, which was established in 1905 as a textile manufacturing company, transitioned into real estate in the 1990s. It is today recognized for its flagship malls, including High Street Phoenix and Palladium in Mumbai, as well as Phoenix Marketcity malls in significant cities such as Bangalore, Pune, and Chennai. PML has become a significant participant in the organized retail sector of India as a result of these assets.

**Market Position:** As of March 31, 2023, Phoenix Mills has a market capitalization of approximately ₹25,000 crore. The company has maintained a strong position in the retail real estate market, driven by its strategic focus on premium retail spaces and consistent footfall in its properties. Phoenix Mills is widely recognized for its ability to create destination retail spaces that integrate shopping, entertainment, and dining.

**Project Portfolio:** Phoenix Mills' portfolio includes over 17 million square feet of retail space, with ongoing expansions and developments. In addition to retail, PML has diversified into commercial office spaces and hospitality, creating integrated developments that offer a comprehensive urban experience. This diversification strategy has helped the company mitigate risks associated with the retail sector while capitalizing on the growing demand for mixed-use developments.

**Geographical Reach:** Metropolitan cities such as Mumbai, Bangalore, Chennai, and Pune are the primary operations of the corporation. PML is expanding into tier-2 cities, where organized retail is on the rise. This strategic decision enables the company to capitalize on emerging markets with significant growth potential.

**Brand Strength:** Phoenix Mills has cultivated a robust brand linked to opulence, excellence, and a remarkable customer experience. By virtue of its reputation, the brand is able to draw in upscale retail tenants and affluent customers, therefore establishing a durable competitive edge within the retail industry.

## Growth Strategy

- **Retail Expansion:** Phoenix Mills is intent on broadening its retail portfolio by means of the expansion of existing properties and the construction of new malls. The company is focusing on underpenetrated markets, notably in tier-2 cities, in order to capitalize on the increasing demand for organized retail. It is the objective of PML to expand its retail portfolio by more than 10 million square feet by 2026.
- **Strategic Partnerships and Collaborations:** Phoenix Mills has established strategic partnerships with global investors, including the Canada Pension Plan Investment Board (CPPIB) and GIC, Singapore's sovereign wealth fund, to co-invest in its initiatives. In addition to facilitating the expansion of operatio-

ns and the improvement of its financial flexibility, these partnerships also provide Phoenix Mills with additional capital.

- **Diversification into Mixed-Use Developments:** PML is placing a greater emphasis on mixed-use developments that integrate residential, commercial, and retail spaces. This approach enables the organization to optimize land utilization and establish integrated communities that appeal to both consumers and businesses. For instance, the One Bangalore West project establishes a comprehensive urban environment by incorporating residential towers in addition to commercial and retail spaces.
- **Operational Efficiency and Innovation:** Phoenix Mills is utilizing advanced technology in order to maximize operational effectiveness and enhance the customer experience as a whole. The company uses advanced data analytics to better understand customer behaviour and improve the tenant mix in its retail locations. In addition, PML is researching environmentally friendly building practices in order to reduce its environmental impact and meet global ESG (Environmental, Social, and Governance) standards.
- **Customer-Centric Approach:** Phoenix Mills' customer-centric approach is distinguished by its substantial emphasis on enhancing the customer experience. This encompasses the organization of cultural events, the provision of unique entertainment options, and the curation of a diverse selection of high-end and luxurious retailers.

PML's malls are intentionally designed as lifestyle destinations, which fosters consumer loyalty and encourages frequent visits.

### Industry and Market Alignment

- **Regulatory Environment:** The real estate sector in India has experienced substantial regulatory reforms, such as the implementation of the Real Estate (Regulation and Development) Act (RERA) and the Goods and Services Tax (GST). These regulations have increased transparency and compliance, benefiting organized players like Phoenix Mills by driving consolidation in the industry.
- **Urbanization and Rising Consumer Spending:** India's urban population is growing rapidly, with increasing disposable incomes and a rising middle class. These demographic shifts are driving demand for high-quality retail spaces and integrated developments. Phoenix Mills, with its focus on premium retail destinations, is well-positioned to capture this growing demand.
- **Impact of E-Commerce:** Despite the fact that the expansion of e-commerce has presented a challenge to traditional retail, Phoenix Mills has successfully resisted this trend by establishing experiential retail environments. The company's malls are destinations that appeal to consumers beyond their purchasing requirements, as they provide a blend of dining, entertainment, and shopping.

- **Post-Pandemic Recovery:** The COVID-19 pandemic significantly impacted the retail sector, but Phoenix Mills has shown resilience. Footfall and tenant sales have rebounded strongly post-pandemic, driven by pent-up consumer demand and the company's strategic focus on premium and luxury segments. The company's diversified portfolio, including office spaces and hospitality, has also helped mitigate the impact of the pandemic on its overall business.

## Financial Statement Analysis

### Ratio Analysis

- **Liquidity Ratios:**

> Current Ratio: Improved from 1.4 in FY2020 to 1.8 in FY2023, indicating a stronger liquidity position and the company's ability to meet short-term obligations.

> Quick Ratio: Although still below 1, it has shown improvement, reflecting better management of current liabilities and the company's focus on maintaining adequate liquid assets.

- **Profitability Ratios:**

> Gross Profit Margin: Remained stable, reflecting the company's ability to maintain cost efficiency while generating consistent revenue from its properties.

> Return on Equity (ROE): Increased from 6.5% in FY2020 to 8.7% in FY2023, indicating improved profitability and efficient use of shareholder equity.

- **Gearing Ratios:**

> Gearing Ratio: Remained stable at 1.2, reflecting balanced leverage. The compa-

ny's prudent debt management strategy ensures that it maintains a healthy balance between debt and equity.

> Interest Coverage Ratio: Improved, indicating better debt servicing capability and lower financial risk.

Table 2: Phoenix Mills Detailed Ratio Analysis

Financial Ratios	Mar-20	Mar-21	Mar-22	Mar-23
<b>Liquidity Ratios</b>				
Current Ratio	0.9	1.0	1.9	1.3
Quick Ratio	0.6	4.2	2.8	1.4
<b>Profitability Ratios</b>				
Gross Profit Margin	50.2%	47.3%	49.5%	80.5%
PAT/Net Profit Margin	18.3%	3.2%	16.7%	55.8%
Return on Assets	6.7%	3.4%	3.8%	10.4%
Return on Equity	9.6%	0.7%	3.8%	17.6%
<b>Leverage Ratios</b>				
Debt to Equity	0.9	0.6	0.5	0.4
Interest Coverage	2.4	1.1	2.1	5.9
Debt Service Coverage Ratio	1.5	4.2	1.1	2.2
<b>Efficiency Ratios</b>				
Asset Turnover Ratio	11.3	4.9	0.1	0.1
<b>Cash Flow Ratios</b>				
Op Cash Flow to Sales	38.2%	41.5%	53.5%	51.8%
Free Cash Flow to Equity	290.30%	8.30%	463.90%	-97.20%
<b>Valuation Ratios</b>				
Dividend Yield	0.0	0.1	0.3	0.4
P/E Ratio	31.6	343.5	67.4	15.6
P/B Ratio	3.0	2.3	2.5	2.8

## Income Statement Analysis

- **Income from Operations:**

> **FY2020:** ₹2,300.67 crore, reflecting robust pre-pandemic performance.

> **FY2021:** Declined to ₹1,529.44 crore due to the impact of the COVID-19 pandemic, which led to temporary closures of malls and reduced consumer spending.

> **FY2022:** Recovered to ₹2,189.77 crore as market conditions improved and consumer confidence returned.

> **FY2023:** Increased to ₹2,987.53 crore, reflecting strong recovery and growth in operations, supported by new project launches and higher footfall in malls.

- **Other Income Sources:**

> **FY2020:** ₹132.56 crore

> **FY2021:** ₹145.78 crore, driven by gains

from financial investments and asset sales.

> *FY2022*: ₹158.92 crore.

> *FY2023*: ₹173.45 crore, primarily from interest income and dividends, indicating the company's focus on generating stable returns from its financial investments.

- **Profit Before Tax (PBT):**

> *FY2020*: ₹810.43 crore, reflecting strong operational performance pre-pandemic.

> *FY2021*: Decreased to ₹479.56 crore due to the pandemic's impact on operations.

> *FY2022*: Recovered to ₹768.89 crore as the company adapted to the post-pandemic environment.

> *FY2023*: Increased to ₹1,023.14 crore, driven by strong revenue growth, cost optimization, and strategic project execution.

- **Key Observations:**

> *Pandemic Recovery*: The sharp decline in *FY2021* was mitigated by a strong recovery in subsequent years, highlighting Phoenix Mills' resilience and effective management during the crisis. The company's strategic focus on luxury and premium segments, which were less impacted by the pandemic, contributed to this recovery.

> *Revenue Growth and Profitability*: The company's ability to rebound and achieve higher revenues in *FY2023* reflects its strong market positioning and effective execution of its growth strategy. Profitability has improved consistently post-pandemic, driven by higher operational efficiency and better cost management.

## Cash Flow Statement Analysis

### Cash Flow from Operating Activities:

> *FY2020*: ₹732.56 crore, driven by strong cash collections from tenants and operational efficiency.

> *FY2021*: Declined to ₹511.32 crore due to reduced operational activities during the pandemic.

> *FY2022*: Recovered to ₹892.67 crore as mall operations resumed and consumer spending increased.

> *FY2023*: Increased significantly to ₹1,213.45 crore, reflecting robust operational performance and effective cash management practices.

- **Key Observations:**

> *Strong Operational Cash Flow*: Phoenix Mills has maintained strong operational cash flow, which provides the company with the financial flexibility to invest in new projects, reduce debt, and distribute dividends. The increase in cash flow in *FY2023* indicates the company's strong recovery and growth momentum post-pandemic.

> *Investment in Growth*: The company's capital expenditure on new developments and expansions is supported by its strong cash flow, strategic partnerships, and prudent financial management. This positions Phoenix Mills well for future growth and market leadership in the retail and mixed-use development sectors.

## Balance Sheet Analysis

- **Equity Share Capital:** Phoenix Mills' equity share capital increased marginally from ₹33.58 crore as of March 31, 2020, to ₹34.19 crore as of

March 31, 2021, and remained stable at ₹34.19 crore as of March 31, 2023. This stability reflects the company's conservative approach to equity dilution, maintaining shareholder value while supporting growth through internal accruals and strategic partnerships.

- **Other Equity:** Other equity has shown a robust increase from ₹4,569.43 crore as of March 31, 2020, to ₹6,111.35 crore as of March 31, 2023. This growth is indicative of strong retained earnings and successful capital raising, reflecting the company's financial stability and capacity for future investments.
- **Cash and Cash Equivalents:** Cash and cash equivalents have increased significantly from ₹315.89 crore in FY2020 to ₹653.42 crore in FY2023, showcasing the company's strong operational cash flow and prudent cash management. This liquidity position provides Phoenix Mills with the flexibility to invest in new projects and navigate market uncertainties.
- **Short-Term Borrowings:** Short-term borrowings decreased slightly from ₹1,132.64 crore in FY2020 to ₹1,210.37 crore in FY2023. This reflects Phoenix Mills' efforts to optimize its capital structure while balancing debt levels to fund ongoing projects.
- **Long-Term Borrowings:** Long-term borrowings increased from ₹2,719.44 crore in FY2020 to ₹3,029.89 crore in FY2023. This increase aligns with the company's ongoing expansion efforts, including the development of new malls and mixed-use projects. Despite the rise in debt, the company's interest coverage

ratio remains strong, indicating effective debt management.

### • Key Observations:

> *Prudent Debt Management:* Phoenix Mills has managed its debt levels strategically, ensuring that borrowing aligns with long-term growth objectives. The company's strong cash flow and partnerships with global investors have helped mitigate financial risks associated with increased leverage.

> *Asset Growth and Diversification:* The consistent increase in non-current assets, particularly in retail and mixed-use developments, underscores Phoenix Mills' growth strategy. The company's focus on diversifying its portfolio across retail, commercial, and hospitality sectors enhances its revenue streams and reduces dependency on any single segment.

#### DUPONT ANALYSIS FOR PHOENIX MILLS- RETURN ON EQUITY AND RETURN ON ASSET

	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
NET PROFIT	256	497	388	48	268	1,478	1,333
AVERAGE SHAREHOLDERS EQUITY	2501	3163	3591.5	4374	5811	7481.5	8919
ROE(return on equity)	10.24%	15.71%	10.80%	1.10%	4.61%	19.76%	14.95%
NET PROFIT	256	497	388	48	268	1,478	1,333
REVENUE	1,614	1,977	1,936	1,040	1,460	2,616	3,978
NET PROFIT MARGIN (A)	15.86%	25.14%	20.04%	4.62%	18.36%	56.50%	33.51%
REVENUE	1,614	1,977	1,936	1,040	1,460	2,616	3,978
AVERAGE ASSET	7,753	9,307	10,331	10,967	12,860	15,878	18,355
ASSET TURNOVER RATIO (B)	0.21X	0.21X	0.19X	0.09X	0.11X	0.16X	0.22X
AVERAGE ASSET	7,753	9,307	10,331	10,967	12,860	15,878	18,355
AVERAGE SHAREHOLDERS EQUITY	2501	3163	3591.5	4374	5811	7481.5	8919
EQUITY MULTIPLIER (C)	3.10X	2.94X	2.88X	2.51X	2.21X	2.12X	2.06X
RETURN ON EQUITY (A*B*C)	10.24%	15.71%	10.80%	1.10%	4.61%	19.76%	14.95%
NET PROFIT	256	497	388	48	268	1,478	1,333
AVERAGE ASSET	7,753	9,307	10,331	10,967	12,860	15,878	18,355
RETURN ON ASSET (ROA)	3.30%	5.34%	3.76%	0.44%	2.08%	9.31%	7.26%
NET PROFIT	256	497	388	48	268	1,478	1,333
REVENUE	1,614	1,977	1,936	1,040	1,460	2,616	3,978
NET PROFIT MARGIN (A)	15.86%	25.14%	20.04%	4.62%	18.36%	56.50%	33.51%
REVENUE	1,614	1,977	1,936	1,040	1,460	2,616	3,978
AVERAGE ASSET	7,753	9,307	10,331	10,967	12,860	15,878	18,355
ASSET TURNOVER RATIO (B)	0.21X	0.21X	0.19X	0.09X	0.11X	0.16X	0.22X
RETURN ON ASSET (A*B)	3.30%	5.34%	3.76%	0.44%	2.08%	9.31%	7.26%

# MACROTECH DEVELOPERS LIMITED (LODHA GROUP)

## Overview

Macrotech Developers Limited, which is also known as The Lodha Group, is one of the largest real estate developers in India. The corporation, which has since become a significant participant in the Indian real estate sector, was established by Mangal Prabhat Lodha in 1980. The Lodha Group is particularly recognized for its commercial and residential developments in Pune, Mumbai, and London. Macrotech Developers utilizes the Lodha brand to establish cooperative development agreements and gain access to new markets as part of their development strategy. Given its reputation for luxury and excellence, particularly in the premium market, the company has the potential to charge a premium for its initiatives.

Macrotech Developers endeavour to optimize operational efficiency by implementing cutting-edge construction technologies and employing proficient project management. This entails the simplification of the supply chain and the reduction of the time to market for new initiatives. The Lodha brand is synonymous with luxury, excellence, and timely delivery. The company's exceptional brand equity has allowed it to acquire valuable property sites, establish trusting relationships with clients, and maintain a dominant position in the highly competitive real estate market. The company's goal is to guarantee customer contentment by offering exceptional product offerings, expedited shipping, and exceptional post-sales support. Client

loyalty and repeat business have increased as a consequence of this customer-centric approach. Macrotech Developers is diversifying its operations to include the warehousing and logistics sector, which is experiencing substantial development as a consequence of the e-commerce boom, as well as residential and commercial structures.

- **IPO and Market Position:** Macrotech Developers went public in April 2021, raising over ₹2,500 crore. The company's competent business plan was viewed as evidence of investor confidence, and the IPO was enthusiastically received, despite the outbreak. As of March 31, 2023, it is anticipated that the company's market value will be ₹45,000 crore.
- **Project Portfolio:** Lodha Group maintains a comprehensive portfolio that encompasses over 90 million square feet of completed projects and over 80 million square feet of active and planned ventures. By prioritizing luxury complexes, integrated settlements, and low- and mid-income housing, the corporation has solidified its position as a leader in the industry.
- **Geographical Presence:** The Mumbai Metropolitan Region (MMR) and Pune remain the primary concentration areas, despite the company's growing interest in London and other foreign markets. The company has also expanded into tier-2 cities, with a particular emphasis on planned communities and reasonably affordable accommodation.
- **Strategic Land Acquisitions:** The organization is interested in acquiring

land in prominent locations at a reasonable price. This includes both smaller lots for individual residential and commercial developments and more expansive land lots for integrated townships. In order to acquire land and pursue other expansion objectives, Macrotech implemented Qualified Institutional Placement (QIP) to raise ₹4,000 crore.

- **Concentration on residential properties:** The organization's primary objective is the acquisition of residential properties, particularly those set in the mid-range and reasonably priced ranges, despite its prominence in the commercial real estate sector. By expanding into additional markets, the organization intends to establish a dominant presence in Pune and MMR.

### The Growth Strategy:

Macrotech Alignment with the Development of the Nation and Industry Regulatory Changes Today, the real estate sector operates with heightened transparency as a consequence of the implementation of RERA and GST. Macrotech has leveraged these regulatory modifications, which also facilitate sector consolidation, to establish itself as a substantial, well-organized organization.

The NBFC sector's liquidity crisis has led to a scarcity of financing options for minor developers. Nevertheless, Macrotech Developers has effectively overcome these challenges as a consequence of their strong bank balance and institutional financing sources.

It is clear that consumers' preferences have changed. Consumers have altered their preferences to favor developers who offer prompt delivery and exceptional construction since the outbreak. Macrotech's extraordinary brand and performance record render it well-suited to capitalize on this trend.

These sector alterations are consistent with the business's expansion strategy. Macrotech's efficient operations, prudent land acquisitions, and robust brand position it to capitalize on the increasing consolidation in the real estate sector and new development opportunities.

## Financial Statement Analysis

### Ratio Analysis

- *Liquidity:* The current ratio improved from 1.3 in 2020 to 1.6 in 2023. However, the quick ratio remains low, indicating potential liquidity concerns.
- *Profitability:* Gross profit margins have been volatile due to fluctuating sales and costs. However, ROE improved from 2.1% in 2020 to 5.2% in 2023, reflecting better profitability.
- *Gearing:* The company's gearing ratio increased from 1.7 in 2020 to 2.3 in 2023 due to additional borrowings. However, interest coverage has improved, indicating better debt management.

Table 3: Macrotech Detailed Ratio Analysis

Financial Ratios	Mar-20	Mar-21	Mar-22	Mar-23
<b>Liquidity Ratios</b>				
Current Ratio	1.0	1.1	1.5	1.5
Quick Ratio	0.1	0.2	0.3	0.2
<b>Profitability Ratios</b>				
Gross Profit Margin	-67.0%	12.4%	11.9%	12.3%
PAT/Net Profit Margin	6.0%	0.9%	13.1%	5.2%
Return on Assets	3.6%	3.0%	4.9%	2.5%
Return on Equity	16.3%	1.0%	10.0%	3.9%
<b>Leverage Ratios</b>				
Debt to Equity	0.5	0.9	0.2	0.2
Interest Coverage	0.0	1.0	3.5	1.9
Debt Service Coverage Ratio	0.8	0.6	0.2	1.4
<b>Efficiency Ratios</b>				
Asset Turnover Ratio	23.6	0.2	0.2	0.2
<b>Cash Flow Ratios</b>				
Op Cash Flow to Sales	30.3%	46.3%	21.6%	29.0%
Free Cash Flow to Equity	-169.2%	363.3%	192.8%	57.8%
<b>Valuation Ratios</b>				
Dividend Yield	0.0	0.0	0.0	0.0
P/E Ratio	0.0	0.0	3.9	1.9
P/B Ratio	0.0	0.0	39.0	48.2

## Income Statement

- **Income from Operations:**

- > *FY2020*: ₹8,278.63 crore, reflecting strong performance pre-pandemic.
- > *FY2021*: Declined to ₹4,889.11 crore due to the pandemic's impact.
- > *FY2022*: Recovered to ₹7,789.45 crore as the market rebounded.
- > *FY2023*: Increased to ₹9,124.87 crore, reflecting strong sales momentum and new project launches.

- **Other Income Sources:**

- > *FY2020*: ₹358.17 crore.
- > *FY2021*: ₹412.93 crore, reflecting gains from investments.
- > *FY2022*: ₹498.37 crore, with a significant contribution from asset sales.
- > *FY2023*: ₹534.76 crore, driven by gains from financial investments and joint ventures.

- **Profit Before Tax:**

- > *FY2020*: ₹1,724.11 crore.
- > *FY2021*: Decreased to ₹812.37 crore due to the pandemic.

> *FY2022*: Recovered to ₹1,620.42 crore.

> *FY2023*: Further increased to ₹1,910.63 crore, indicating strong operational performance.

- **Key Observations:**

> *Pandemic Impact*: The COVID-19 pandemic significantly affected Macrotech Developers in FY2021, leading to a decline in revenue and profitability. However, the company has shown strong recovery in subsequent years.

> *Revenue Growth*: The company's income from operations and profitability have improved significantly post-pandemic, driven by strong sales and strategic project launches.

## Cash Flow Statement

- **Cash Flow from Operating Activities:**

- > *FY2020*: ₹1,154.78 crore, driven by strong project sales.
- > *FY2021*: Decreased to ₹987.35 crore due to the pandemic's impact.
- > *FY2022*: Recovered to ₹1,423.67 crore.
- > *FY2023*: Increased significantly to ₹1,755.34 crore

## Balance Sheet Analysis

- **Equity Share Capital:** Increased from ₹323.47 crore as of March 31, 2020, to ₹373.47 crore as of March 31, 2021, following the IPO. It further increased to ₹393.47 crore as of March 31, 2022, and remained stable at ₹393.49 crore as of March 31, 2023.
- **Other Equity:** Increased from ₹2,946.18 crore as of March 31, 2020, to ₹3,427.64 crore as of March 31,

2021. It further rose to ₹5,128.39 crore as of March 31, 2022, and reached ₹6,223.77 crore as of March 31, 2023.

- **Cash and Cash Equivalents:**

Decreased from ₹82.49 crore as of March 31, 2020, to ₹60.17 crore as of March 31, 2021. Increased significantly to ₹460.53 crore as of March 31, 2022, and to ₹675.82 crore as of March 31, 2023.

- **Short-Term Borrowings:**

Decreased from ₹5,431.98 crore as of March 31, 2020, to ₹4,896.38 crore as of March 31, 2021. Increased to ₹5,981.48 crore as of March 31, 2022, and decreased slightly to ₹5,763.12 crore as of March 31, 2023.

- **Long-Term Borrowings:**

Increased from ₹2,311.97 crore as of March 31, 2020, to ₹3,029.12 crore as of March 31, 2021. Further increased to ₹3,540.18 crore as of March 31, 2022, and to ₹4,098.32 crore as of March 31, 2023.

- **Key Observations:**

> *Debt Position:* Macrotech Developers has maintained a high level of both short-term and long-term borrowings. While this has allowed the company to finance its expansion, it also increases financial risk. However, the successful IPO and QIP have improved liquidity and reduced reliance on debt.

> *Growth in Non-current Assets:* The increase in non-current assets, including investments in joint ventures and land acquisitions, aligns with the company's growth strategy. This is a positive indicator of future project pipelines.

> *Increase in Shareholder Equity:* The continuous increase in shareholder equity reflects strong retained earnings and

successful capital raising activities. This is a healthy sign of financial stability and growth.

**DUPONT ANALYSIS FOR MACROTECH DEVELOPERS- RETURN ON EQUITY AND RETURN ON ASSET**

	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
NET PROFIT	794	1,644	742	48	1,208	490	1,554
AVERAGE SHAREHOLDERS EQUITY	4592.5	4496.5	4196.5	4575.5	8352.5	12384.5	15066
ROE(return on equity)	17.29%	36.56%	17.68%	1.05%	14.46%	3.96%	10.31%
NET PROFIT	794	1,644	742	48	1,208	490	1,554
REVENUE	9,677	11,907	12,443	5,449	9,233	9,470	10,316
NET PROFIT MARGIN (A)	8.21%	13.81%	5.96%	0.88%	13.08%	5.17%	15.06%
REVENUE	9,677	11,907	12,443	5,449	9,233	9,470	10,316
AVERAGE ASSET	37,091	45,058	45,279	40,001	38,856	38,763	43,160
ASSET TURNOVER RATIO (B)	0.26x	0.26x	0.27x	0.14x	0.24x	0.24x	0.24x
AVERAGE ASSET	37,091	45,058	45,279	40,001	38,856	38,763	43,160
AVERAGE SHAREHOLDERS EQUITY	4592.5	4496.5	4196.5	4575.5	8352.5	12384.5	15066
EQUITY MULTIPLIER (C)	8.08x	10.02x	10.79x	8.74x	4.65x	3.13x	2.86x
RETURN ON EQUITY (A*B*C)	17.29%	36.56%	17.68%	1.05%	14.46%	3.96%	10.31%
NET PROFIT	794	1,644	742	48	1,208	490	1,554
AVERAGE ASSET	37,091	45,058	45,279	40,001	38,856	38,763	43,160
RETURN ON ASSET (ROA)	2.14%	3.65%	1.64%	0.12%	3.11%	1.26%	3.60%
NET PROFIT	794	1,644	742	48	1,208	490	1,554
REVENUE	9,677	11,907	12,443	5,449	9,233	9,470	10,316
NET PROFIT MARGIN (A)	8.21%	13.81%	5.96%	0.88%	13.08%	5.17%	15.06%
REVENUE	9,677	11,907	12,443	5,449	9,233	9,470	10,316
AVERAGE ASSET	37,091	45,058	45,279	40,001	38,856	38,763	43,160
ASSET TURNOVER RATIO (B)	0.26x	0.26x	0.27x	0.14x	0.24x	0.24x	0.24x
RETURN ON ASSET (A*B)	2.14%	3.65%	1.64%	0.12%	3.11%	1.26%	3.60%

## Overview

The real estate development arm of the Godrej Group, a wealthy Indian conglomerate established in 1897, is Godrej Properties limited (GPL). This tremendous expansion has made the 126-year-old legacy of Godrej group proud.

In 2010, after a successful IPO that raised \$100 million, GPL went public. It then formed Godrej Fund Management in 2016 which raised \$275 million subsequently. In terms of sale value, it was also reported as being India's largest publicly listed real estate developer having sold properties worth over ₹5000 crores within that year.

It has an impressive position in the market. GRESB (Global Real Estate Sustainability Benchmark) has ranked it #1 in the world among residential developers for three consecutive years. A survey of 10,000 respondents has showed that in India we trust this company above all else and as of March 31st 2023 GPL figures at ₹28,651 crores market capitalization accounted for. GPL holds approximately 200 million square feet of sale space across 92 active and upcoming projects spread out over ten towns across India alone. The company concentrates its resources on major geographic areas including: Mumbai city; National Capital Region; Pune; Bangalore among others areas it is eyeing away from high density urban centres and entering into planned expansion to Tier 2 cities instead.

The Godrej brand which is founded on principles obeying trust, quality and

reliable service complements GPL in several ways. It promotes joint developments in most cases, encourages entry into new cities and markets at the same time strengthens stakeholder relationships. Besides, GPL's relationship with Godrej Group grants it access to lands owned by the group companies thus increasing its development portfolio especially since it acts as a development manager for Godrej & Boyce's land located in Vikhroli. Godrej Properties ranks among the leading trustworthy and respected property dealers in India. They have received more than four hundred awards including "The Most Credible Real Estate Brand" prize for 2019. According to the report by GRESB (which tracks Environmental, Social and Governance ratings) Godrej Properties was ranked first globally as developers by GRESB.

The company was identified as an advocate in real estate during inaugural KPMG India ESG conference as well as awards scheduled for 2023. In addition, Godrej Properties was placed second best performer in Asia besides holding fifth globally on sustainable business as outlined in the Global Real Estate Sustainability Benchmark 2016 report.

## Growth Strategy

**Godrej Properties has created a variety of strategies to achieve high return on equity (RoE) and become one of India's leading developers of real estate.**

- **Brand Leverage:** The Company utilizes the name "Godrej," which is associated with trust, quality, and

reliability within India. Providing the Company a solid foundation to create joint development agreements, penetrate new markets, and foster relationships with customers, service providers, and investors.

- **Strategic Land Acquisitions:** Godrej Properties centres on acquiring land parcels in prime locations and negotiating attractive valuations. The company successfully raised INR 3,750 crore through Qualified Institutional Placement (QIP) in March 2021 to fund growth initiatives, including land acquisitions.
- **Residential Projects Focus:** While the Company also builds commercial, retail, and civic developments, Godrej Properties focuses on residential projects, with a goal of achieving market leadership in Mumbai, Bengaluru, Delhi NCR, and Pune.
- **Rigorous Capital Management:** The Company aims to achieve optimal financing and fiscal discipline to maximize returns from its developments.
- **Business Development:** Godrej Properties emphasizes robust business development to expand its project pipeline and market share. The Company intends to seize opportunities created by consolidation in the real estate sector.
- **Operational Excellence:** Godrej Properties aspires to enhance operational efficiency, and continues efforts to reduce the time to launch a project and use innovative construction technology.
- **Customer Experience:** Godrej Properties is focused on improving

the customer experience by providing superior product offerings, delivering consistent customer service, and providing the ability to offer personalized customer experiences. Product Portfolio: Godrej Properties primarily develops residential properties but also has a commercial portfolio.

- **Residential Projects:** The company develops a range of residential properties across different price points and demographics. It has ventured into plotted developments in Tier-2 cities.
- **Commercial Portfolio:** Godrej Properties develops and sells commercial properties. The company focuses on monetising its older commercial projects. For instance, it sold out Godrej BKC completely. It has also generated healthy sales from projects like Godrej Eternia and Godrej Genesis.
- **Potential Order Book:** In FY 2021-22, Godrej Properties sold 9,121 homes and achieved its highest sales figure ever. The company's strong sales momentum continued into FY 2022-23 with its booking value reaching a record value of ₹12,232 crore. This strong sales performance implies healthy visibility over our potential order book. In FY 23-24, we aim for a booking value higher than ₹14,000 crores. We believe a strong pipeline of projects, expansion into new geographies, and focus on operational efficiency and customer experience will hold us in good stead to push our order book forward.

## **GPL's Growth Strategy Alignment with Industry and Country's Growth**

Godrej Properties (GPL) is in sync with the broader trends in Indian real estate and its growth strategy. The statements and reports indicate that there is consolidation happening in the industry with the larger, well-funded and organised players like GPL gaining market share. There are a few causes for this consolidation happening.

- **Regulatory Changes:** Recent regulatory shifts such as the Real Estate (Regulation and Development) Act (RERA) and demonetization have both bolstered transparency and accountability within the industry and have been a boon to organized players in the real estate market.
- **NBFC Liquidity Crisis:** The liquidity crisis witnessed in the Non-Banking Financial Companies (NBFC) industry, historically an important source of real estate funding, has posed challenges to the smaller real estate developers, while the larger developers that have access to better sources of funds have managed to weather the situation better.
- **Shift in Consumer Preference:** Consumer behaviour appears to be shifting, with homebuyers expressing preferences for brand reputation, quality of construction, and timely delivery, all of which offer a clear advantage to established real estate developers, such as GPL.

The company's growth strategy is specifically focused on responding to the transformations taking place in the industry. It is consistent in focusing on capitalizing on the established brand name "Godrej," selecting land strategic-

ally, and exercising fiscal control, which align with the market consolidation that is calling for financial stability and brand presence. In addition, the firm's commitment to operational competence, customer satisfaction, and the adoption of modern construction methods, equips the company to meet the changing consumer demands.

Furthermore, GPL's growth strategy capitalizes on specific industry trends:

- **Residential Real Estate Growth:** GPL's mainstay in residential projects is well-suited to today's buoyant post-pandemic residential sector, characterized by the hallmark of low home loan rates and the psychological attraction of owning a home.
- **Tier-2 City Growth Opportunities:** With the Tier-2 city's growth potential frontrunner in mind, GPL has taken the plunge into plotted developments in these cities, in line with the exponential urbanization and rise in disposable incomes witnessed in this sector.

In conclusion, GPL's expansion plan effectively recognizes the changing dynamics of the Indian real estate industry by concentrating on its financial strength, brand equity, operational excellence, customer-centric orientation, and strategic expansion to take advantage of industry consolidation and capitalize on emerging growth prospects.

## Financial Statement analysis

### Ratio Analysis

- **Liquidity:** The current ratio decreased from 1.9 in 2021 to 1.5 in

2023. The spot ratio deteriorated to 1.0 in 2023.

- **Profitability:** Gross profit margins and results are volatile, and estimates are in negative territory for 2021. ROA and ROE have changed, reaching 0.0% and -2.3% for 2021 respectively.
- **Gearing:** This increased in 2023 due to new acquisitions. Interest rates were 1.2 in 2021, increasing to 5.3 in 2023; however, cost levels still fluctuated.

Table 4: Godrej Properties Detailed Ratio Analysis

Financial Ratios	Mar-20	Mar-21	Mar-22	Mar-23
<b>Liquidity Ratios</b>				
Current Ratio	1.5	1.9	1.9	1.5
Quick Ratio	1.4	1.8	1.9	1.0
<b>Profitability Ratios</b>				
Gross Profit Margin	10.7%	-58.8%	-3.0%	9.2%
PAT/Net Profit Margin	11.20%	-24.70%	19.20%	27.60%
Return on Assets	5.1%	0.0%	3.0%	3.5%
Return on Equity	5.7%	-2.3%	4.0%	6.7%
<b>Leverage Ratios</b>				
Debt to Equity	0.0	0.1	0.1	0.0
Interest Coverage	3.3	1.2	5.2	5.3
Debt Service Coverage Ratio	0.6	1.1	3.2	0.8
<b>Efficiency Ratios</b>				
Asset Turnover Ratio	21.1%	3.4%	0.1%	0.1%
<b>Cash Flow Ratios</b>				
Op Cash Flow to Sales	5.9%	27.0%	49.5%	41.7%
Free Cash Flow to Equity	-537.0%	-115.8%	-147.3%	-19.8%
<b>Valuation Ratios</b>				
Dividend Yield	0.0	0.0	0.0	0.0
P/E Ratio	77.9	-157.7	150.6	61.0
P/B Ratio	72.5	-175.9	141.9	58.7

## Income Statement

- **Income from operations:**

> **FY2020:** ₹1,747.05 crore, representing an increase over the previous year.

> **FY2021:** Experience sharp falls to ₹570.42 crore (stand-alone) and ₹764.92 crore (cumulative). This can be attributed to the COVID-19 pandemic and preventive measures affecting the performance of the companies.

> **FY2022:** Recovered strongly to ₹1,473.45 crore (single) and ₹1,824.88 crore (cumulative), reflecting the indus-

try's recovery from the pandemic

> **FY2023:** Reduced to ₹1,155.05 crore (stand-alone) and ₹2,252.26 crore (cumulative). Despite this decline, FY23 remained the best year for sales bookings in the industry.

- **Other Income Sources:**

> **FY2020:** ₹540.63 crore, up from last year.

> **FY2021:** ₹671 crore (alone) and ₹568.17 crore (consolidated).

> **FY2022:** ₹858.48 crore (stand-alone) and ₹760.81 crore (cumulative).

> **FY2023:** ₹945 crore (alone) and ₹786.74 crore (combined). Notably, other income in FY23 included the main component (₹127.43 crore standalone, ₹127.45 crore consolidated) from gains on sale of investments

- **Profit before tax:**

> **FY2020:** Annual growth rate of 23%.

> **FY2021:** Pandemic impact significantly reduced to ₹83.44 crore (stand-alone) and ₹30.41 crore (cumulative).

> **FY2022:** Showed strong momentum, reaching ₹713.55 crore (stand-alone) and ₹705.06 crore (cumulative).

> **FY2023:** The increase continued to ₹830.54 crore (stand-alone) and ₹795.27 crore (cumulative).

- **Key Observations:**

> **Impact of COVID-19:** In FY2021, the pandemic significantly affected GPL's income statement, leading to a decline in revenue and profitability.

> The company posted strong growth in FY2022 and FY2023, with pre-tax profit above pre-pandemic levels.

> **Improvement in net sales:** Despite fluctuations in operating income, GPL

recorded higher net sales in FY2023, indicating positive market sentiment.

> **Changes in new income:** The level of new income changed in FY2023, with a major contribution from gains on sale of investments.

## Cashflow Statement

### • Cash Flow from Operating Activities:

> *FY2020:* From operating activities, GPL managed to generate ₹424.50 crore. Significant adjustments to earnings before taxes included depreciation, financing costs, share losses in limited liability companies, and other non-cash items.

> *FY 2021:* Operating activities should generate cash inflows of ₹259.16 crore at standalone level and ₹415.37 crore at consolidated level. This significant difference highlights the impact of incorporating joint ventures and joint ventures into the data collection. Independently, the major contributors to these cash flows include an increase in inventories and financial assets, partially offset by a decrease in non-financial liabilities. In the consolidated balance sheet of the capital comes from a decrease in non-financial debt and an increase in inventories.

> *FY2022:* Revenue from operations stood at ₹277.93 crore (stand-alone) and ₹283.48 crore (cumulative). Compared to the FY21 results, this resulted in a (free) decrease in the quoted price. The main changes in the consolidated balance sheet were an increase in fees and a decrease in non-financial payments.

> *FY2023:* Cash flow from operations for GPL increased significantly in FY23,

reaching ₹576.83 crore on standalone basis and ₹342.55 crore on consolidated basis. Standalone operations were supported through both reductions in resources and reductions in the company's financial assets. The increase in consolidated earnings is attributed to the increase in the company's financial liabilities.

### • Cash Flow from Investing Activities:

Throughout the fiscal years, GPL continued to exhibit negative cash flow from investing activities, reflecting continued investment in assets. The Company's investments consisted of property, plant and equipment, intangible assets, and investments in joint ventures and joint ventures.

### • Cash Flow from Financing Activities:

> *FY2020:* Financing activities recorded ₹317.63 crore, driven by growth in short-term lending. The dividends offered further helped the flow.

> *FY2021:* This year witnessed a net inflow of ₹4,387.11 crore (single) and ₹4,108.43 crore (consolidated) from financing activities. The primary driver of this increase was the sharp increase in short-term and long-term lending. The company also managed to raise ₹3,750 crore through Qualified Institutional Placement (QIP).

> *FY2022:* Financing activities generated positive cash flows of ₹296.28 crore (stand-alone) and ₹1,030.36 crore (cumulative). The inflows were primarily driven by an increase in short-term loans.

> *FY2023:* GPL recorded significant growth in cash flow from financing activities, reaching ₹842.47 crore (stand-

alone) and ₹2,048.64 crore (consolidated). This was due to a sharp increase in short-term borrowing, partially offset by the payment of long-term debt.

- **Analysis:**

- > **Expansion phase:** GPL's cash flow patterns indicate that a company is in an expansion phase. Continued negative cash flow from investing activities, coupled with heavy reliance on financing activities, underscores the company's focus on acquiring new businesses and expanding its footprint.

- > **Debt-financed development:** Debt has played a prominent role in financing GPL development. While this strategy can spur rapid expansion, it also increases the company's financial risk.

- > **Working capital:** Fluctuations in cash generated from operating activities, particularly related to inventories, identify potential areas for improvement in working capital.

## Balance Sheet Analysis

Quantitative breakdown of changes in the Godrej Properties Limited (GPL) balance sheet from 2020 to 2023:

- **Equity Share Capital:** Increased from ₹114.66 crore as at March 31, 2019 to ₹126.01 crore as at March 31, 2020. This represents a change of ₹11.35 crore. It further increased to ₹138.97 crore as at March 31, 2021 and to ₹138.99 crore as at March 31, 2022.
- **Other Equity:** Increased from ₹2,354.35 crore as at March 31, 2019 to ₹4,678.47 crore as at March 31, 2020. It further increased to

₹8,180.52 crore as at March 31, 2021 and to ₹9,145.37 crore as at March 31, 2022.

- **Cash and Cash Equivalents:** Decreased from ₹(63.11) crore as at March 31, 2019 to ₹(74.12) crore as at March 31, 2020. Increased to ₹253.17 crore as at March 31, 2021, decreased to ₹132.67 crore as at March 31, 2022, and increased again to ₹385.89 crore as at March 31, 2023.
- **Short-Term Borrowings:** Increased from ₹2,835.61 crore as at March 31, 2019 to ₹3,052.48 crore as at March 31, 2020. It further increased to ₹3,509.48 crore as at March 31, 2021 and to ₹4,113.72 crore as at March 31, 2022.
- **Long-Term Borrowings:** Remained constant at ₹500 crore from March 31, 2018 to March 31, 2020. Increased to ₹1,000 crore as at March 31, 2021, and remained at that level as at March 31, 2022.

This analysis of Godrej Properties Limited's (GPL) balance sheet from 2020 to 2023:

### Key Trends and Observations:

- **Transition from Net Debt to Net Cash:** GPL's balance sheet underwent a significant transition from a net debt position to a net cash position during the period from 2020 to 2021. The shift was due to successful fundraising activities, most notably a Qualified Institutional Placement (QIP) in March 2021, which raised INR 3,750 crores.
- **Growth in Non-current Assets:** The financial disclosures reveal a persistent increase in GPL's non-

current assets, reflecting the company's elevated investment in property, plant and equipment, capital work-in-progress, and financial assets, and is in line with the company's strategic emphasis on business growth and the development of its project portfolio.

- **Increase in Shareholder Equity:**

GPL's total equity attributable to shareholders showed a continuous increase from 2020 to 2023, which can partially be attributed to increased retained earnings and successful capital raising activities. The company has endeavoured to ensure a strong albeit realistic balance for the company and its work.

- **Focus on Business Development:**

The financial disclosures identify GPL's commitment to business development by significant investments in joint ventures and subsidiaries, ultimately aimed at capitalizing on the changing landscape through consolidation and acquiring profitable projects which will in turn help drive the future growth of the company.

### Specific Items on Balance Sheets:

- **Cash and Cash Equivalents:** GPL's cash and cash equivalents have fluctuated over the years as a result of capital raising, business development activities, and investment in projects.
- **Loans and Advances:** The balance sheet indicates that GPL provides loans and advances to subsidiaries and joint ventures, in line with the company's policy to support related concerns and pursue collaborative ventures.

Overall, GPL's balance sheet reflects a healthy and upward-trending company from 202 to 2023. This positive balance sheet is consistent with the company's strategic direction to capitalize on industry trends, expand its project portfolio, and maintain financial strength.

DUPONT ANALYSIS FOR GODREJ PROPERTY- RETURN ON EQUITY AND RETURN ON ASSET

	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
NET PROFIT	87	253	274	-189	351	621	747
AVERAGE SHAREHOLDERS EQUITY	1607	1839.5	3638.5	6564	8497.5	8969.5	9628
ROE(return on equity)	5.41%	13.75%	7.53%	-2.88%	4.13%	6.92%	7.76%
NET PROFIT	87	253	274	-189	351	621	747
REVENUE	1,604	2,817	2,441	765	1,825	2,252	3,036
NET PROFIT MARGIN (A)	5.42%	8.98%	11.22%	-24.71%	19.23%	27.58%	24.60%
REVENUE	1,604	2,817	2,441	765	1,825	2,252	3,036
AVERAGE ASSET	7,726	8,182	9,091	13,168	17,025	20,455	29,420
ASSET TURNOVER RATIO (B)	0.21x	0.34x	0.27x	0.06x	0.11x	0.11x	0.10x
AVERAGE ASSET	7,726	8,182	9,091	13,168	17,025	20,455	29,420
AVERAGE SHAREHOLDERS EQUITY	1607	1839.5	3638.5	6564	8497.5	8969.5	9628
EQUITY MULTIPLIER (C)	4.81x	4.45x	2.50x	2.01x	2.00x	2.28x	3.06x
RETURN ON EQUITY (A*B*C)	5.41%	13.75%	7.53%	-2.88%	4.13%	6.92%	7.76%
NET PROFIT	87	253	274	-189	351	621	747
AVERAGE ASSET	7,726	8,182	9,091	13,168	17,025	20,455	29,420
RETURN ON ASSET (ROA)	1.13%	3.09%	3.01%	-1.44%	2.06%	3.04%	2.54%
NET PROFIT	87	253	274	-189	351	621	747
REVENUE	1,604	2,817	2,441	765	1,825	2,252	3,036
NET PROFIT MARGIN (A)	5.42%	8.98%	11.22%	-24.71%	19.23%	27.58%	24.60%
REVENUE	1,604	2,817	2,441	765	1,825	2,252	3,036
AVERAGE ASSET	7,726	8,182	9,091	13,168	17,025	20,455	29,420
ASSET TURNOVER RATIO (B)	0.21x	0.34x	0.27x	0.06x	0.11x	0.11x	0.10x
RETURN ON ASSET (A*B)	1.13%	3.09%	3.01%	-1.44%	2.06%	3.04%	2.54%

## Overview

Since its founding in 1986, the Indian real estate giant, which is proud to be headquartered in Bengaluru, has excelled in securing a diversified pool of the investor and collaborative projects. Already in 12 Indian cities, Prestige managed to complete an extraordinary 247 projects with the total square feet being 111 million. The Prestige group has lofty future goals, nearly matching their past successes. Prestige has a reputation for their creative designs and successful on-time completion of projects. It has a wide variety of properties such as retail, residential, commercial, hospitality, and property management. Besides their high credit ratings by agencies like ICRA and CRISIL DA1, which is the highest grade they demonstrate their financial strength as well. It should be noted that all of this development by the company is based on the "Customer is the King" philosophy, which is why they emphasize on-time project completion, on-time commitments, and lean financial approach to keep cash liquidity.

A strategic move of the company is that it is aggressively looking toward new Indian metropolises and Tier-II regions with growth potential. Prestige's factor of success may be attributed to the brilliant CEO, real estate iconic, Irfan Razack, whose name is a brand, and a pledge to the innovative approaches incorporating the altered customer behavior and new technologies. Repeatedly awarded with over 300 awards for being the best performing and most reputable real estate company among others, Prestige, for

instance, has set a benchmark for quality assurance, efficiency, and branding.

Prestige, conveniently located to take advantage of the upcoming trends, aggressive business expansion is expected consolidating its position as India's leading real estate company in the coming years.

Its major product lines include categories:

- **Living space:** Glorious cities, luxury mansions, comfortable buildings, Affordable homes for different lifestyles. at least 140 residential units; 114 million square feet, have succeeded.
- **Corporate infrastructure:** Prestige understands corporate needs. Modern office buildings have what they need Workplaces attract Fortune 500 companies. As a specialized trade real estate player, have completed 120 projects totalling 4 crore square feet.
- **Retail:** A prestigious "stage" store Prestige's goal of becoming India's largest department store chain has been accomplished by 75 million visitors a year.
- **Hospitality:** Glory brings the comforts of hospitality and. Preparation of the. They build and manage hotels with major hospitality companies, Resorts, spas and serviced apartments to provide a great customer experience.
- **Property management:** The namespace controls and binds the property. The whole property Provided management of 117 million square feet and 182 locations.

## Growth Strategy and Risk Management

Prestige Estates implements a multifaceted approach to achieve sustainable growth and maintain a competitive edge in the Indian real estate market.

- **Expansion and Market Diversification:**

- > **Geographic Reach:** Prestige is diversifying from southern India by building in Mumbai and Delhi-NCR. To establish their national presence, they plan to finish over 23% of their projects beyond southern India.

- > **Design Innovation:** Prestige is altering its design language to meet changing client needs to stay ahead of the competition and attract more customers. Sustainability Integration Environmental awareness is rising. Prestige uses cutting-edge green technologies and sustainable practises.

- > **Strategic Investment and Capital Allocation:** Blackstone and CPPIB partnerships help Prestige decrease debt and expand by purchasing land banks.

- > **Portfolio Diversification:** Prestige has a wide portfolio of real estate, office, retail, hotel, and property management. Investment risk is reduced by lowering industry exposure to economic downturns.

- **Competitive Differentiation:**

- > **Premium Market Focus:** Prestige leverages its established reputation for quality and customer satisfaction in the premium segment to maintain a competitive edge. They believe their expertise in this segment, combined with

a comprehensive suite of services, sets them apart.

- > **Integrated Service Delivery:** Prestige offers a unique advantage by providing an integrated suite of services spanning design, development, construction, leasing, sales, and property management. This comprehensive approach caters to a wider range of customer needs and fosters loyalty.

- > **Financial Strength:** Prestige's robust financial capabilities allow them to strategically hold inventory across projects, mitigating risks associated with market fluctuations. This financial stability also enables them to offer competitive pricing and attract a broader customer base.

- **Risk Management:**

- > **Inflationary Pressures:** Prestige recognizes the challenges posed by rising inflation, particularly on raw material prices. They are actively taking steps to mitigate these challenges and ensure continued profitability. Inflation can impact both customers purchasing power and construction costs.

- > **Shifting Customer Preferences:** Prestige's focus on a new design language implicitly acknowledges the importance of adapting to changing customer needs and preferences, although not explicitly identified as a risk.

## Financial Analysis

### Ratio Analysis:

- **Liquidity:**

- > **Current Ratio and Quick Ratio:** As of March 2023, Prestige's current and quick ratios are over 1, indicating a three-year liquidity improvement. With enough liquid assets, the corporation can meet its

short-term obligations.

- **Profitability:**

> **Profit Margins:** Prestige experienced significant fluctuations in profitability. Gross profit margin peaked in Mar-2021 but has since declined. Similarly, Net Profit Margin (PAT Margin) started low, surged in Mar-2021, and has fallen in the subsequent years. Further investigation is needed to understand the reasons behind these fluctuations.

> **Return on Assets (ROA) and Return on Equity (ROE):** These ratios also show a similar pattern as profit margins, with a sharp rise in Mar-2021 followed by a decline. A decline in profitability ratios suggests the company might be generating less income relative to its assets and equity.

- **Leverage:**

> **Debt to Equity Ratio:** This ratio has improved significantly, dropping from 1.2 in Mar-2020 to 0.3 in Mar-2023. This indicates a decrease in debt relative to equity, suggesting a healthier financial structure.

> **Interest Coverage Ratio and Debt Service Coverage Ratio:** Both ratios have remained above 2.7, implying Prestige can comfortably cover its interest payments with its current operating income.

- **Efficiency:**

> **Asset Turnover Ratio:** This ratio has dropped significantly from 17.1 in Mar-2020 to 0.3 in Mar-2023. This suggests the company is not efficiently utilizing its assets to generate revenue. Further investigation is needed to understand the reason behind this sharp decline.

- **Cash Flow:**

> **Operating Cash Flow to Sales:** This ratio has fluctuated but remained positive throughout the period. A positive ratio suggests the company is generating enough cash flow from operations to cover its ongoing expenses.

> **Free Cash Flow to Equity:** This ratio has become negative in the last two years, indicating Prestige might be using more cash than it's generating for its operations or debt payments.

- **Valuation:**

> **Dividend Yield:** This ratio has declined over time, suggesting a decrease in dividend payouts relative to the stock price.

> **P/E Ratio:** This ratio has fluctuated but remains within a reasonable range. A high P/E ratio in Mar-2020 suggests the stock might have been overvalued then.

> **P/B Ratio:** This ratio has remained relatively stable, suggesting the stock price might be somewhat aligned with the company's book value.

Prestige Estates' finances are unclear. Although profitability and efficiency ratios have dropped, liquidity and leverage ratios have improved. Another issue is the recent negative free cash flow.

Table 5: Prestige Estate Detailed Ratio Analysis

Financial Ratios	Mar-20	Mar-21	Mar-22	Mar-23
<b>Liquidity Ratios</b>				
Current Ratio	0.9	1.1	1.2	1.1
Quick Ratio	0.2	0.4	0.5	0.5
<b>Profitability Ratios</b>				
Gross Profit Margin	29.5%	65.3%	36.4%	29.0%
PAT/Net Profit Margin	6.8%	39.7%	19.0%	12.8%
Return on Assets	5.4%	15.6%	5.9%	5.2%
Return on Equity	10.2%	36.0%	13.4%	10.7%
<b>Leverage Ratios</b>				
Debt to Equity	1.2	0.3	0.4	0.3
Interest Coverage	4.1	3.1	3.8	2.7
Debt Service Coverage Ratio	1.4	1.3	1.5	1.6
<b>Efficiency Ratios</b>				
Asset Turnover Ratio	17.1	22.3	0.3	0.3
<b>Cash Flow Ratios</b>				
Op Cash Flow to Sales	27.4%	25.4%	33.5%	18.5%
Free Cash Flow to Equity	33.2%	389.0%	-69.3%	-152.6%
<b>Valuation Ratios</b>				
Dividend Yield	0.5	0.7	0.4	0.3
P/E Ratio	20.8	3.1	13.4	16.9
P/B Ratio	2.1	1.1	1.8	1.8

## Revenue Analysis

- **Revenue Performance:**

> Prestige Estates' consolidated revenue has grown significantly in recent years. Fiscal year 2023 had a 30% increase from the previous year, reaching ₹83,150 million. The main cause of increase was:

- > **Strong Residential and Commercial Sales:**

Due to increasing revenue recognition from residential and commercial transactions, sales have increased.

- > **Improved Hospitality Performance:** Improved Hospitality Performance: Hospitality growth increased total income.

Additionally, fiscal year 2022 saw a 12% decrease to ₹63,895 million compared to the prior year. Divestment of retail and commercial assets in fiscal year 2021 may explain this. Prestige Estates had record sales of ₹75,018 million in fiscal year 2021, with ₹54,608 million in revenue and ₹50,752 million in collections.

Financial year 2020 saw a 57% increase

from the previous year, reaching ₹82,433 million. The gain in residential and commercial project revenue was due to more finished and turned-over units that year.

- **Revenue Composition:**

- > **Residential Segment:** This segment forms the core of the company's revenue generation, contributing approximately 79% in a recent fiscal year.

- > **Commercial Properties:** Commercial properties contribute roughly 8% to the overall revenue.

- > **Property Management and Services:** Property management and services generate around 9% of the company's revenue.

- > **Retail:** The retail segment, encompassing 12 completed projects under the "Forum" brand, contributes approximately 1% of the revenue.

- > **Hospitality:** Hospitality operations contribute around 3% to the company's revenue base. Prestige Estates boasts a clientele that includes prestigious Fortune 500 companies.

- **Growth Drivers:**

- > **Increased Demand:** Strong demand for residential and commercial properties, particularly in key markets like Bengaluru, Mumbai, and Hyderabad, has been a positive influence.

- > **Market Expansion:** Expansion into high-growth markets has further bolstered revenue generation.

- > **Focus on High-Value Projects:** The company's strategic focus on developing and selling high-value properties has contributed to higher revenue.

## Balance Sheet Analysis

Prestige worked to maintain financial flexibility and a robust balance sheet. Prestige cut debt. The decline was mostly due to higher annual payments and the Blackstone transaction's asset and liability transfers. The net debt-to-equity ratio fell. The Debt Equity Ratio has dropped significantly due to the company's net worth growth and debt reduction. To meet and surpass stakeholder and consumer expectations, Prestige carefully allocates resources to a few key areas.

- **Cash and cash equivalents:** As of March 31, 2021, cash and cash equivalents totaled ₹23,460 million, up from ₹7,857 million in FY 2020. Net earnings from the Blackstone transaction contributed to the rise.
- **Gross borrowings:** increased by 64% to ₹65,130 million as at March 31, 2022 against ₹39,285 million as at March 31, 2021. And further increased by 25% to ₹81,208 million as at March 31, 2023 against ₹65,130 million as at March 31, 2022. The increase in borrowings is attributable to the Company's strategy to venture in new geographies and acquisition of land parcels to ensure future growth.
- **Inventory:** Increased by 21% to ₹115,667 million as at March 31, 2022 against ₹95,805 million as at March 31, 2021. And further increased by 24% to ₹143,671 million as at March 31, 2023 against ₹115,667 million as at March 31, 2022. The increase is attributable to increase in construction activities coupled with new launches during the year.

## DUPONT ANALYSIS FOR PRESTIGE ESTATES PROJECTS- RETURN ON EQUITY AND RETURN ON ASSET

	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
NET PROFIT	425	442	549	2,878	1,215	1,067	1,629
AVERAGE SHAREHOLDERS EQUITY	4574	4480	4793.5	6680.5	8548	9535	10632
ROE(return on equity)	9.29%	9.87%	11.45%	43.08%	14.21%	11.19%	15.32%
NET PROFIT	425	442	549	2,878	1,215	1,067	1,629
REVENUE	5,499	5,172	8,125	7,242	6,390	8,315	7,877
NET PROFIT MARGIN (A)	7.73%	8.55%	6.76%	39.74%	19.01%	12.83%	20.68%
REVENUE	5,499	5,172	8,125	7,242	6,390	8,315	7,877
AVERAGE ASSET	17,866	23,668	28,955	27,288	27,636	33,221	42,395
ASSET TURNOVER RATIO (B)	0.31X	0.22X	0.28X	0.27X	0.23X	0.25X	0.19X
AVERAGE ASSET	17,866	23,668	28,955	27,288	27,636	33,221	42,395
AVERAGE SHAREHOLDERS EQUITY	4574	4480	4793.5	6680.5	8548	9535	10632
EQUITY MULTIPLIER (C)	3.91X	5.28X	6.04X	4.08X	3.23X	3.48X	3.99X
<b>RETURN ON EQUITY (A*B*C)</b>	<b>9.29%</b>	<b>9.87%</b>	<b>11.45%</b>	<b>43.08%</b>	<b>14.21%</b>	<b>11.19%</b>	<b>15.32%</b>
NET PROFIT	425	442	549	2,878	1,215	1,067	1,629
AVERAGE ASSET	17,866	23,668	28,955	27,288	27,636	33,221	42,395
RETURN ON ASSET (ROA)	2.38%	1.87%	1.90%	10.55%	4.40%	3.21%	3.84%
NET PROFIT	425	442	549	2,878	1,215	1,067	1,629
REVENUE	5,499	5,172	8,125	7,242	6,390	8,315	7,877
NET PROFIT MARGIN (A)	7.73%	8.55%	6.76%	39.74%	19.01%	12.83%	20.68%
REVENUE	5,499	5,172	8,125	7,242	6,390	8,315	7,877
AVERAGE ASSET	17,866	23,668	28,955	27,288	27,636	33,221	42,395
ASSET TURNOVER RATIO (B)	0.31X	0.22X	0.28X	0.27X	0.23X	0.25X	0.19X
<b>RETURN ON ASSET (A*B)</b>	<b>2.38%</b>	<b>1.87%</b>	<b>1.90%</b>	<b>10.55%</b>	<b>4.40%</b>	<b>3.21%</b>	<b>3.84%</b>