**Internship Report On**

# Financial Performance Analysis of Real Estate Industry in Bangladesh: A Comparative Study

**Prepared By**

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**Date of Submission: 12th September 2024**

# Letter of Transmittal

Date:

Dr. Md. Azizur Rahman
Associate Professor
Department of Business Administration
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Subject: Submission of Internship Report on Financial Performance Analysis of Real Estate Industry in Bangladesh: A Comparative Study

Dear Sir,

I am pleased to present the paper named "Financial Performance Analysis of the Real Estate Industry in Bangladesh: A Comparative Study." This paper was prepared for the fulfillment of my Bachelor of Business Administration degree in Finance at Daffodil International University. The goal of this research is to present a complete examination of the financial performance of the real estate sector in Bangladesh.

I truly appreciate your critical advice and oversight for every aspect of this study's accomplishment. This paper will provide substantial insights into the real estate sector in Bangladesh, making it a great resource for academics and industry professionals.

Sincerely,

Meherun nesa

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# Declaration

I, Meherun Nesa, ID: 201-11-1041, confirm that the Internship paper "Financial Performance Analysis of Real Estate Industry in Bangladesh: A Comparative Study" is the outcome of my independent research, carried out under the supervision and direction of Associate Professor Dr. Md. Azizur Rahman in Daffodil International University, Department of Business Administration. I also confirm that no material from this study project has been copied, and that all concepts, conclusions, and interpretations offered here are the products of my independent scholarly investigation. Since I am dedicated to maintaining the standards of academic honesty and integrity, I fully accept responsibility for the veracity and correctness of the data provided in this report.

Meherun nesa

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## Supervisor’s Certificate

This is to certify that, the Internship report titled "Financial Performance Analysis of Real Estate Industry in Bangladesh: A Comparative Study" by Meherun Nesa, ID: 201-11-1041, as part of her Bachelor of Business Administration degree in Finance program is her own study outcome on the topic. Throughout the period of this Internship, I have offered advice, comments, and mentorship to assure the academic accuracy and quality of the study. The study was conducted under my supervision, and meets the requirements for the completion of her Bachelor's degree in Business Administration in Finance at Daffodil International University.

Dr. Md. Azizur Rahman
Associate Professor
Department of Business Administration
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## Acknowledgement

I would like to convey my deepest thanks to Associate Professor Dr. Md. Azizur Rahman, Department of Business Administration at Daffodil International University, for his essential assistance, unwavering support, and expert guidance during the whole process of completing this study.

I express my heartfelt thanks to the participants and stakeholders in the real estate sector in Bangladesh, whose cooperation and willingness to contribute insights and data have enhanced this study.

Furthermore, I would want to appreciate the efforts of my classmates, friends, and family members who have offered moral support, encouragement, and understanding during my academic pursuit.

I also express my thankfulness to the Almighty for allowing me the strength, patience, and tenacity to accomplish my internship successfully.

# Table of Contents

# Chapter One

# Introduction

# Introduction

## 1.1 Problem Statement

Bangladesh's real estate industry has become an important part of its economy, but there are few in-depth analyses of its financial success yet. This research tries to fill that gap by looking at the financial health of Bangladesh's top real estate companies. This study looks at important financial metrics and indicators to find patterns, strengths, and areas for improvement in the business. The goal is to give investors, policymakers, and industry professionals useful information that can help them make smart choices and make the real estate industry in Bangladesh more stable and competitive.

## 1.2 Scope of the Study

This study relies on data from both primary and secondary sources, particularly historical data from the real estate sector. My two-month internship experience in a real estate organization provided valuable insights into various aspects of their financial performance, management procedures, and work environment. These insights have enhanced my understanding and will contribute to gathering additional information for my study. The scope of this study is to gain an overall understanding of the real estate industry in Bangladesh, focusing on its current status and the challenges it faces. By examining the sector's status and prevailing issues, this study aims to provide a foundational understanding that can support further research in this area.

## 1.3 Objectives of the Study

The objectives of this report are:

a) Assessment of the financial performance of Development Avenue (Pvt) Ltd.
b) To compare the financial performance between Development Avenue (Pvt) Ltd and selected real estate companies.

# Chapter Two

# Literature

## 2.1 overview of Organization

Development Avenue (Pvt) Ltd. is a well-known real estate development firm in Bangladesh, known for its creative initiatives, dedication to excellence, and role in shaping the urban environment of the nation. Early on in its existence, Development Avenue (Pvt) Ltd. gained a reputation for its dedication to quality and client satisfaction and swiftly became a well-known brand in the real estate sector. The organization deliberately broadened its range of projects by taking on a variety of initiatives in Bangladesh's major cities. The organization has adopted state-of-the-art methods in everything from architectural design to building methods to create environments that seamlessly combine beauty and utility.

Sustainability has been given top priority in Development Avenue (Pvt) Ltd.'s projects as part of its CSR activities. The organization integrates eco-friendly methodologies and advancements in technology to reduce its carbon emissions and foster sustainable urban growth. Development Avenue (Pvt) Ltd. has won several honors and recognitions for its services to the real estate industry throughout the years. These honors serve as a testament to the business's commitment to excellence, creativity, and client pleasure. Development Avenue (Pvt) Ltd. is dedicated to upholding its basic principles of honesty, professionalism, and customer-centricity as it expands and changes. The organization is eager to use its knowledge and experience to advance innovation and quality in the real estate sector and support the long-term growth of Bangladesh's urban environment.

**Vision**

Development Avenue (Pvt) Ltd. was founded with a vision to redefine the real estate sector in Bangladesh. From its inception, the company focused on delivering high-quality residential, commercial, and mixed-use projects that catered to the evolving needs of urban dwellers.

**Mission**

Development Avenue (Pvt) Ltd. is consistently demonstrating its commitment to innovation and excellence in its projects to achieve the leading position among its competitors.

## 2.2 Theoretical Background

Financial performance analysis is a method used to evaluate the financial health of a company or industry. It involves examining various financial statements and ratios to assess profitability, liquidity, solvency, and efficiency. Key financial metrics often analyzed include return on assets (ROA), return on equity (ROE), net profit margin, current ratio, and debt-to-equity ratio. These metrics provide insights into how well a company manages its resources, generates profits, and sustains its operations over time (Gitman, 2015). The theoretical foundation for financial performance analysis is rooted in financial statement analysis and ratio analysis.

According to Ross, Westerfield, and Jaffe (2013), financial statement analysis involves examining the balance sheet, income statement, and cash flow statement to understand a company's financial position. Ratio analysis, on the other hand, simplifies the process by providing a means to compare different aspects of a company's performance against industry benchmarks or historical data.

**Real Estate Industry Financial Performance**

The real estate industry is unique due to its reliance on significant capital investment and long-term financing. Consequently, financial performance analysis in this sector often emphasizes metrics such as leverage ratios, which indicate the level of debt financing, and interest coverage ratios, which measure the ability to meet interest payments (Geltner, Miller, Clayton, & Eichholtz, 2014). Real estate companies typically exhibit high levels of fixed assets and long-term debt, making their financial health particularly sensitive to changes in interest rates and economic conditions.

In emerging markets like Bangladesh, the real estate sector's financial performance is influenced by various factors, including economic growth, urbanization, regulatory policies, and access to financing (Rahman, 2020). The rapid urbanization in Bangladesh has spurred demand for residential and commercial properties, but it has also led to challenges such as land scarcity, rising construction costs, and regulatory hurdles. These factors impact the financial stability and profitability of real estate companies, necessitating a thorough analysis to understand their performance dynamics.

**Comparative Financial Analysis**

Comparative financial analysis involves comparing the financial metrics of multiple companies within the same industry. This approach helps identify industry trends, best practices, and areas of concern. According to Penman (2013), comparative analysis provides a more comprehensive view of an industry by highlighting differences in financial strategies and performance outcomes. In the context of the Bangladeshi real estate industry, comparative analysis can reveal how different companies navigate the challenges and opportunities in the market. There are some theories that helps to understand the cooperative financial analysis:

**a) Market Positioning**

The goal of market positioning theory is to give a firm, brand, or product a unique image or identity in the eyes of the target market. It entails setting an offering apart from rivals by emphasizing special qualities, advantages or ideals that appeal to customers. A company that positions itself well will stand out in a congested market, draw in the proper clients and foster customer loyalty. Understanding the target market, developing a strong value proposition and researching rivals to find areas where you can separate out from the crowd are all crucial components of market positioning.

**b) Strategic Response**

The notion of strategic response looks at how companies respond to environmental challenges and outside changes. This idea highlights how crucial it is to be flexible and prepare ahead in order to respond to market dynamics, competitive challenges, legislative changes and technology improvements. In order to manage disruptions and preserve or improve their competitive position, businesses can use a variety of strategic solutions, including innovation, restructuring, mergers and acquisitions and strategic alliances. The approach emphasizes the necessity of quick decision-making and ongoing observation of the outside world.

**c) Risk Management**

According to risk management theory, risks should be identified, evaluated, and prioritized before concerted efforts are made to reduce, track and manage the likelihood or impact of unfavorable events. In order to maintain organizational stability and safeguard assets from any risks, this notion is essential. It includes risks of all kinds, including as regulatory, operational, financial, and strategic risks. Risk avoidance, risk reduction, risk sharing and risk retention are examples of effective risk management techniques. In order to ensure that the business can accomplish its goals while minimizing potential drawbacks, risk and reward must be balanced.

**d) Resource Allocation**

The effective distribution of an organization's resources such as capital, labor and technology to meet its strategic objectives is the subject of resource allocation theory. In order to maximize value and guarantee optimal performance, this theory highlights how crucial it is to match resource allocation with strategic priorities. It entails decision-making procedures that take resource constraints and the requirement to rank projects according to highest return on investment into account. By directing resources toward the most important and significant tasks, effective resource allocation promotes organizational growth, innovation and competitiveness.

**Key Financial Metrics in Real Estate (Ratio Analysis):**

Financial ratios such as profitability ratios (ROA, ROE), liquidity ratios (current ratio, quick ratio), leverage ratios (debt-to-equity ratio), and efficiency ratios (asset turnover ratio) are used in this report.

**a. Profitability ratios**

**ROA:** Return on Assets (ROA) is a way to figure out how profitable a business is compared to its overall assets. To put it simply, ROA shows how well a business is using its assets to make money.

The formula for ROA is: $\frac{Net\ Profit}{Total\ Assets}$

A higher ROA suggests that the business is more efficient at making profits compared to the size of its asset base, while a lower ROA shows less efficiency.

**ROE:** Return on Equity (ROE) is a ratio that shows how profitable a business is compared to the amount of money its owners have invested in it. To put it simply, ROE shows how well a business is using its owners' money to make money.

The formula for ROE is: $\frac{Net\ Profit}{Equity}$

A higher ROE shows that the company is making more profits compared to the owners' wealth, which is usually considered positive.

**b. Liquidity ratios**

**Current ratio:** The current ratio is a type of financial ratio that shows how well a company can use its short-term assets to pay its short-term debts. In short, it shows how flexible the company is and how well it can meet its short-term commitments.

The formula for the current ratio is: $\frac{Current\ Assets}{Current\ Liabilities}$

A current ratio greater than 1 show that a business has more current assets than current liabilities and ratio less than 1 may indicate liquidity concerns.

**Quick ratio:** The quick ratio, which is also called the acid-test ratio, is a way to figure out if a company has enough cash on hand to cover its short-term debts. In short, it shows how liquid the company is without taking assets into account.

The formula for the quick ratio is: $\frac{Current\ Assets-Inventory}{Current\ Liabilities}$

A quick ratio greater than 1 show that a business has enough liquid assets to cover its short-term liabilities and ratio less than 1 may suggest possible liquidity issues.

**c. Leverage ratio**

**Debt-to-equity ratio:** A financial ratio called the debt-to-equity ratio shows how much debt a company has compared to its owners' equity. It tells you how much of a company's money comes from loans compared to its stock.

The formula for the debt-to-equity ratio is: $\frac{Total\ Debt}{Shareholders'\ Equity}$

A higher debt-to-equity ratio indicates that a business depends more on debt financing to fund its operations and growth and a lower ratio shows that it depends more on equity financing.

**d. Efficiency ratio**

**Asset turnover ratio:** The asset turnover ratio is a financial number that measures a company's efficiency in producing income from its assets. In short, it shows how successfully a company utilizes its assets to make sales.

The formula for the asset turnover ratio is: $\frac{Net\ Sales}{Average\ Total\ Assets}$

A higher asset turnover ratio shows that the business has generated more sales revenue per unit of assets and a lower ratio may indicate difficulties or inadequate utilization of assets in generating sales.

**Theory of Industry Comparative Analysis**

Industry comparative analysis entails examining the performance, strategy and competitive positioning of organizations within the same industry to uncover trends, patterns and best practices. Through this study, firms may benchmark their performance, find areas for development, capitalize on competitive advantages, and respond to market changes efficiently. Moreover, industry comparative research helps the identification of new trends, competitive challenges and possibilities for growth, helping organizations to stay ahead in the continually developing business landscape.

## 2.3 Empirical Finding

**a. Financial Performance Metrics**

To analyze the financial performance of the real estate industry in Bangladesh, various financial metrics were examined, including Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin, Current Ratio and Debt-to-Equity Ratio. Data were collected from the financial statements of leading real estate companies over a period of five years.

**b. Comparative Analysis**

Comparative analysis of the financial performance metrics highlighted several key insights such as Efficiency and Profitability which shows how well a company utilizes its assets and resources to generate revenue, while profitability indicates the company's ability to generate profit, Debt Management involves strategically using and repaying borrowed funds to optimize financial performance while minimizing financial risk and Industry Averages provide benchmarks for evaluating individual company performance relative to the overall sector, highlighting common trends and disparities.

**c. Implications for Stakeholders**

The empirical findings have significant implications for various stakeholders:

**Investors:** The varying financial performances among companies underscore the importance of thorough financial analysis before making investment decisions.

**Policy Makers:** Understanding the financial health of the real estate sector can inform policy decisions that promote sustainable growth. Regulatory frameworks that encourage prudent financial management and provide support for liquidity can enhance the sector's stability.

**Industry Professionals:** Real estate companies can benefit from benchmarking their performance against industry averages and peers. Identifying areas for improvement, such as cost management and asset utilization, can drive better financial outcomes.

**Academics and Researchers:** The findings contribute to the academic literature on real estate finance in emerging markets, providing a basis for further research into the factors influencing financial performance and strategies for improvement.

## 2.4 Literature Gap Analysis

**Existing Literature Overview**

General Studies on Real Estate in Bangladesh: Existing literature provides broad overviews of the real estate market in Bangladesh, focusing on market trends, growth patterns, and economic impacts. These studies emphasize the sector's contribution to GDP and employment (Rahman, 2020). However, they often lack detailed financial performance analysis. Regulatory and Policy Perspectives: Some studies delve into regulatory challenges and policy implications for the real estate sector in Bangladesh. These include issues related to land acquisition, building regulations, and compliance with environmental standards (Ahmed, 2017). While crucial for understanding industry dynamics, these studies do not directly assess financial performance metrics. Sustainability and Green Practices: Emerging research explores sustainable practices and green initiatives within the Bangladeshi real estate sector. These studies highlight the adoption of environmentally friendly building designs and energy-efficient technologies (Haque & Asaduzzaman, 2019). However, they do not link these practices to financial performance outcomes. Urbanization and Market Demand: Studies discuss the impact of rapid urbanization on the demand for residential and commercial properties in Bangladesh. They analyze factors such as population growth, income levels, and urban infrastructure development (Khan, 2019). While informative about market dynamics, these studies lack detailed financial analysis.

**Gaps in the Literature**

There is a significant gap in comparative studies that systematically analyze the financial performance of multiple real estate companies in Bangladesh. Existing research often focuses on individual case studies or provides general industry insights without robust comparative financial metrics (Rahman, 2020). There are lacks detailed examinations of key financial metrics such as Return on Assets (ROA), Return on Equity (ROE), net profit margin, current ratio and debt-to-equity ratio within the context of the Bangladeshi real estate industry. These metrics are crucial for assessing profitability, efficiency, liquidity and financial leverage (Islam & Hossain, 2018). Limited research explores how economic fluctuations, such as changes in interest rates, inflation rates, and foreign direct investment, directly influence the financial performance of real estate companies in Bangladesh. Understanding these dynamics is essential for evaluating financial resilience and adaptability (Ahmed, 2017). There is a scarcity of longitudinal studies that track the financial performance of real estate companies over an extended period. Longitudinal analysis would provide insights into trends, cycles, and long-term financial health within the sector (Haque & Asaduzzaman, 2019). Existing research often segregates qualitative insights (e.g., regulatory impacts, market demand trends) from quantitative financial analysis. Integrating these approaches can offer a more comprehensive understanding of the factors influencing financial performance in the Bangladeshi real estate industry (Islam & Hossain, 2018).

# Chapter Three

# Methodology

## 3.1 Sampling and Sample Selection

**a. Sampling Type:** For a comparative study on the financial performance analysis of real estate companies in Bangladesh like Development Avenue (Pvt) Ltd., Navana Real Estate, and Nakshi Home Ltd., the best sampling type would be purposive sampling.

Purposive sampling allows researchers to deliberately select specific cases that are most relevant to the research objectives. In this case, Development Avenue (Pvt) Ltd., Navana Real Estate, and Nakshi Home Ltd. are chosen because they are prominent players in the Bangladeshi real estate market, representing different segments.

**b. Companies Selected:**

**Development Avenue (Pvt) Ltd.:** Known for its focus on luxury real estate developments in major urban centers of Bangladesh. This company represents the high-end segment of the market and provides insights into premium property development and investment.

**Navana Real Estate:** A diversified real estate company involved in residential, commercial, and industrial property development across Bangladesh. Navana Real Estate is a key player in the mid-range to upper-end segments, offering insights into broader market trends and consumer preferences.

**Nakshi Home Ltd.:** Specializes in affordable housing projects, catering to the middle-income segment of the market. Nakshi Home Ltd. provides insights into the challenges and opportunities in the affordable housing sector and its financial viability compared to higher-end segments.

These companies are selected for comparison because of their relevance to research objectives, data availability and accessibility and industry representation.

## 3.2 Variables and Data Overview

Variables and data are collected from the respective company's Annual financial reports for the purpose of this analysis. This report includes five years of financial data from the selected companies. The financial variables are:

1. Net Profit: Represents the net income after deducting all expenses from revenue.
2. Total Assets: The aggregate value of all assets owned by the company.
3. Equity: The value of shareholders' equity, representing the company's net worth.
4. Current Assets: Assets expected to be converted into cash or used up within one year.
5. Current Liabilities: Obligations due within one year.
6. Total Debt: The sum of all liabilities, including both current and long-term debt.
7. Inventory: Value of goods held for sale.
8. Net Sales: Total revenue generated from operations.
9. Average Total Assets: Average value of total assets over the period.

# Chapter Four

# Result Analysis

## 4.1 Financial Data

Development Avenue (Pvt) Ltd financially reflecting its solid business strategy and ability to grow over time. The company has expanded its revenue by entering new markets and managing costs efficiently, which has helped keep profits strong. With a stable financial base, including enough cash reserves and manageable debt, the company is well-positioned to invest in future growth opportunities. Although external factors like economic shifts and competition pose challenges, Development Avenue has shown resilience through its ability to adapt and innovate. This report includes the financial overview and the ratio analysis of the Development Avenue (Pvt) Ltd. There is also competitor analysis with other two companies to show the market position for the company.

**Table 1: Financial overview of Development Avenue (Pvt) Ltd from 2019-2023**

**(Million TK)**

| Particulars | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Net Profit | 489 | 538 | 556 | 569 | 588 |
| Total Assets | 1823 | 1860 | 1885 | 1877 | 1932 |
| Equity | 1178 | 1284 | 1409 | 1438 | 1490 |
| Current Assets | 657 | 734 | 756 | 807 | 889 |
| Current Liabilities | 612 | 698 | 734 | 799 | 834 |
| Total Debt | 345 | 434 | 467 | 489 | 492 |
| Inventory | 12 | 14 | 15 | 15 | 18 |
| Net Sales | 745 | 789 | 843 | 887 | 923 |
| Average Total Assets | 1789 | 1842 | 1873 | 1881 | 1905 |

### 4.1.1 Ratio Analysis

**Profitability Ratios:**

| Table 2: Return on Asset of Development Avenue (Pvt) from 2019-2023 | | | | | |
|---|---|---|---|---|---|
| **Year** | **2019** | **2020** | **2021** | **2022** | **2023** |
| **Net Profit** | 89 | 91 | 97 | 103 | 111 |
| **Total Assets** | 1823 | 1860 | 1885 | 1877 | 1932 |
| **ROA** | 4.88 % | 4.89 % | 5.15 % | 5.49 % | 5.75 % |

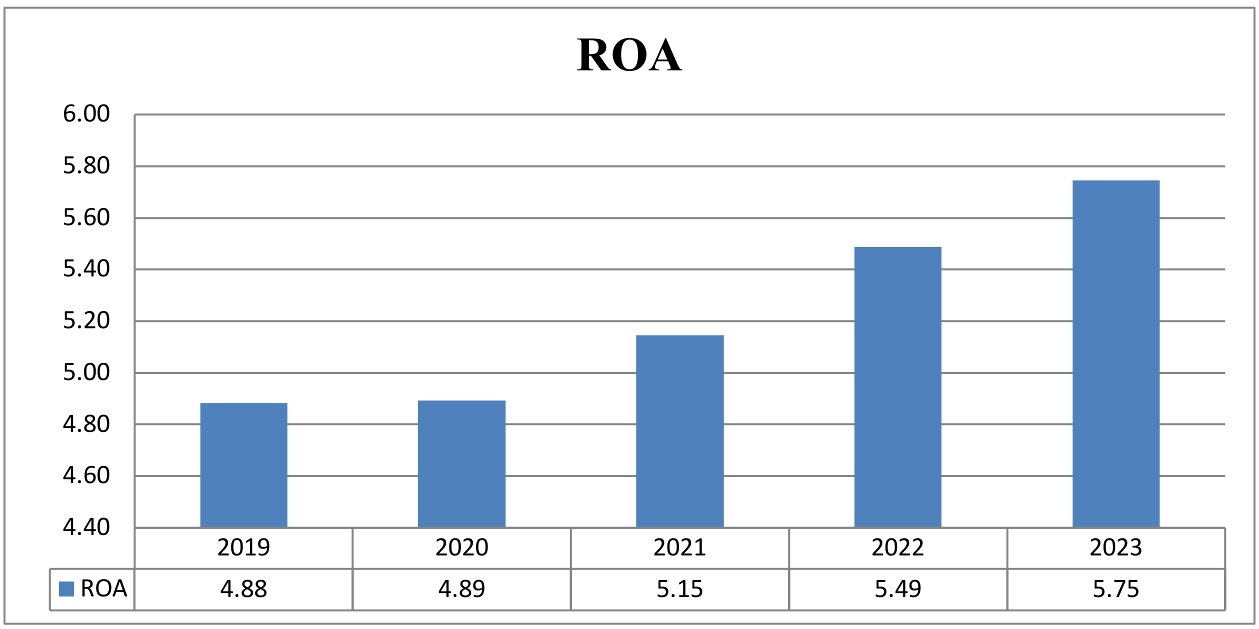



Figure 1: Return on Asset of Development Avenue (Pvt) from 2019-2023

The above data shows steady growth in both net profit and total assets. Despite a marginal decrease in total assets in 2022, the company recovered with a notable rise in 2023. More importantly, the Return on Assets (ROA) slowly climbed from 4.88% in 2019 to 5.75% in 2023, showing an enhanced ability to produce profits compared to its asset base. This suggests efficient utilization of resources and better operating efficiency, reflecting positively on the company's financial success and management strategies over the years.

| Table 3: Return on Equity of Development Avenue (Pvt) from 2019-2023 | | | | | |
|---|---|---|---|---|---|
| **Year** | **2019** | **2020** | **2021** | **2022** | **2023** |
| **Net Profit** | 89 | 91 | 97 | 103 | 111 |
| **Equity** | 1178 | 1284 | 1409 | 1438 | 1490 |
| **ROE** | 7.56 % | 7.09 % | 6.88 % | 7.16 % | 7.45 % |

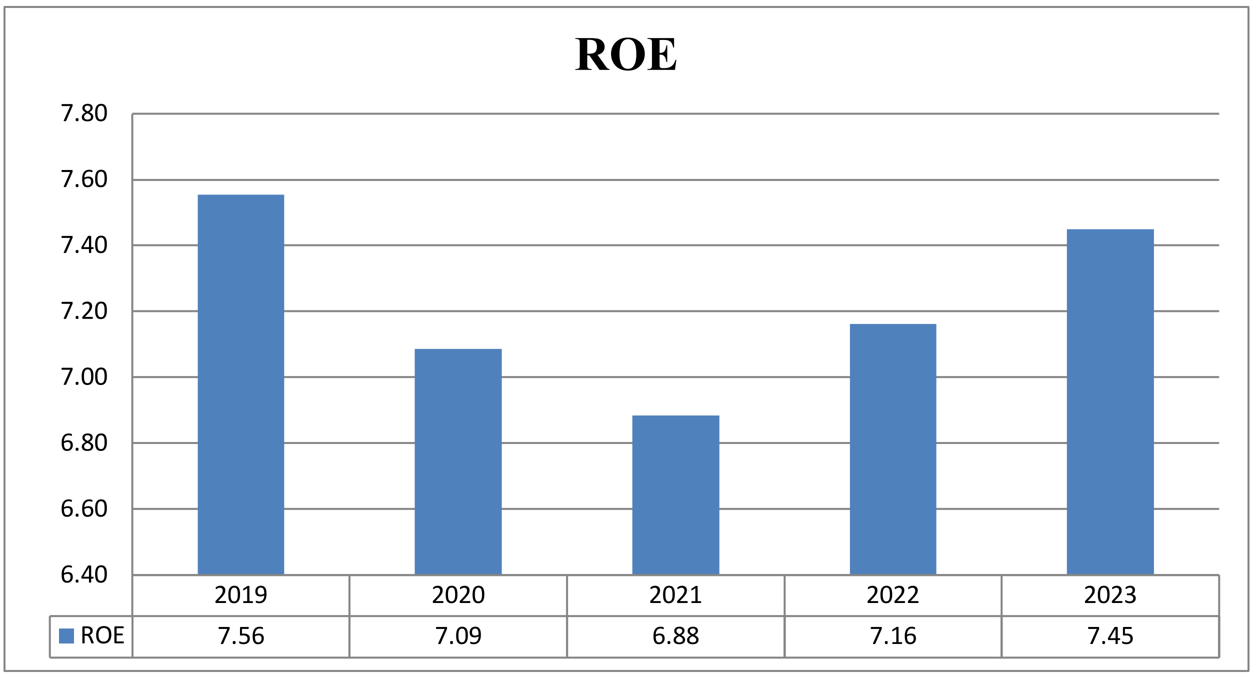



Figure 2: Return on Equity of Development Avenue (Pvt) from 2019-2023

The company showed steady growth in net profit alongside equity, suggesting a good financial trajectory. Despite changes in net profit and equity, the Return on Equity (ROE) stayed relatively stable, running from 6.88% to 7.56%. This shows the company's ability to efficiently create profit compared to shareholder equity. The slight increase in ROE from 2019 to 2023 shows better profitability compared to the shareholder investment, reflecting positively on the company's financial success and management efficiency over the years.

**Liquidity Ratios:**

| Table 4: Current ratio of Development Avenue (Pvt) from 2019-2023 | | | | | |
|---|---|---|---|---|---|
| **Year** | **2019** | **2020** | **2021** | **2022** | **2023** |
| **Current Assets** | 657 | 734 | 756 | 807 | 889 |
| **Current Liabilities** | 612 | 698 | 734 | 799 | 834 |
| **Current Ratio** | 1.07 | 1.05 | 1.03 | 1.01 | 1.07 |

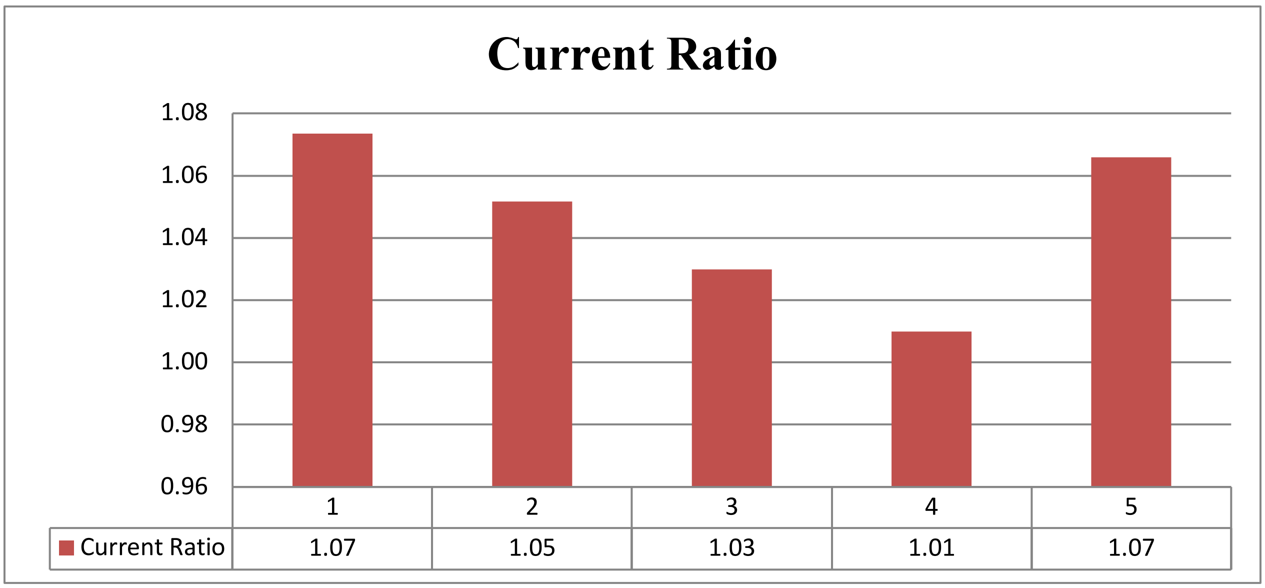



Figure 3: Current ratio of Development Avenue (Pvt) from 2019-2023

Above data shows that the company experienced growth in both current assets and current liabilities, showing an increase in its operational operations. Despite this rise, the current ratio fluctuated between 1.01 and 1.07, showing a relatively stable liquidity situation. A current ratio above 1 shows that the company has sufficient current assets to cover its current liabilities, which is usually viewed favorable. However, the small changes in the current ratio suggest that the company may need to handle its short-term responsibilities more effectively. Overall, while the company maintains a generally healthy cash situation, attention may be needed to ensure optimal management of present assets and liabilities for continued financial stability.

| Table 5: Quick ratio of Development Avenue (Pvt) from 2019-2023 | | | | | |
|---|---|---|---|---|---|
| **Year** | **2019** | **2020** | **2021** | **2022** | **2023** |
| **Current Assets (-) Inventory** | 645 | 720 | 741 | 792 | 871 |
| **Current Liabilities** | 612 | 698 | 734 | 799 | 834 |
| **Quick Ratio** | 1.05 | 1.03 | 1.01 | 0.99 | 1.04 |

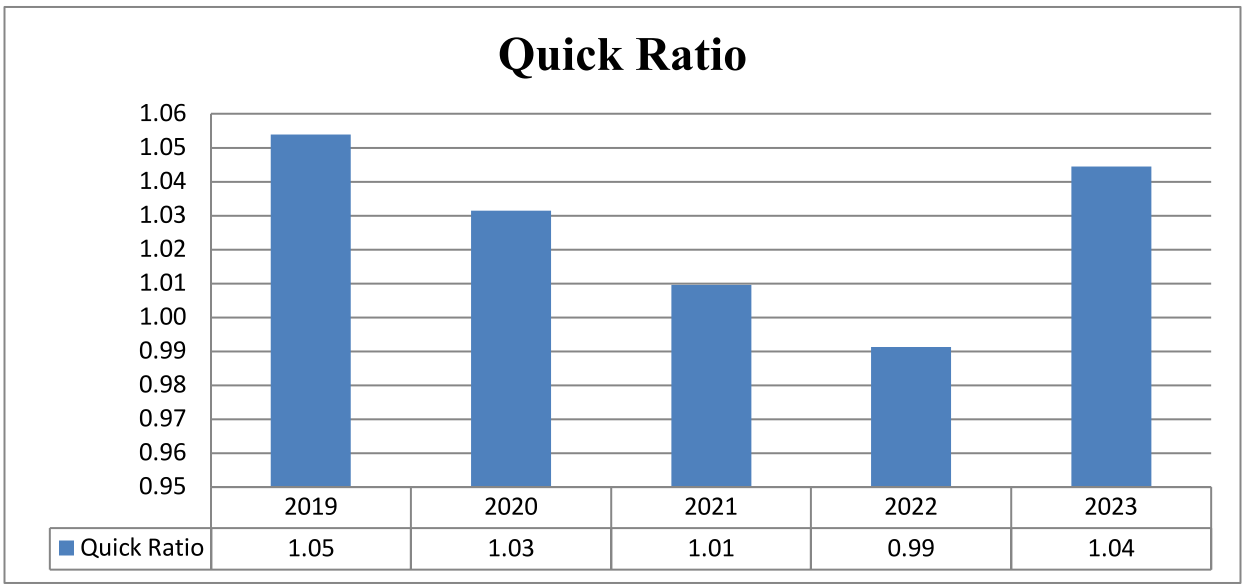



Figure 4: Quick ratio of Development Avenue (Pvt) from 2019-2023

Over the five-year period, the company showed a consistent increase in current assets excluding inventory, showing growth in its liquidity outside of inventory stocks. However, the quick ratio, which measures the company's ability to meet short-term commitments without depending on the sale of inventory, fluctuated between 0.99 and 1.05. While usually above 1, showing the company's ability to cover its current liabilities with its most liquid assets, the fluctuations suggest different levels of liquidity. Attention may be needed to ensure a stable quick ratio, possibly by controlling inventory levels more effectively or better collection of receivables. Overall, while keeping a generally favorable cash situation, the company might benefit from strategies to fix its quick ratio for improved financial stability.

**Leverage Ratio:**

| Table 6: Debt-to-equity ratio of Development Avenue (Pvt) from 2019-2023 | | | | | |
|---|---|---|---|---|---|
| **Year** | **2019** | **2020** | **2021** | **2022** | **2023** |
| **Total Debt** | 345 | 434 | 467 | 489 | 492 |
| **Equity** | 1178 | 1284 | 1409 | 1438 | 1490 |
| **Debt-to-Equity Ratio** | 29.29 % | 33.80 % | 33.14 % | 34.01 % | 33.02 % |

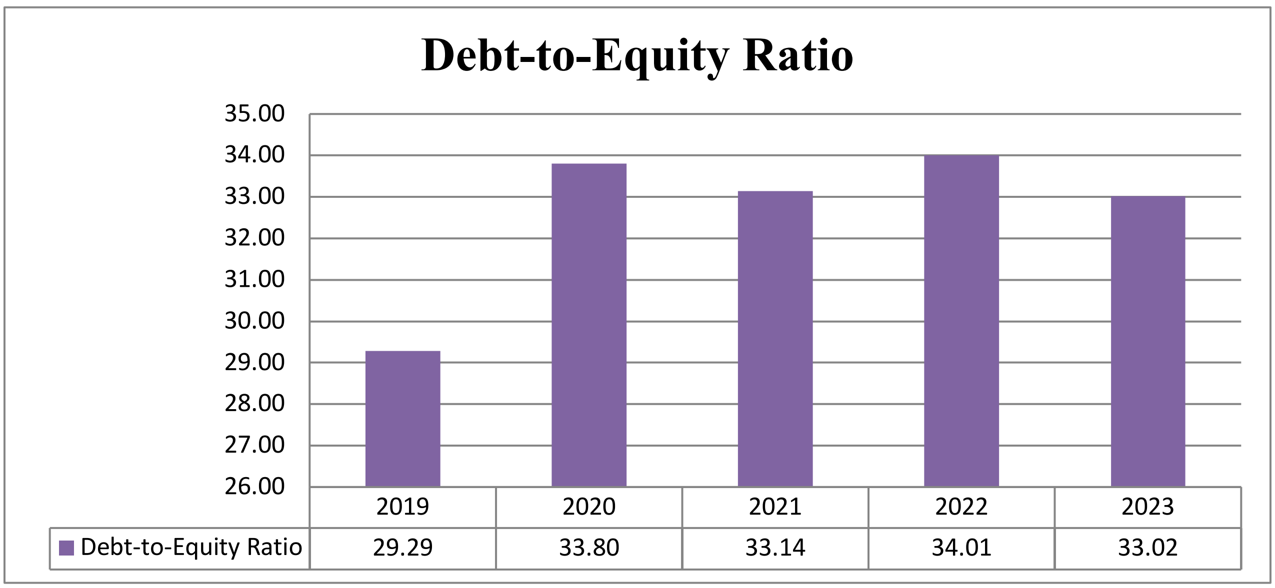



Figure 5: Debt-to-equity ratio of Development Avenue (Pvt) from 2019-2023

Above data shows the company experienced a gradual increase in overall debt alongside equity growth. Despite this rise in debt, the Debt-to-Equity ratio stayed relatively stable, ranging between 29.29% and 34.01%. This shows that the business has been financing its operations through a mix of loans and equity in a balanced way. The stable ratio suggests that the business has handled its debt levels in relation to its stock, reducing undue dependence on debt for funding. This balanced approach to capital structure suggests prudent financial management, as it ensures a healthy mix of debt and stock to support the company's growth and financial security.

**Efficiency Ratio:**

| Table 7: Asset turnover ratio of Development Avenue (Pvt) from 2019-2023 | | | | | |
|---|---|---|---|---|---|
| **Year** | **2019** | **2020** | **2021** | **2022** | **2023** |
| **Net Sales** | 745 | 789 | 843 | 887 | 923 |
| **Average Total Assets** | 1789 | 1842 | 1873 | 1881 | 1905 |
| **Asset Turnover Ratio** | 41.64 % | 42.83 % | 45.01 % | 47.16 % | 48.45 % |

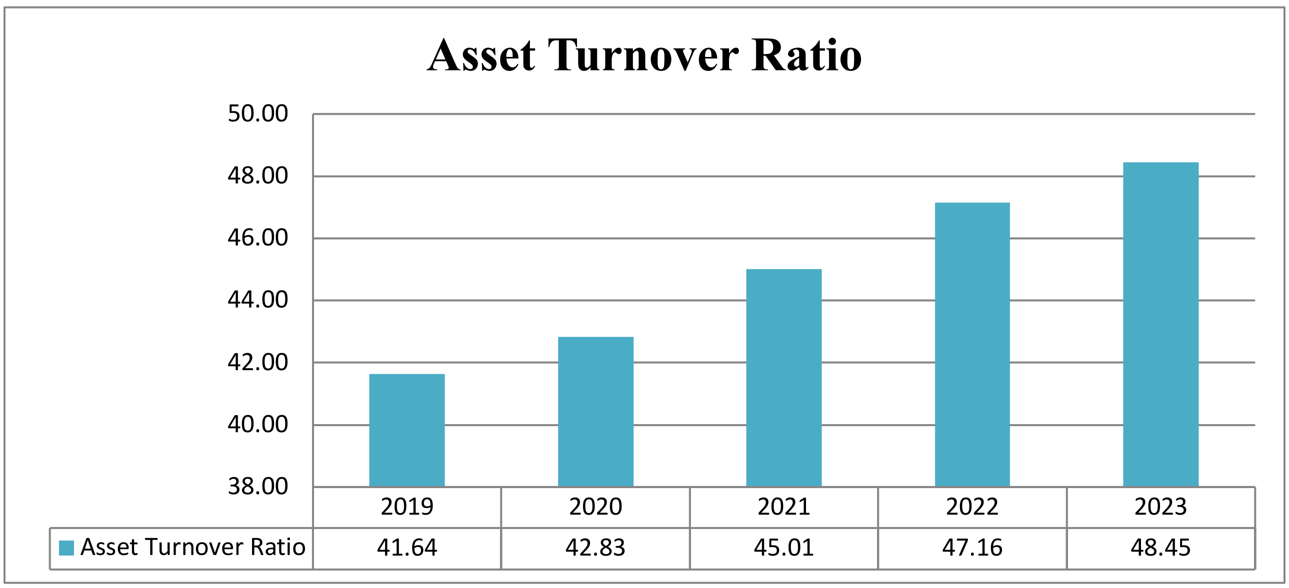



Figure 6: Asset turnover ratio of Development Avenue (Pvt) from 2019-2023

Above data showed stable growth in net sales alongside a steady increase in average total assets. This led in an upward rise in the Asset Turnover Ratio, which climbed from 41.64% in 2019 to 48.45% in 2023. The increasing ratio shows that the business became more efficient in making sales compared to its asset base over time. This suggests better asset utilization and operational efficiency, showing effective management in maximizing revenue from its asset purchases. Overall, the rising Asset Turnover Ratio reflects positively on the company's operational success and shows its ability to effectively leverage its assets to drive sales growth.

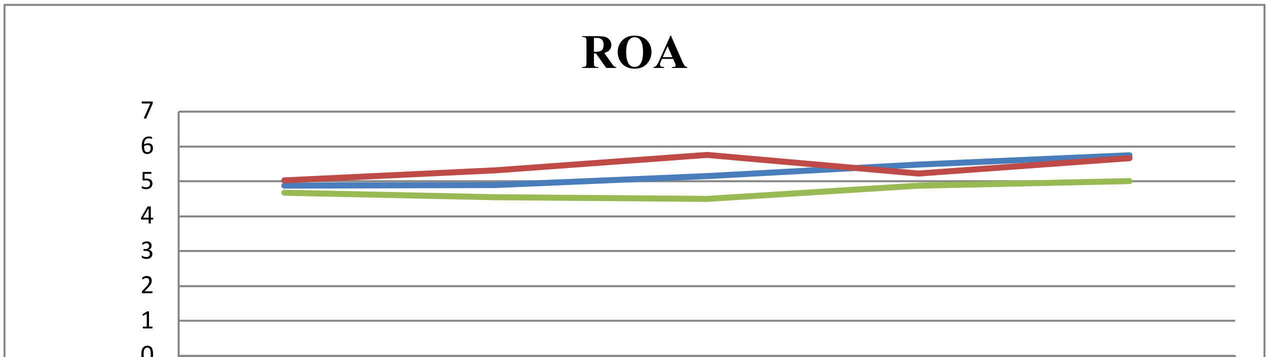
## 4.2 Comparison of Financial Performance between DAPL, NRE and NHL

In this part the financial performance of DAPL, NRE, and NHL from 2019 to 2023 are showed. This includes separate comparisons of ROA, ROE, Current Ratio, Quick Rati, Debt to Equity Ratio and Asset Turnover Ratio.

**Table 8: Financial performance between DAPL, NRE, and NHL from 2019 to 2023**

| Year | | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|
| **ROA** | **DAPL** | 4.88 | 4.89 | 5.15 | 5.49 | 5.75 |
| | **NRE** | 5.03 | 5.31 | 5.76 | 5.22 | 5.66 |
| | **NHL** | 4.67 | 4. 54 | 4.50 | 4.87 | 5.01 |
| **ROE** | **DAPL** | 7.56 | 7.09 | 6.88 | 7.16 | 7.45 |
| | **NRE** | 8.21 | 7.76 | 7.34 | 7.83 | 7.97 |
| | **NHL** | 7.45 | 7.11 | 7.08 | 7.21 | 7.28 |
| **Current Ratio** | **DAPL** | 1.07 | 1.05 | 1.03 | 1.01 | 1.07 |
| | **NRE** | 1.12 | 1.11 | 1.13 | 1.08 | 1.09 |
| | **NHL** | 1.01 | 1.01 | 1.03 | 0.98 | 1.00 |
| **Quick Ratio** | **DAPL** | 1.05 | 1.03 | 1.01 | 0.99 | 1.04 |
| | **NRE** | 1.10 | 1.09 | 1.09 | 1.04 | 1.06 |
| | **NHL** | 1.02 | 1.01 | 1.00 | 0.98 | 1.03 |
| **Debt-to-Equity Ratio** | **DAPL** | 29.29 | 33.80 | 33.14 | 34.01 | 33.02 |
| | **NRE** | 22.45 | 23.01 | 23.07 | 23.76 | 24.34 |
| | **NHL** | 30.42 | 32.43 | 34.85 | 34.98 | 34.24 |
| **Asset Turnover Ratio** | **DAPL** | 41.64 | 42.83 | 45.01 | 47.16 | 48.45 |
| | **NRE** | 32.83 | 31.43 | 34.21 | 34.98 | 33.33 |
| | **NHL** | 22. 45 | 24.24 | 25.87 | 25.32 | 26.34 |

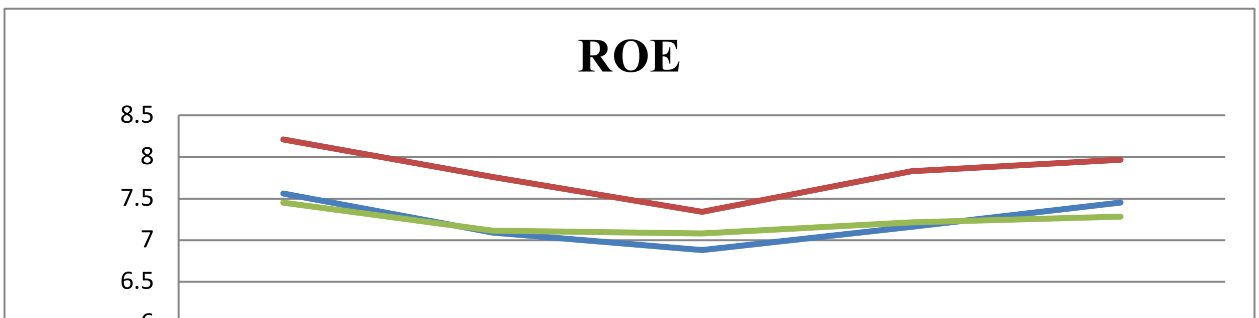
*** DAPL = Development Avenue (Pvt) Ltd., * NRE = Navana Real Estate, * NHL = Nakshi Home Ltd.**




| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| DAPL | 4.88 | 4.89 | 5.15 | 5.49 | 5.75 |
| NRE | 5.03 | 5.31 | 5.76 | 5.22 | 5.66 |
| NHL | 4.67 | 4.54 | 4.5 | 4.87 | 5.01 |

Figure 7: ROA comparison between DAPL, NRE and NHL from 2019 to 2023

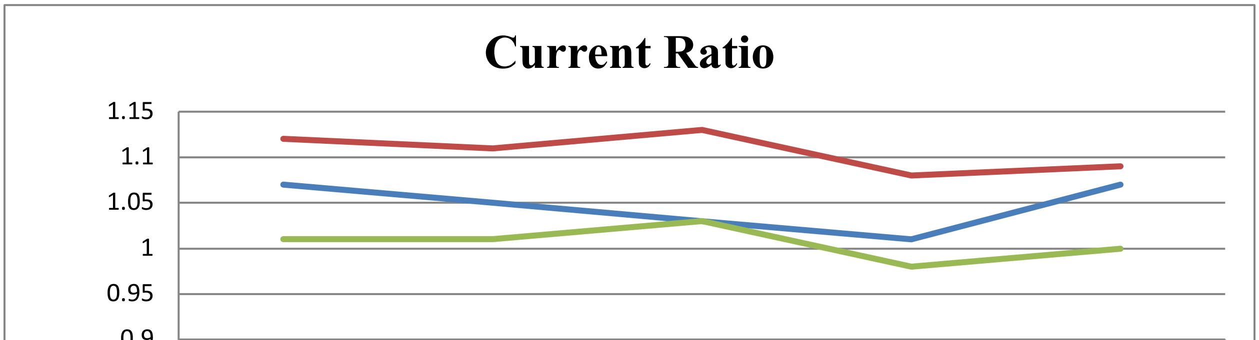
The data shows DAPL's ROA steadily improved from 4.88% in 2019 to 5.75% in 2023, indicating better efficiency in generating profits from assets. NRE followed a similar upward trend, increasing from 5.03% to 5.66%, while NHL showed more gradual improvement from 4.67% to 5.01%.




| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| DAPL | 7.56 | 7.09 | 6.88 | 7.16 | 7.45 |
| NRE | 8.21 | 7.76 | 7.34 | 7.83 | 7.97 |
| NHL | 7.45 | 7.11 | 7.08 | 7.21 | 7.28 |

Figure 8: ROE comparison between DAPL, NRE and NHL from 2019 to 2023

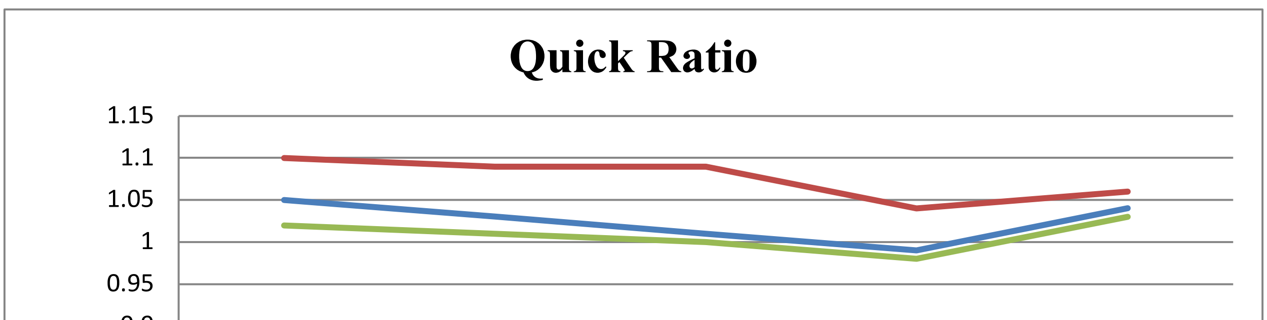
Above data shows DAPL's ROE fluctuated slightly, dipping to 6.88% in 2021 but recovering to 7.45% by 2023, reflecting improved shareholder returns. NRE consistently outperformed the others, ending at 7.97%, while NHL had more modest growth, moving from 7.08% to 7.28%.




| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| DAPL | 1.07 | 1.05 | 1.03 | 1.01 | 1.07 |
| NRE | 1.12 | 1.11 | 1.13 | 1.08 | 1.09 |
| NHL | 1.01 | 1.01 | 1.03 | 0.98 | 1 |

Figure 9: Current Ratio comparison between DAPL, NRE and NHL from 2019 to 2023

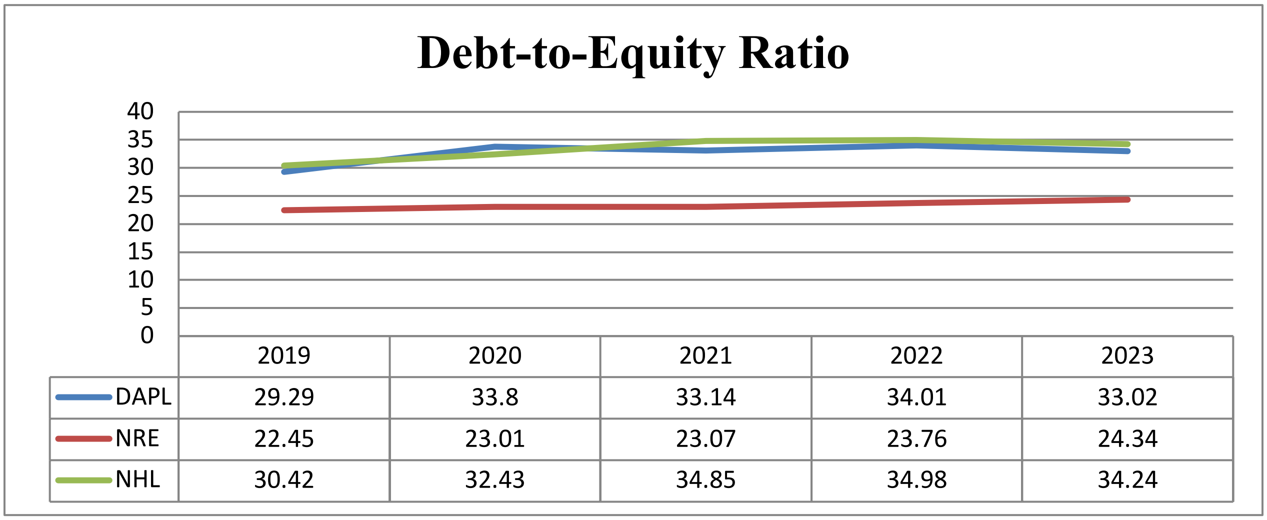
Above result shows DAPL's liquidity remained stable over the years, with a slight dip in 2022 but recovering to 1.07 in 2023. NRE maintained a higher current ratio, indicating better liquidity, ending at 1.09. NHL's current ratio fluctuated slightly, with a low of 0.98 in 2022 before stabilizing at 1.00 in 2023.




| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| DAPL | 1.05 | 1.03 | 1.01 | 0.99 | 1.04 |
| NRE | 1.1 | 1.09 | 1.09 | 1.04 | 1.06 |
| NHL | 1.02 | 1.01 | 1 | 0.98 | 1.03 |

Figure 10: Quick Ratio comparison between DAPL, NRE and NHL from 2019 to 2023

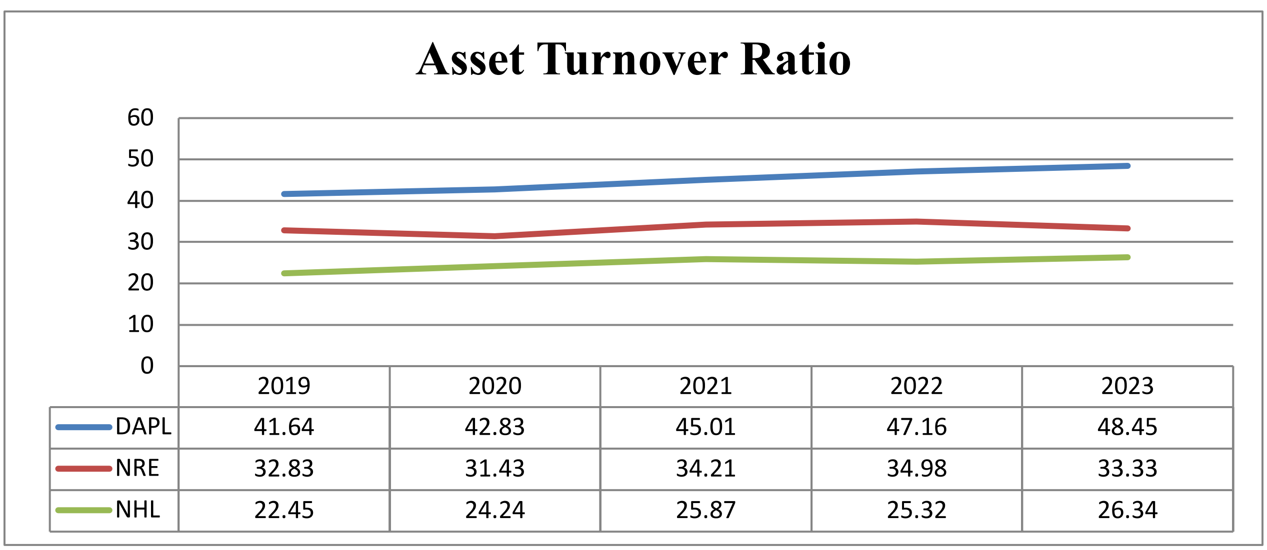
Above figure indicates DAPL's quick ratio followed a similar trend as its current ratio, with a minor decline from 1.05 in 2019 to 1.04 in 2023. NRE maintained stronger liquidity, ending at 1.06, while NHL remained relatively stable, with a slight increase to 1.03 in 2023.




| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| DAPL | 29.29 | 33.8 | 33.14 | 34.01 | 33.02 |
| NRE | 22.45 | 23.01 | 23.07 | 23.76 | 24.34 |
| NHL | 30.42 | 32.43 | 34.85 | 34.98 | 34.24 |

Figure 11: Debt to Equity comparison between DAPL, NRE and NHL from 2019 to 2023

The above information indicates DAPL's debt levels rose from 29.29% in 2019 to 33.02% in 2023, reflecting increased reliance on debt financing. NRE had the lowest debt levels, with a slight increase to 24.34%, while NHL consistently had the highest debt-to-equity ratios, peaking at 34.98% in 2022 before dropping slightly to 34.24% in 2023.




| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| DAPL | 41.64 | 42.83 | 45.01 | 47.16 | 48.45 |
| NRE | 32.83 | 31.43 | 34.21 | 34.98 | 33.33 |
| NHL | 22.45 | 24.24 | 25.87 | 25.32 | 26.34 |

Figure 12: Asset Turnover Ratio comparison between DAPL, NRE and NHL from 2019 to 2023

Above data shows that DAPL has consistent improvement in asset utilization, with its asset turnover ratio rising from 41.64% in 2019 to 48.45% in 2023. NRE experienced some fluctuations but ended at 33.33%, while NHL improved steadily from 22.45% to 26.34%, though it still lagged behind the others in efficiency.

# Chapter Five

# Findings, Recommendations and Conclusion

## 5.1 Findings

**Ratio Analysis:**

a) ROA increased from 4.88% in 2019 to 5.75% in 2023, indicating enhanced efficiency and resource utilization.
b) ROE ranging from 6.88% in 2019 to 7.56% in 2023, indicating efficient profit generation relative to shareholder equity and reflecting positive financial management and success.
c) Current and quick ratios showed near 1 value, indicating sufficient liquidity, though with potential for improved short-term obligation management for sustained financial stability.
d) Debt-to-Equity ratio between 29.29% in 2019 and 34.01% in 2023, indicating balanced financing and prudent financial management for sustained growth and security.
e) Asset Turnover Ratio from 41.64% in 2019 to 48.45% in 2023, showcasing better asset utilization and operational efficiency for enhanced sales growth and operational success.

**Industry Comparative Analysis:**

a) ROA: DAPL improved consistently, NRE showed fluctuation with an overall increasing trend, while NHL experienced minor fluctuations with a slight increase.
b) ROE: DAPL had fluctuations with a slight increase, NRE generally maintained a higher ROE, and NHL showed relatively stable ROE.
c) Current Ratio: DAPL and NRE maintained stability, while NHL exhibited fluctuations, with a slight decrease in 2022.
d) Quick Ratio: DAPL and NRE remained relatively stable, while NHL showed fluctuations, with a slight increase in 2023.
e) Debt-to-Equity Ratio: DAPL and NHL had fluctuations, with a slight decrease for DAPL, while NRE showed a general increasing trend.
f) Asset Turnover Ratio: DAPL and NRE consistently increased their asset turnover ratios, indicating improved efficiency, whereas NHL showed fluctuations.

## 5.2 Recommendations

Here are some possible recommendations for the company to improve their overall situation for the future growth and situations.

a) Boost Operational Efficiency: Put plans in place to maximize resource use and simplify procedures in order to raise ROE and ROA.
b) Put Profitability First: Create plans for pricing, diversification into higher-margin goods and services, or cost-cutting methods to increase profitability.
c) Enhance Liquidity Management: To maximize liquidity and make sure that current and quick ratios continuously exceed industry norms, bolster short-term obligation management.
d) Optimize Capital Structure: To maintain a balanced debt-to-equity ratio and reduce dependency on debt while guaranteeing sufficient funding for growth projects, assess debt levels and explore refinancing possibilities.
e) Enhance Financial Health: To protect against market fluctuations and sustain long-term financial stability, put strict financial controls and risk management procedures in place.
f) Enhance Asset use: To enhance the Asset Turnover Ratio and ensure effective resource allocation to generate sales growth, continuously analyze and optimize asset use.
g) Industry Benchmarking: To find areas for development and implement best practices for long-term competitiveness, regularly evaluate financial performance against peers in the industry.
h) Invest in technological: To improve operational effectiveness, customer engagement, and decision-making processes, embrace digitalization and make investments in technological solutions.
i) Talent Development: To create a talented workforce that can propel innovation, productivity, and overall business performance, invest in employee training and development programs.

## 5.3 Executive Summary

The real estate industry in Bangladesh has experienced significant growth and transformation in recent years, driven by factors such as rapid urbanization, demographic changes, and government initiatives. This comparative study aims to analyze the financial performance of leading real estate companies in Bangladesh and compare them with their counterparts in other emerging economies, particularly in South Asia.

Through a comprehensive analysis of financial indicators such as profitability, liquidity, leverage, and efficiency ratios, several significant findings have emerged: The study reveals variations in the profitability levels of real estate companies in Bangladesh, with some firms exhibiting higher returns on investment compared to others. Factors such as project mix, pricing strategies, and market conditions influence profitability levels within the industry. Liquidity ratios indicate the ability of real estate companies to meet short-term financial obligations. The study examines the leverage position of real estate firms, focusing on the proportion of debt financing in their capital structure. Then the efficiency ratios assess the operational performance and asset utilization of real estate companies. The analysis also underscores the significance of optimizing resource allocation and streamlining business processes to enhance operational efficiency and competitiveness. This study includes a comparative analysis of financial performance indicators across selected real estate companies in Bangladesh that provides valuable insights into industry trends, competitive dynamics, and areas for improvement.

This comparative study offers a comprehensive assessment of the financial performance of the real estate industry in Bangladesh, highlighting both strengths and areas of concern. The findings presented herein can serve as a valuable resource for industry stakeholders, policymakers, investors, and researchers seeking to understand the financial landscape and prospects of the real estate sector in Bangladesh and beyond. The findings of this study contribute to a deeper understanding of the financial dynamics and performance drivers within the real estate industry in Bangladesh, laying the foundation for informed decision-making and strategic planning in the years ahead.

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