

Realty Undergoes Structural Reset with Equity, Discipline

Over half of top 50 listed developers pared debt, improving their cash flows and profitability

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Bengaluru: Property developers are sharpening their focus on deleveraging, creating healthy balance sheets, and increasingly opting for equity over high-cost debt.

Last fiscal year, 62% of the top 50 listed developers reported debt-to-equity (D/E) ratios below 0.5—improving from 43% in FY21. Also, the share of firms with D/E ratios above 1.0 fell sharply to 17%, signalling a clear pivot toward financial conservatism, according to real estate services firm Colliers.

This recalibration has not only improved profitability—62% of these firms posted net profit margins exceeding 10%—but also accelerated cash flows and operating discipline, thanks to a robust recovery in both residential and commercial segments, Colliers said.

Improving financial health of developers has sparked renewed confidence among banks and equity investors. Since 2021, realty firms raised nearly ₹40,000 crore through IPOs, with ₹7,630 crore raised via seven IPOs in the first half of 2025 alone. The momentum builds on a strong 2024, when nine IPOs garnered ₹13,800 crore.

Some of the large IPOs this year include Schloss Bangalore (Leela Hotels), Kalpataru, and Brigade Hotel Ventures. Others like WeWork India, Bhive Workspaces, and Prestige Hospitality Ventures are actively preparing for market entry. Knowledge Realty Trust, backed by Sattva Group and Blackstone, also secured Sebi approval for a ₹4,800

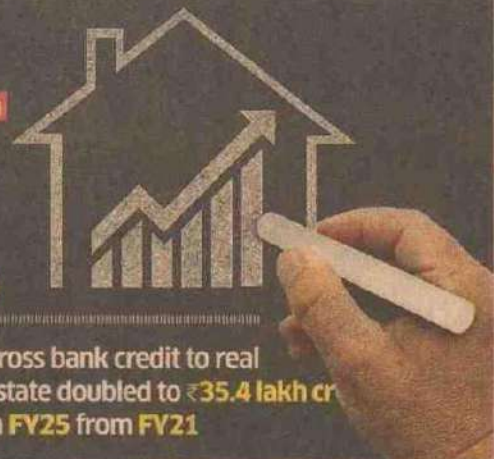
Margin March

D/E Ratio Snapshot

62% of top 50 listed developers had D/E ratio below 0.5 in FY25 vs 43% in FY21

IPO Momentum

Realty raised ₹40,000 cr since 2021; ₹7,630 cr via IPOs in H1 FY25



62% posted net profit margins >10%; 66% had operating margins >20%

Gross bank credit to real estate doubled to ₹35.4 lakh cr in FY25 from FY21

crore REIT. The diverse range of listings underscores broadening investor appetite across asset classes—from residential and hospitality to co-working and alternative REIT platforms.

“India’s real estate sector continues to show resilience and financial prudence despite global uncertainties. The rising number of credit rating upgrades in FY25 compared to other sectors is a testament to the sector’s evolving strength,” said Badal Yagnik, CEO, Colliers India.

According to Colliers, the realty sector’s equity-led funding strategy is a deliberate pivot to reduce reliance on high-cost, short-tenure debt.

“This change is not accidental—it reflects conscious efforts by developers to strengthen governance, consolidate at the SPV level, and tap institutional capital for long-term growth,” said Shivam Agarwal, vice president, strategic growth, Sattva Group.

The banking sector responded positively too. Gross bank credit to real estate nearly doubled to ₹35.4 lakh crore in FY25 from ₹17.8 lakh crore in FY21, raising the sector’s share of overall bank credit to 19.4% from 16.3%.

The gross non-performing asset (GNPA) ratio in construction

plunged to 3.1% this March, from 23.5% in March 2021, underscoring improved asset quality and viability of new projects.

However, NBFC lending remains below pre-IL&FS levels, gradually recovering, rising to ₹1.3 lakh crore as of September 2024 from ₹1 lakh crore in FY21. The bulk of new funding is now coming from commercial banks, reflecting the sector’s enhanced compliance and governance standards.

The sector’s improving creditworthiness has also drawn recognition from rating agencies. According to an internal analysis by a top credit rating firm, the upgrade-to-downgrade ratio for real estate issuers surged to 23:1 in H2 FY25—compared to just 2.3:1 for the broader economy. In FY25, 66% of the top listed real estate companies reported operating margins above 20%, up from 55% in FY21, while firms with net profit margins above 10% jumped to 62% from 23%. These gains have been powered by firm pricing, strong end-user demand, and cost control.

“The improving credit profile of the sector is underpinned by strong demand-supply dynamics across segments—residential, commercial, retail, hospitality, and industrial,” said Yagnik. “The near-to-medium term outlook remains robust, backed by both domestic and global investor interest.”