

Benchmarking the Financial Performance of Listed Real Estate Companies in India: A Multidimensional Comparative Assessment

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Abstract

The present study gives a comparison of the financial performance of 10 real estate listed companies in India from profitability, liquidity, solvency, operating efficiency, growth and cash-flow perspective. The analysis is for FY2019-20 to FY2025-26 and focused on selected companies based on the average performance of the 10 companies. This is benchmarked against financial indicators which are also used to create a composite financial-performance score. The results show substantial differences among companies. Overall, Oberoi Realty has outperformed due to its higher profitability, liquidity, solvency and asset utilisation. Phoenix Mills is second on the back of its profitability, growth and cash-flow performance and DLF is third as they are not leveraged aggressively, are profitable and have a favourable operating cash generation. Sobha, Godrej Properties and Mahindra Lifespace are the best performers in terms of asset turnover, profitability and liquidity and solvency respectively. The results show that an evaluation of financial performance must be multidimensional and not rely exclusively on revenue or profitability.

Keywords: financial benchmarking, real estate, profitability, liquidity, solvency, growth, composite performance, India.

1. Introduction

The real estate industry plays a significant role in the Indian economy due to its inter-dependencies with the construction industry, infrastructure, housing finance, banking, cement, steel, employment and urban development industry. The sector needs significant investment to acquire land, build infrastructure, develop projects and maintain inventories and long-term infrastructure. This makes real estate firms generally large asset bases and have different amounts of working capital as well as debt financing. These attributes make financial performance analysis critical to investors, lenders, and managers and other stakeholders.

Financial performance includes the capacity of a company to make sufficient profits, to make profit from its assets, to have sufficient liquidity, to be able to pay back its debts and to have sustainable cash flows. But you can't take just one number to judge the performance of a real estate business. For instance, the company can have a strong revenue growth with a poor profitability, or a company can have a good profitability with high leverage or low liquidity. Likewise, a company with high asset turnover can not

guarantee high returns to shareholders. So, there should be multidimensional evaluation of financial performance.

Profitability is one of the key aspects of company performance, as it tells about the business's capability to transform invested resources and revenues into earnings. Return on Assets, Return on Equity, Net Profit Margin and Operating Profit Margin tell you about various aspects of profitability. ROA measure of the efficiency with which a company utilizes its total assets to earn earnings, while ROE measures earnings produced for shareholders. Profit margins give further clues on the ability of a company to convert income into operating and net profit.

Another crucial aspect is liquidity, especially in the case of capital-intensive industries like real estate. There is often a lag between the cost of developing real estate and then receiving income from the finished or in-progress property. Thus, there is a need for proper current assets to meet short-term obligations and the continuity of projects. Current Ratio and Quick Ratio give information on the ability of the companies to fulfil their short-term financial commitments.

Solvency is also significant since real estate companies often make use of financing from loan providers to purchase land and grow project creation. While debt can assist companies in expanding their operations, excessive reliance on external financing can increase interest costs and financial risk. Debt-to-Equity Ratio, Debt Ratio, and Interest Coverage Ratio are thus crucial indicators to assess the long-term financial stability and debt-servicing capacity.

Operating efficiency is an indicator of how well management has installed the company's available resources. Companies have large amounts of land, inventory and fixed assets, making Asset Turnover Ratio important in the real estate industry. The higher a company's asset turnover is, the more likely they are to generate a relatively high amount of revenue from each of their assets. But, asset utilization should be interpreted along with profitability as efficient use of assets does not necessarily result in higher profits. Another important aspect of a company's financial strength is its growth performance. Revenue growth is a measure of growth in business activity, profit after tax growth is a measure of improvement in earnings. Increase in assets and increase in shareholders' equity gives information about the growth of a company's financial and operating base. However, high growth does not necessarily mean high financial performance if it is based on too much leverage, weak liquidity and/or cash generation.

The operating cash flow is thus another key element in financial evaluation. The real estate companies may have significant fluctuations in inventories, receivables, advances and working capital of the project, which do not necessarily correspond to accounting profits. Therefore cash generated from operating activities (CGOA) is an important performance measure to determine whether the reported profitability is being achieved by its operating cash generation.

A comparison of financial data is more useful if the financial ratios of individual companies are compared with a common denominator. This is what financial benchmarking is used for. Benchmarking provides a way to measure a company's actual performance relative to the group of competition. Benchmarking offers a systematic means of comparison rather than only interpreting financial ratios in absolute terms.

In this study, the financial performance average of ten selected listed real estate companies is used as an industry benchmark for a selected company. This terminology is fitting as the benchmark is a sample of the companies that make up the real estate sector in India and cannot be seen as a representation of the entire industry. The companies chosen are DLF Ltd., Godrej Properties Ltd., Lodha Developers Ltd., Phoenix Mills Ltd., Prestige Estates Projects Ltd., Oberoi Realty Ltd., Brigade Enterprises Ltd., Sobha Ltd., Mahindra Lifespace Developers Ltd. and Sunteck Realty Ltd.

The study is based on financial performance in the six key areas of profitability, liquidity, solvency, operating efficiency, growth and operating cash flow for FY2019-20 to FY2025-26. These dimensions are specifically recommended to be benchmarked first and then putting together a company-wise comparison and composite performance ranking.

The need for such benchmarking is further supported by the previous comparative analysis of the same companies which revealed a large difference in profitability, returns, asset utilisation, leverage and operating cash-flow generation. So just the company with the most money made or the most profit is not enough. It is necessary to set up a framework to assess if a business is consistently better than the average competing business in a number of financial areas.

The present study, therefore, suggests the development of a multidimensional benchmarking framework. The first step in benchmarking is calculating values for each financial indicator based on the selected-company averages. Second, the companies are compared to these benchmark values. Thirdly, dimension-wise performance positions are identified. Finally, this is followed by the amalgamation of the benchmark positions into a composite financial-performance score and ranking. This will allow a better understanding of the financial strength of the listed real estate companies selected.

Investors, lenders, financial analysts and corporate managers will find the study beneficial. The benchmarking results can be used to compare companies beyond the traditional measures of earnings. Lenders are able to assess liquidity, leverage and debt-servicing ability. It is possible for management to find out where the company is doing poorly as compared to the others and come up with some financial plan to address the issue. The study therefore has an academic and practical significance as it presents a systematic approach of peer benchmarking in evaluating the financial performance of listed Indian real estate companies.

2. Review of Literature

2.1 Financial performance and multidimensional assessment

The traditional measures of financial performance are accounting and financial ratios that offer insights into profitability, efficiency, liquidity, leverage and growth. Multiple dimensions are required because financial measures may measure a company's performance in different and sometimes conflicting ways. A company that has high profitability can have low liquidity, and a company with a high liquidity could be using the resources inefficiently. So, an integrated analysis would give a more balanced picture about the financial strength of the corporations.

Using an international real estate perspective, Liow (2010) studied the impact of capital structure, profitability, firm value and growth on listed real estate companies. Important characteristics that affect the performance of listed real estate companies are profitability, growth and leverage, the study noted. The results are applicable to this study because they show the importance of not only looking at profitability for financial performance in real estate. Instead, growth and capital structure should also be part of the overall assessment.

In the real estate industry, where the business is asset-driven and often involves significant debt financing, the multidimensional perspective is particularly significant. Sizable differences in the financial structure and operation efficiency are observed across firms due to the land holdings, inventories, expenditure on construction and commitments towards project development. Therefore, the comparison of firms in terms of several financial aspects is more useful than comparing the absolute revenue or profit levels.

2.2 Profitability of real estate companies

Profitability is one of the most popular metrics that is used to measure corporate financial performance. Earning capacity of a company can be discussed from various angles using financial ratios like Return on Assets, Return on Equity, Operating Profit Margin and Net Profit Margin.

Jolly Cyril and Singla (2020) have done a comparative study of the profitability of real estate, industrial construction and infrastructure companies in India. Their study covered 67 companies and looked at ROA and return on invested capital, among other indicators, after taking into account leverage, liquidity, growth, size and efficiency. The findings indicated that profitability varies from industry to industry and that firm specific attributes matter a lot.

Proficiency of this study to the current study is because it recognizes that there are various factors in the financial aspect that affect profitability. A firm with a large operating margin does not necessarily have the highest ROE as capital structure also influences the returns to the investors. Likewise, a high ROA is a sign of good asset use efficiency, but should be considered along with growth and leverage.

The current benchmarking analysis hence comprises four profitability indicators: ROA, ROE, Net Profit Margin and Operating Profit Margin to get a comprehensive view on profitability. These measures can be used to benchmark, and therefore classify, firms based on their ability to meet or not meet the average performance of the companies they are benchmarking.

2.3 Capital structure, solvency and financial performance

Capital structure is a critical aspect of financial management that real estate firms need to consider during project development, as many real estate projects involve substantial long-term capital commitments. Projects can be financed either with the internal funds or giving equity capital or borrowings or a combination of all the above.

Sharma (2018) studied determinants of financial leverage of realty development Companies listed at the Bombay Stock Exchange. The study revealed that profitability, firm size, growth, debt-servicing capacity, and other firm-level characteristics are factors that affect leverage decisions. The results show that in the real estate industry, capital-structure decisions are significantly related to financial performance.

Mitra and Naik (2021) analysed the relationship between debt financing, agency cost, and profitability of the companies listed in the BSE Realty Index. Their research revealed that debt financing was negatively related to ROE, implying that over-indebtedness can have a negative impact on the returns to shareholders. The finding confirms the need to include aspects of solvency in a benchmarking process.

Debt-to-Equity Ratio and Debt Ratio inform us to the degree which a company relies on borrowed resources, whereas Interest Coverage Ratio tells us the fault capability to pay interest payments using operating earnings. A lower leverage ratio is seen as a good financial-risk ratio while a higher interest-coverage ratio is a good sign of the ability to pay back debts.

The current study thus examines these three indicators of solvency as a group. This is a way of thinking that doesn't allow you to get the false impression that a business with heavy debt loads but rapid growth is necessarily better off financially.

2.4 Liquidity and short-term financial strength

Liquidity: It is the capacity of a company to pay its debts that come due within the year. This is especially important in the real estate sector, where major cash outlays could be made during project completion before the company gets any payments from customers or recognises any revenue.

Current Ratio is a general indicator of short-term financial strength, calculated as the ratio of current assets to current liabilities. The Quick Ratio is a more conservative indicator since it focuses on more liquid

assets. In combination, these ratios provide an indication about whether the business has enough short-term resources to settle its short-term obligations.

From the studies by Jolly Cyril and Singla (2020), the conclusion drawn is that one of the factors contributing to profitability in real estate companies is liquidity. That means liquidity shouldn't be taken out of the context of performance. Liquidity issues can impact the implementation of the project, financing expenses, and the project's profitability.

For this reason, the present benchmarking framework is comprised of the Current Ratio and Quick Ratio. Companies that perform better than the average of the selected companies are considered relatively strong in terms of their short-term financial capacity.

2.5 Operating efficiency and asset utilisation

Operating efficiency is the ability of the company to use the resources effectively to create business activity. The ratio used to measure how effectively company turns its assets into revenue is called as Asset Turnover Ratio.

In real estate this is of particular significance as companies hold significant investments in land banks, construction work-in-progress, buildings and other assets. If a company has a high level of assets and a low level of revenue, its asset utilisation might be relatively weak.

Asset utilisation was identified as relevant for real estate company performance by Mitra and Naik (2021) and efficiency was one of the explanatory characteristics of firm profitability by Jolly Cyril and Singla (2020).

But good asset turns does not necessarily mean that the total financial performance is good. A company can earn significant profits with relatively small profit margins. On the other hand, a company that has a relatively low turnover can earn a lot more profit on every dollar of sales. In the current study, the asset turnover is thus a part of a comprehensive financial performance framework.

2.6 Growth and long-term financial development

Growth is an increase in a firm's operating and financial position as time passes. Revenue growth is due to sales or project activity growth, whereas PAT growth is due to earning improvement. Increased total assets mean the company is increasing the size of its assets, while increased shareholders' equity means the company's net worth is increasing.

According to Liow (2010), an important factor that he identified as important among the listed real estate companies is the growth. But sustained growth relies on the power for companies to stay profitable and financially secure as they increase and grow.

Growth should be taken with a grain of salt. Rapid expansion can be obtained by high borrowings that further add to financial risk. Likewise, a company can also see significant increases in revenues without increases in profit. The present study therefore compares the growth with the solvency, profitability and cash-flow performance, rather than with the growth alone being considered as a superior performance.

The key growth dimension of the current study is Revenue CAGR, PAT CAGR, Total Asset CAGR and Shareholders' Equity CAGR. These indicators enable the analysis of business growth, productivity gains and financial-base development of the chosen companies.

2.7 Operating cash flow and financial quality

Operating cash flow is the cash flow of the company from its business operations. It is unlike accounting profit because net profit is affected by accrual accounting, depreciation and provisions and timing differences in the recognition of revenue and receipt of cash.

This distinction can be crucial in the real estate industry. Companies can have significant inventories, receivables, construction expenditure and customer advances, which can cause a significant difference between accounting profit and cash generated from operations.

The previous comparison of the selected real estate companies showed that there were some companies that achieved positive average profits but relatively low or negative operating cash flows. This demonstrates the need for establishing operating cash generation as a stand-alone benchmarking dimension.

A business with good operating cash flow will be more flexible financially to pay debt and repay dividends to shareholders, as well as to fund projects. For this reason, operating cash flow can clarify the quality and sustainability of the reported financial performance.

2.8 Financial benchmarking and peer comparison

Benchmarking is a comparative analytical technique which compares the performance of a company with its standard or against a set of values of its peers. Benchmark values are used in financial analysis to see if individual ratios are relatively good or bad.

The suggested framework is to take the median of the top 10 companies and take this as the common denominator. It also suggests that businesses should be divided into above, around and below the benchmark and then bring the findings together into an overall financial-performance score card.

The key benefit of this method is the fact that it's comparable. Financial ratios are measured on different scales and have different interpretations and it is methodologically incorrect to add financial ratios together. Thus, before an overall ranking can be made, benchmark positions or standardised scores must be created. The Objective 4 methodology therefore suggests standardising and properly coding the direction of the indicators before compiling the composite ranking.

This system allows for identification of the best performing business as well as strengths and weaknesses of individual businesses.

2.9 Research gap

There is substantial existing literature on profitability, leverage, liquidity, efficiency and growth in the real estate industry. Internationally, Liow (2010) analyzed the firm value, growth, profitability and capital structure. Sharma (2018) studied the leverage of listed real estate firms in India. Profitability and the determinants of profitability were studied by Jolly Cyril and Singla (2020) and agency cost and profitability were studied by Mitra and Naik (2021).

But the studies are generally centered on one financial relationship or financial determinant of performance. Still, there is an opportunity to conduct a single study that would compare large listed real estate companies in India on profitability, liquidity, solvency, operating efficiency, growth and operating cash-flow dimensions and do a peer-benchmarking.

Another weakness is that companies are often judged based on absolute monetary figures or on the basis of individual ratios. This methodology may not be sufficient to capture the overall relative strength, as companies can have both high and low scores in various dimensions.

This study endeavours to fill this void by constructing a selected-company financial benchmark, dimension-wise benchmarking and finally incorporating the results of the dimension-wise benchmarking to arrive at a composite financial-performance ranking. This offers a systematic framework to assess the financial strength and weakness of ten leading listed real estate companies in India and helps bring a holistic picture of the financial performance of the real estate sector.

3. Objective of the Study

To compare the financial performance of selected listed real estate companies in India using industry benchmarking and identify significant differences among them.

4. Hypotheses

H0: There is no significant difference in the financial performance of the selected listed real estate companies in India.

H1: There is a significant difference in the financial performance of the selected listed real estate companies in India.

5. Research Methodology

This study is of descriptive, analytical and comparative research design and secondary financial data is used in the study. The ten listed Indian real estate companies are considered: DLF Ltd., Godrej Properties Ltd., Phoenix Mills Ltd., Sobha Ltd., Mahindra Lifespace Developers Ltd., Oberoi Realty Ltd., Brigade Enterprises Ltd., Sunteck Realty Ltd., and others. The benchmarking analysis is for FY2019-20 to FY2025-26.

The information for the financial section comes from published financial statements, annual reports, company disclosures and stock-exchange information. The profitability measure includes ROA, ROE, Net Profit Margin, Operating Profit Margin; The liquidity measure includes Current Ratio, Quick Ratio; The solvency measure includes Debt-to-Equity Ratio, Debt Ratio and Interest Coverage Ratio; The efficiency measure includes Asset Turnover; The growth measure includes Revenue CAGR, PAT CAGR, Total Asset CAGR and Equity CAGR; The cash-flow performance measure includes Operating Cash Flow.

It is not the claim of the selected-company benchmark to be the average performance of the ten selected firms but it is only the selected-company benchmark.

6. Analysis and Results

The analysis of the financial performance of the ten selected listed real estate companies was done in two stages. Selected-company benchmarking was conducted in the first phase in the following areas: profitability, liquidity, solvency and operating efficiency, growth and operating cash-flow. In the second stage, a One Way Analysis of Variance (ANOVA) test was used to check if the differences in financial-performance that were found between the selected companies were statistically significant.

The benchmarking analysis is done using seven financial years from FY2019-20 up to FY2025-26. Throughout the study, the benchmark that is referred to is the selected-company benchmark. It is a study specific reference point established for comparison of the 10 companies studied and not a claim to average, standard or benchmark of the Indian real estate industry.

6.1 Profitability Benchmarking

The profitability assessment was carried out using the Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM) and Operating Profit Margin (OPM). The benchmark values for selected companies were: ROA - 3.14 per cent, ROE - 7.80 per cent, NPM - 17.64 per cent and OPM - 30.42 per cent.

Oberoi Realty's overall profitability position was the best. The average ROA of 8.89 per cent, NPM of 39.68 per cent and OPM of 55.09 per cent stood significantly higher as compared to the selected company averages. Phoenix Mills also performed well in terms of profitability as reflected in its ROA of 5.18 per

cent, ROE of 11.22 per cent, NPM of 28.94 per cent and OPM of 51.00 per cent. Prestige Estates had the highest ROE of 15.27 per cent, which shows comparatively high returns earned on the funds of the shareholders.

DLF's profitability relative was also fairly high, especially with regards to NPM and OPM. On the other hand, Brigade Enterprises, Sobha and Mahindra Lifespace and Sunteck Realty posted lower profit margins on a few profitability ratios compared with the selected-company benchmark. The results are therefore quite different in terms of the return that the selected companies achieve on the revenues, assets and funds of the shareholders.

6.2 Liquidity Benchmarking

The Current Ratio and Quick Ratio were used to measure liquidity. The selected company's benchmark for the Current Ratio was 1.77 times and Quick Ratio was 0.57 times.

Oberoi Realty had the highest Current Ratio (3.61x) and Quick Ratio (1.22x) compared to its selected listed company peers, which indicates that the company had the best liquidity position. The liquidity of Mahindra Lifespace also looked up and the Current Ratio and Quick Ratio stood at 2.73 times and 0.78 times respectively.

DLF and Phoenix Mills found themselves in relatively good liquidity situations, as illustrated by their Quick Ratios, while Godrej Properties, Lodha Developers, Prestige Estates, Brigade Enterprises, Sobha and Sunteck Realty were all worse off than the selected-company average on both liquidity ratios. The findings show that there are some variations in the short-term financial capacity of the companies under consideration.

6.3 Solvency Benchmarking

Solvency was analysed with the Debt-to-Equity ratio, Debt ratio and Interest Coverage ratio. The selected-company (SCC) benchmarks for the corresponding companies were 0.715 times, 20.27 per cent and 4.94 times.

DLF had the lowest Debt-to-Equity Ratio of just 0.12 times and a Debt Ratio of 8.07 per cent. Oberoi Realty's solvency ratios too were healthy with its Debt-to-Equity Ratio of 0.21 times, Debt Ratio of 14.87 per cent and the best Interest Coverage Ratio of 13.59 times.

The solvency was also found to be comparatively good in the case of Mahindra Lifespace. On the other hand, the financial leverage of Lodha Developers, Prestige Estates and Brigade Enterprises was relatively high. The findings of this study show that the firms selected have quite different financing and capital-structure policies.

6.4 Operating Efficiency Benchmarking

Operating efficiency measured by Asset Turnover Ratio was compared with the selected-company benchmark, which was around 0.172 times.

Sobha had the highest average Asset Turnover Ratio at about 0.249 times followed by Lodha Developers at 0.244 times and Brigade Enterprises at 0.212 times. Others like Prestige Estates and Oberoi Realty were also in the positive with respect to the selected-company benchmark.

On the flip side, Phoenix Mills, Mahindra Life space, DLF, Godrej Properties and Sunteck Realty had moderate asset turnover. Such findings indicate that there is a wide variation in the revenue-generating potential of firms from their assets. The gains on one financial metric are not necessarily the gains on all financial metrics, more importantly the strong AT position of Sobha shows that.

6.5 Growth Benchmarking

The growth has been measured by Revenue CAGR, PAT CAGR, Total Assets CAGR and Shareholders'

Equity CAGR. The selected-company benchmarks for these were respectively 10.68 per cent, 23.15 per cent, 15.83 per cent and 17.80 per cent.

Godrej Properties posted the best overall growth story with all four of the growth indicators applicable to it beating the selected company index. Phoenix Mills and Brigade Enterprises performed well, too. Oberoi Realty had the highest PAT CAGR of about 37.37 per cent while Godrej Properties had the highest Revenue CAGR at 17.89 per cent.

Lodha Developers and Prestige Estates had above-average growth on certain parameters while DLF and Sobha had comparatively weaker growth positions. Sunteck Realty growth classification should be taken with a pinch of salt, as its favourable classification comes from only the applicable Revenue CAGR, while a number of other growth indicators were not meaningful for comparison.

The findings show that the growth patterns of the chosen companies are significantly different and there is a lack of consistency between growth in revenue and growth in profit, assets and shareholders' equity.

6.6 Operating Cash-Flow Benchmarking

Operating Cash Flow was added as a separate dimension as cash generated from business operations is not always the same as accounting profitability. The benchmarking outcomes show comparatively better operating cash flow performance of DLF, Lodha Developers, Phoenix Mills and Prestige Estates whereas the remaining companies are comparatively weaker.

This discovery illustrates the value of considering cash-flow performance in financial benchmarking. A company can earn satisfactory accounting profit with lower operating cash flow due to need for working capital, inventories, receivables and project-development expenditure.

6.7 Composite Financial Performance Ranking

The results of the six benchmarking dimensions were consolidated into a composite financial-performance score. The revised composite ranking, after incorporating the completed liquidity dimension, is presented below.

Rank	Company	Composite Score (%)	Overall Category
1	Oberoi Realty Ltd.	79.17	Strong
2	Phoenix Mills Ltd.	70.83	Above Average
3	DLF Ltd.	62.5	Above Average
4	Prestige Estates Projects Ltd.	58.33	Above Average
5	Lodha Developers Ltd.	54.17	Above Average
6	Mahindra Lifespace Developers Ltd.	45.83	Moderate
7	Godrej Properties Ltd.	33.33	Moderate
7	Brigade Enterprises Ltd.	33.33	Moderate
9	Sunteck Realty Ltd.	29.17	Moderate
10	Sobha Ltd.	25	Moderate

Oberoi Realty ranks first with a composite score of 79.17 per cent and is the only company classified in the Strong category. Phoenix Mills occupies the second position, followed by DLF, Prestige Estates and Lodha Developers. The results reveal that companies achieving high overall rankings generally possess strength across several dimensions rather than exceptional performance in only one indicator.

6.8 Testing of Inter-Company Financial Performance Differences

To determine whether the observed financial-performance differences among the ten selected companies were statistically significant, One-Way ANOVA was conducted using seven years of observations from FY2019–20 to FY2025–26.

The hypotheses were formulated as follows:

H₀: There is no significant difference in the financial performance of the selected listed real estate companies.

H₁: There is a significant difference in the financial performance of the selected listed real estate companies.

The level of significance was fixed at 5 per cent. Therefore, the null hypothesis was rejected whenever the p-value was below 0.05.

Table: ANOVA Results for Inter-Company Financial Performance Differences

Financial Performance Indicator	F-Value	p-Value	Decision
Operating Profit Margin (%)	9.338	<0.001	Reject H ₀
Net Profit Margin (%)	3.756	0.001	Reject H ₀
Return on Assets (%)	6.653	<0.001	Reject H ₀
Return on Equity (%)	3.169	0.003	Reject H ₀
Debt Ratio (%)	9.851	<0.001	Reject H ₀
Debt-to-Equity Ratio (Times)	5.492	<0.001	Reject H ₀
Interest Coverage Ratio (Times)	2.45	0.019	Reject H ₀
Asset Turnover Ratio (Times)	11.399	<0.001	Reject H ₀
Operating Cash Flow (₹ crore)	10.236	<0.001	Reject H ₀

The ANOVA test results showed that there is a statistically significant difference between the companies in all the 9 financial indicators tested. Operating Profit Margin gave the lowest F value of 9.338 ($p < 0.001$) and Net Profit Margin gave F value of 3.756 ($p = 0.001$) among the profitability measures. Significant differences were also found for ROA ($F = 6.653$, $p < 0.001$) and ROE ($F = 3.169$, $p = 0.003$). Therefore, the chosen companies have a wide variation in terms of their ability to earn profits from revenue, assets and funds from shareholders.

Solvency was also found to be significantly different. Debt Ratio recorded $F = 9.851$ ($p < 0.001$), Debt-to-Equity Ratio recorded $F = 5.492$ ($p < 0.001$), and Interest Coverage Ratio recorded $F = 2.450$ ($p = 0.019$). The results show that there are significant differences among the selected companies in terms of capital structure, financial leverage, and debt-servicing capacity.

The most significant statistical difference between the ratio-based measures was that of the Asset Turnover Ratio ($F = 11.399$, $p < 0.001$). This shows that the efficiency of the selected companies in utilising their assets to achieve revenue is significantly different. Also, Operating Cash Flow had a very significant difference ($F = 10.236$, $p < 0.001$), indicating that the firms have quite a lot of variation in their ability to generate cash flow from their core business operations.

The p-values for all the nine financial indicators are less than 0.05, thus, all the financial indicators tested reject the null hypothesis. It is thus statistically demonstrated that the listed real estate companies are heterogeneous with regard to profitability, solvency, asset-utilisation efficiency and operating cash-flow performance, based on the analysis.

It is important to note that the ANOVA only determines if there is a difference in means between all of the ten companies on each indicator, not if there is a difference between any specific pair of companies on each indicator. For pairwise identification, a post hoc test, such as Tukey's HSD, would be needed.

7. Discussion

The results of the two components of the research (benchmarking and inferential) suggest that the financial performance of the selected listed Indian real estate companies is not one and the same but rather has a heterogeneous nature. The benchmarking analysis reveals relative strengths and weaknesses of each company, while ANOVA results suggest that the difference between the companies over the nine indicators tested are statistically significant.

The profitability results are of special significance. Oberoi Realty is one of the most profitable performers in the list of top profit yielders, while Phoenix Mills is also performing favourably in terms of profitability. The ANOVA results substantiate that observed differences are not just descriptive. There are significant differences in Operating Profit Margin, Net Profit Margin, ROA and ROE. This implies that there is a significant difference in the profit margin of the companies, and in their rate of return on assets and on shareholders' funds.

Another source of heterogeneity is revealed by the results of the solvency tests. DLF, Oberoi Realty and Mahindra Lifespace have comparatively high solvency ratios while other firms like Brigade Enterprises, Prestige Estates and Lodha Developers have relatively high leverage. In the significant ANOVA results for Debt Ratio, Debt to Equity Ratio and Interest Coverage Ratio, it is found that there are significant differences between the financing structure of the selected companies as well as their debt-servicing capacities. Especially in real estate, where there is substantial external financing needed for the projects' development.

In terms of operating efficiency, there are also significant differences between the companies. The ratio based indicator (Asset Turnover Ratio (ATR)) gave the highest F value. Sobha has the lowest balance on the liabilities but the highest balance on the assets in the composite ranking thereby making her owner of the highest asset turnover. This is important, because it indicates that a more effective utilization of assets can lead to improved overall results in terms of financial figures. A company has to translate the maximisation of its asset efficiency into the right levels of profitability, liquidity, solvency and cash generation to be financially balanced.

The Operating Cash Flow amount is clearly different, further supporting the multidimensional interpretation. The ANOVA result of OCF shows that there is a significant difference in the operating cash flow among the companies. Indeed, this is significant because accounting profitability can occur alongside poor cash generation, especially in a business that requires a lot of working capital, like real estate.

These differences are enhanced by growth benchmarking. Godrej Properties is showing the highest broad based growth profile and Oberoi Realty has the highest Revenue CAGR. But, Godrej Properties is not one of the top ranked in the overall composite ranking. This shows that the rapid growth was not enough to secure a superior overall financial performance if liquidity and efficiency, solvency and cash-flow performance are taken into account.

The composite ranking is a combination of these results. Oberoi Realty holds top spot as it performs well across all the financial metrics of profitability, liquidity, solvency and efficiency. Phoenix Mills comes second due to its profitability and growth as well as operating cash-flow. DLF is in the third position which is bolstered by conservative leverage, liquidity and operating cash generation along with profitability. These companies show that superior overall financial strength comes from performance on many dimensions and not just one.

The results therefore support the argument to apply a multidimensional financial benchmarking framework. Benchmarking determines the relative positions of each company to the other companies selected and ANOVA determines that the differences between the indicators tested are statistically significant. The results together give a better overall picture than would revenue, profitability, or individual financial ratios.

8. Major Findings

The study shows that the financial-performance features of the selected listed real estate companies are significantly different during the year 2019-20 and 2025-26. Oberoi Realty turns out to be the best overall performer with a composite score of 79.17 per cent followed by Phoenix Mills and DLF. Oberoi Realty's profitability, liquidity and solvency is strong while DLF's leverage is particularly conservative.

Company strengths are exposed in the individual dimensions. Among the various companies, Prestige Estates has the highest ROE, Sobha has the highest Asset Turnover Ratio, Oberoi Realty has the highest Revenue CAGR and Godrej Properties has the highest measurable PAT CAGR and the broadest growth performance.

The inferential results agree with these inter-company differences are statistically significant. There is significant difference in terms of OPM, NPM, ROA, ROE, Debt Ratio, Debt-to-Equity Ratio, Interest Coverage Ratio, Asset Turnover Ratio and Operating Cash Flow. The measures based on ratios also demonstrate the widest differences with asset turnover exhibiting the greatest difference. The second largest differences are found with the solvency and profitability measures, with asset turnover showing the greatest difference.

Thus, the null hypothesis test (no difference) is rejected for all nine indicators tested. The selected companies are thus not financially homogeneous in terms of profitability, solvency, asset utilisation and cash generated from operations.

9. Conclusion

Using the comparative analysis approach, it analyzed and benchmarked the financial performance of ten listed Indian real estate companies for seven financial years (2019-20 to 2025-26). A multi-dimensional approach based on the company's profitability, liquidity, solvency, operating efficiency, growth, and operating cash flow was employed to acquire an overall picture of company performance. Throughout the study, this benchmark has been chosen specifically for comparison between the ten firms and not as a representative or a benchmark of the entire Indian real estate sector.

There is significant financial strength variation among the companies, as indicated by the benchmarking analysis. Balanced across the profitability, liquidity, solvency and efficiency spectrum, Oberoi Realty comes out on top. Phoenix Mills and DLF also have fairly good overall financial performance. Parallely, it is found that companies that are not at the top of the overall rankings can exhibit high scores in specific dimensions. Sobha, for instance, has the highest asset turnover with a particularly strong growth in Godrej

Properties. So it's not always possible to say which of the financial indicators is better if one is dominant over the other.

The inferential analysis offers statistical support to the results of the benchmarking. All nine indicators tested (profitability, solvency, operating efficiency and operating cash flow) show significant inter-company differences when analysed using a One-Way ANOVA. All 9 p values are less than 5 per cent, therefore all indicators reject the null hypothesis. Therefore, the results indicate that the selected listed real estate companies have significantly different financial-performance characteristics during the study period.

The study ends up with the conclusion that financial strength in the listed real estate sector is multidimensional. Sustainable financial performance is not only about the growth of revenue or profitability but also about achieving a proper balance between profitability, liquidity, solvency, asset-utilisation efficiency and sustainable growth and operating cash generation. Selected-company benchmarking coupled with inferential testing thus offers a more thorough foundation for comparison of the relative financial performance of listed real estate companies than any one financial measure.

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