



EVALUATING THE IMPACT OF PUBLIC LISTING ON REAL ESTATE COMPANIES: A PRIVATE TO PUBLIC STUDY

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ABSTRACT

The real estate sector is one of the most significant contributors to economic development in India, playing a crucial role in infrastructure growth, employment generation, and capital formation. Traditionally, many real estate companies operated as privately owned entities that relied primarily on internal funding, private investors, and bank loans to finance their development projects. However, with increasing competition, rising project costs, and the growing need for large-scale capital investment, several real estate firms have transitioned from private ownership to publicly listed companies through Initial Public Offerings (IPOs). Public listing provides companies with access to equity markets, allowing them to raise substantial funds from a broader investor base while improving corporate governance, transparency, and market credibility.

The primary objective of this study is to analyze the impact of public listing on the financial performance of selected Indian real estate companies. The research focuses on evaluating key financial indicators such as profitability, liquidity, leverage, operational efficiency, and growth performance. The study uses secondary data collected from the annual reports of selected real estate companies, including Kolte-Patil Developers Ltd., Arvind SmartSpaces Ltd., Ajmera Realty & Infra India Ltd., and Hubtown Ltd., covering the period from FY2021 to FY2025. Various financial analysis tools such as ratio analysis, growth analysis, and trend analysis are applied to assess the financial performance of these companies over time.

The findings of the study indicate that public listing has contributed to improvements in several financial performance indicators of the selected real estate companies. Profitability ratios such as Net Profit Margin, Return on Equity (ROE), and Return on Assets (ROA) show gradual improvement during the study period, reflecting better operational efficiency and enhanced earnings capability. Liquidity ratios demonstrate improved ability of companies to meet short-term financial obligations, while leverage ratios indicate a gradual reduction in dependence on debt financing. In addition, growth and trend analysis reveal a steady increase in revenue, net profit, and total assets, suggesting expansion in business operations and stronger financial stability.

Overall, the study concludes that public listing can positively influence the financial performance and long-term sustainability of real estate companies by improving access to capital, strengthening corporate governance practices, and enhancing investor confidence.

1. INTRODUCTION

The real estate sector is one of the most important contributors to economic development, playing a vital role in infrastructure development, employment generation, and capital formation. In India, the real estate industry has grown significantly over the past two decades due to rapid urbanization, population growth, rising income levels, and increased demand for residential and commercial spaces. The sector is closely linked with more than 250 allied industries such as cement, steel, construction materials, and financial services, making it a key driver of economic growth and investment activity.

Traditionally, many real estate companies operated as privately owned entities, relying on internal funding, bank loans, and private investors to finance their development projects. However, the real estate industry is highly capital-intensive and requires substantial financial resources for land acquisition, construction, project development, and expansion into new markets. As a result, many companies have started exploring alternative financing options to support large-scale projects and long-term business growth.

One of the most significant strategies adopted by real estate firms to raise capital is transitioning from private ownership to public listing through Initial Public Offerings (IPOs). Public listing allows companies to raise funds from the equity market by issuing shares to the public. This process not only provides access to a larger pool of capital but also improves corporate transparency, governance standards, and market credibility. Furthermore, publicly listed companies benefit from enhanced brand visibility, investor confidence, and better access to financial markets for future funding requirements.



Despite these advantages, public listing also introduces certain challenges such as increased regulatory compliance, market volatility, and pressure to meet shareholder expectations. Therefore, it becomes important to evaluate whether the transition from private ownership to public listing actually improves the financial performance of real estate companies.

This study aims to analyze the financial performance of selected publicly listed real estate companies in India by examining key financial indicators such as profitability, liquidity, leverage, efficiency, and growth trends.

2. PROBLEM STATEMENT

The real estate industry is highly capital-intensive and requires substantial financial resources for land acquisition, construction, project development, and expansion. Traditionally, many real estate companies operated as privately owned firms and relied heavily on internal funds, bank loans, and private investments to finance their activities. However, with increasing project sizes, rising construction costs, and growing competition in the market, private funding sources are often insufficient to support long-term growth and large-scale development projects.

To overcome these financial constraints, several real estate companies have started transitioning from private ownership to public listing through Initial Public Offerings (IPOs). Public listing enables companies to raise capital from equity markets, improve corporate governance, enhance transparency, and increase investor confidence. Despite these potential advantages, the decision to become a publicly listed company also introduces challenges such as increased regulatory compliance, disclosure requirements, market volatility, and pressure to maintain consistent financial performance.

Although many real estate firms have chosen to go public, there is still a need to evaluate whether public listing actually improves their financial performance and operational efficiency. In particular, it is important to analyze whether publicly listed real estate companies experience improvements in profitability, liquidity, leverage, and growth after accessing capital markets.

Therefore, this study attempts to examine the financial performance of selected publicly listed real estate companies in India and analyze whether public listing contributes to improved financial stability and business growth.

3. RESEARCH OBJECTIVES

The main objectives of the study are:

- To analyze the financial performance of selected publicly listed real estate companies.
- To evaluate profitability, liquidity, leverage, and efficiency ratios.
- To examine revenue and profit growth trends of the companies.
- To assess whether public listing contributes to financial improvement and operational growth.

4. LITERATURE REVIEW

Several studies have examined the relationship between public listing and firm performance.

Hoesli (2021) analyzed whether listed real estate securities behave similarly to direct real estate investments. The study found that there is a strong correlation between the performance of publicly listed real estate firms and underlying property market fundamentals over the medium and long term. This suggests that public listing improves market efficiency and allows investors to better evaluate the performance of real estate assets.

Salerno (2021) examined the impact of IPOs on firm performance and found that companies generally demonstrate strong financial indicators before going public. However, the study also noted that some firms may experience changes in profitability after listing due to increased regulatory requirements and market expectations. This research highlights that the transition to public ownership can influence corporate financial performance and strategic decision-making.

Larrain (2025) studied the effects of public listing on firm profitability and corporate strategy. The research revealed that public listing relaxes financial constraints faced by private companies and enables firms to pursue expansion and growth strategies more aggressively. As a result, companies may experience increased investment in new projects and improved long-term growth opportunities.

Saini, Deora, and Gadiya (2024) evaluated the financial competitiveness of publicly listed Indian real estate companies. Their findings indicated that listed real estate firms often demonstrate stronger financial transparency,



improved governance standards, and better access to capital markets compared to privately held firms. These factors contribute to enhanced financial stability and competitiveness within the industry.

Overall, the existing literature suggests that public listing can significantly influence financial performance, capital structure, and strategic growth of companies. However, the impact may vary depending on market conditions, regulatory environment, and company-specific factors.

5. RESEARCH METHODOLOGY

Research methodology refers to the systematic process used to collect, analyze, and interpret data in order to achieve the objectives of a research study. It provides a structured framework that guides the research design, data collection methods, sampling techniques, and analytical tools used in the study. In this research, the methodology focuses on examining the financial performance of selected publicly listed real estate companies in India.

Research Design

This study adopts a descriptive research design to analyze the financial performance of real estate companies after public listing. Descriptive research is appropriate because it helps in systematically examining financial data, identifying trends, and interpreting the financial condition of companies using different financial indicators. The study mainly focuses on evaluating financial ratios, growth patterns, and trend movements in the financial performance of the selected companies over a specific time period.

Data Source

The research is based on **secondary data**, which has been collected from reliable and publicly available sources. The **primary sources of data include annual reports, financial statements, company websites, stock exchange filings, and financial databases**. Secondary data is appropriate for this study because it provides accurate financial information that can be used to calculate financial ratios and analyze company performance across multiple years.

Sample Selection

The study focuses on five publicly listed real estate companies in India. These companies were selected based on the availability of financial data, relevance to the research topic, and their active presence in the Indian real estate sector. Selecting multiple companies helps improve the reliability and validity of the research by allowing comparative financial analysis.

The sample companies selected for the study are:

1. Kolte-Patil Developers Ltd
2. Arvind SmartSpaces Ltd
3. Ajmera Realty & Infra India Ltd
4. Hubtown Ltd
5. Marathon Nextgen Realty Ltd

These companies are listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) and operate in different segments of the real estate industry such as residential development, integrated townships, and commercial real estate. The selected companies represent a mix of small-cap and mid-cap real estate firms, which helps provide a broader understanding of financial performance trends in the sector.

Study Period

The financial performance of the selected companies is analyzed for a five-year period from FY2021 to FY2025. This time frame provides sufficient data to observe financial trends and evaluate changes in profitability, liquidity, leverage, efficiency, and growth of the companies over time.

Analytical Tools and Techniques

To evaluate the financial performance of the selected real estate companies, several financial analysis tools are used. These tools help measure different aspects of company performance.

1. Ratio Analysis

Financial ratio analysis is used to evaluate the financial health and operational efficiency of companies. The ratios used in this study include:

- Profitability Ratios (Net Profit Margin, Return on Equity, Return on Assets, Operating Profit Margin)
- Liquidity Ratios (Current Ratio, Quick Ratio)
- Leverage Ratios (Debt–Equity Ratio, Interest Coverage Ratio)
- Efficiency Ratios (Asset Turnover Ratio, Inventory Turnover Ratio)



2. Growth Analysis

Growth analysis is used to measure the increase in revenue, net profit, and total assets of the companies over the study period. This helps evaluate whether the companies are expanding their operations and improving their financial performance.

3. Trend Analysis

Trend analysis is used to examine changes in financial indicators over time by taking a base year and comparing subsequent years. This method helps identify whether financial performance is improving, declining, or remaining stable during the study period.

Scope of the Study

The study focuses on analyzing the financial performance of selected publicly listed real estate companies using financial ratios, growth analysis, and trend analysis. The results of the study provide insights into the financial stability, operational efficiency, and growth potential of real estate companies operating in the Indian capital market.

6. RESULTS AND DISCUSSION

The financial analysis of the selected real estate companies—Kolte-Patil Developers Ltd., Arvind SmartSpaces Ltd., Ajmera Realty & Infra India Ltd., Hubtown Ltd., and Marathon Nextgen Realty Ltd.—shows important insights into their financial performance during the study period from FY2021 to FY2025. The analysis was carried out using financial tools such as profitability ratios, liquidity ratios, leverage ratios, efficiency ratios, growth analysis, and trend analysis. Overall, the results indicate that most companies experienced gradual improvement in revenue, profitability, and operational efficiency during the study period. Public listing and access to capital markets helped these companies raise funds for project expansion, improve financial transparency, and strengthen their financial position.

Key Findings

- **Profitability Improvement:** Net Profit Margin, ROE, and ROA increased in most companies, indicating better profit generation and operational efficiency.
- **Revenue Growth:** Revenue and net profit of several companies showed consistent growth, reflecting expansion of real estate projects and improved market demand.
- **Liquidity Position:** Current ratio and quick ratio values indicate that most companies are capable of meeting their short-term financial obligations.
- **Leverage Control:** Debt–Equity ratios gradually decreased in some companies, showing reduced dependence on debt financing and stronger capital structure.
- **Operational Efficiency:** Asset turnover and inventory turnover ratios improved, suggesting better utilization of assets and faster project sales.

Overall, the financial performance of the selected real estate companies demonstrates improved financial stability and growth potential during the study period.

7. MANAGERIAL IMPLICATIONS

The study highlights several managerial implications for real estate companies:

- Public listing improves access to large-scale capital for project expansion.
- Financial transparency increases investor confidence.
- Better governance practices improve operational efficiency.
- Listed companies can strengthen brand credibility and market visibility.

However, managers must also handle regulatory compliance, market volatility, and shareholder expectations effectively.

8. CONCLUSION

The real estate industry plays a vital role in economic development by contributing to infrastructure growth, employment generation, and urban expansion. With increasing capital requirements and growing competition in the sector, many real estate companies have chosen to transition from private ownership to public listing in order to access equity markets and raise large-scale funds. This study examined the financial performance of selected publicly listed real estate companies in India over the period from FY2021 to FY2025 using financial analysis tools such as ratio analysis, growth analysis, and trend analysis.

The results of the study indicate that most of the selected companies experienced improvements in profitability, liquidity, operational efficiency, and overall financial stability during the study period. The analysis shows that



revenue, net profit, and total assets of the companies increased gradually, reflecting business expansion and improved market performance. Public listing has also helped companies enhance financial transparency, strengthen corporate governance practices, and attract investor confidence.

However, public listing also introduces challenges such as regulatory compliance requirements, market fluctuations, and pressure to maintain consistent financial performance. Therefore, companies must focus on effective financial management, efficient utilization of resources, and strategic planning to sustain long-term growth.

Overall, the study concludes that public listing can positively influence the financial performance and growth potential of real estate companies when supported by strong management practices and sound financial strategies.

9. LIMITATIONS

- **Limited Sample Size:** The study is limited to only five real estate companies, which may not fully represent the entire real estate industry.
- **Use of Secondary Data:** The research relies only on secondary data collected from annual reports and financial statements, which may limit the depth of analysis.
- **Time Period Constraint:** The study covers a limited period from FY2021 to FY2025, which may not capture long-term financial performance trends.
- **Market Influence:** Financial performance may also be affected by external factors such as economic conditions, interest rates, and government policies that are not fully considered in this study.

10. FUTURE RESEARCH

Future studies can:

- Analyze a larger number of real estate companies.
- Compare pre-IPO and post-IPO financial performance.
- Study the impact of REITs and institutional investments.

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