Ashiana Housing Ltd — FY 2026 Annual Report Analysis

Annual Report Analysis (Consolidated)

Source: CRORES. All figures Crores. Pipeline: v5-Gemini — W1a → W3 → W1b+W2+W2F (parallel, notes-injected) → Merge.

Investor Snapshot

#	Analytical Point	Sentiment
1	**What this company is:** Niche-driven residential developer focused on Senior Living, Kid-Centric Homes (KCH), and Premium Homes in Tier-1/2 cities (NCR, Jaipur, Pune, Chennai).	□Neutral
2	**The year in one line:** Revenue surged 116% to □1,143 Cr, OPM expanded from 3.3% to 11.0% (□130 Cr), PAT rose to □118 Cr (vs □18 Cr), and CFO reached □342 Cr (2.9x PAT).	□Positive
3	**What would change your mind: Structural Pricing Power:** Average realization hit □9,059/sq. ft. (up 26.2% YoY) while area sold was flat (26.73 msf vs 26.98 msf), proving growth is driven by brand premiumization and mix shift rather than volume.	□Positive
4	**What would change your mind: Revenue Visibility:** Customer advances (Contract Liabilities) reached □2,837 Cr, providing a massive 2.48x cover of current annual revenue (□1,143 Cr) to be recognized as projects reach "point-in-time" completion.	□Positive
5	**What would change your mind:**	***Governance Friction:*** KMP remuneration doubled to □18.03 Cr (+95.1% YoY), representing 13.87% of EBITDA (□130 Cr)—well above the institutional benchmark of 2.6%—reflecting a high promoter-payout ratio.
6	**What would change your mind: Execution De-bottlenecking:** Physical construction pace (Equivalent Area Constructed) accelerated 30% to 26.19 msf, essential for clearing the □2,837 Cr advance backlog and meeting the 5-year □2,000 Cr profit target.	□Positive
7	**What Improved: Earnings Quality:** Cash from Operations (CFO) of □342 Cr is 2.9x reported Net Profit (□118 Cr), as customer collections (□1,771 Cr) significantly lead the accounting recognition of revenue.	□Positive
8	**What Improved: Moat Deepening:** Senior Living now represents 50% of the total Gross Development Value (□8,000 Cr of □16,000 Cr), transitioning the business from a cyclical developer to a service-led community builder.	□Positive
9	**What Improved: Asset Efficiency:** Unsold inventory in ongoing projects is low at 19.05 msf (20.7% of saleable area), while finished inventory stands at only □311.70 Cr (7% of total assets).	□Positive
10	**What Improved: Balance Sheet Liquidity:** Cash and Cash Equivalents rose to □625 Cr (vs □393 Cr), resulting in a negative net debt position of □302 Cr.	□Positive
11	**What Improved: Profitability Metrics:** ROCE improved to 14.0% (from 3.0%), and Operating Profit jumped to □130 Cr from □18 Cr, driven by the delivery of higher-margin premium phases.	□Positive
12	**What Worsened:**	***Marginal Cost of Debt:*** The company issued □74.78 Cr of new unsecured NCDs for the 'Aaroham' project at a 15% interest rate, significantly higher than the 9.95% rate on existing secured NCDs.
13	**What Worsened:**	***Stored Future Costs:*** Interest of □75.78 Cr and Depreciation of □3.53 Cr were capitalized into Inventory (Work-in-Progress); while this aids current OPM, it will

#	Analytical Point	Sentiment
		weigh on future margins when recognized as cost of sales.
14	**What Worsened:**	***Litigation Overhang:*** GST and Service Tax disputes reached ₹24.84 Cr (up 9.8%), while 15.02 hectares of the Bhiwadi land bank remains stalled under government acquisition proceedings.
15	**What Worsened:**	***Debtor Ageing:*** While overall receivables are low (₹43 Cr), receivables older than 6 months now represent 38.4% of the total (₹18.46 Cr), indicating collections friction in older project completions.
16	**What Worsened:**	***Title Defects:*** The corporate office title in Saket (₹3.76 Cr) remains unexecuted in the company's name since 2007 due to a third-party developer's ground-rent default.
17	**What to Watch Next Year: Execution Target:** Maintenance of Equivalent Area Constructed (EAC) above 25 msf to validate the ramp-up required for the ₹2,200 Cr pre-sales guidance.	□Neutral
18	**What to Watch Next Year: Capital Allocation:** Deployment of the targeted ₹600-700 Cr for land acquisitions in MMR and Pune, and its impact on the current negative net debt position.	□Neutral
19	**What to Watch Next Year: Profitability Trajectory:** Progress toward the "₹2,000 Cr cumulative Net Profit" goal (FY26-FY30), which requires an average PAT of ₹400 Cr/year, up from the current ₹118 Cr.	□Neutral
20	**What to Watch Next Year: Senior Living Sales:** Whether value booked from the Senior Living segment exceeds the management's target of ₹700 Cr for FY27.	□Neutral

1. BUSINESS OVERVIEW

Ashiana has transitioned from a Tier-2 specialist to a niche-driven premium developer. The business model now relies on three pillars: **Senior Living** (high-margin, service-led), **Kid-Centric Homes (KCH)** (premium branding), and **Premium Homes**. The company operates a negative-working-capital model, using a surge in customer advances to fund its expansion.

ASSET INTENSITY & CYCLE POSITION * **Inventory Efficiency:** Unsold inventory in ongoing projects stands at 19.05 msf (20.7% of ongoing saleable area), suggesting high velocity in current launches. * **Land Bank Visibility:** The total future pipeline (Future Projects + Land Bank) of ~65 Lakhs sq. ft. represents approximately **2.4 years of current booking momentum** (at 26.7 msf/year). * **Cycle Position:** The company is currently in an **aggressive launch and execution upcycle**, evidenced by a 30% jump in Equivalent Area Constructed (EAC) and a significant shift toward higher-realization markets like Gurugram.

TABLE 1 — THE PROJECT PIPELINE (Major Ongoing Phases)

Project / Phase	Saleable Area (msf)	Sold %	Status / Expected Handover	Economic Interest
Gurugram: Aaroham (Ph 1&2)	7.76	70%	Q3 FY30 - Q1 FY31	100% Owned
Gurugram: Amarah (Ph 1-5)	20.84	79%	Q2 FY27 - Q1 FY30	100% Owned
Chennai: Vatsalya (Ph 1&2)	5.03	73%	Q1 FY28 - Q2 FY29	100% Owned
Jaipur: Nitara (Ph 1-3)	6.65	90%	Q1 FY27 - Q1 FY29	80.2% Rev Share
Pune: Amodh (Ph 1-3)	6.72	66%	Q3 FY27 - Q1 FY30	80% Rev Share
Jamshedpur: Amaya	4.64	54%	Q4 FY29	73.35% Rev Share

TABLE 2 — CUSTOMER ADVANCES AND COLLECTIONS

Item	FY 2026 (Rs Cr)	FY 2025 (Rs Cr)	YoY %	Strategic Signal
Gross Advances from Customers	2,837.08	2,205.58	+28.6%	Massive float supporting land banking.
Total Collections	1,771.00	1,428.76	+23.9%	Record cash generation from ops.
Pre-tax Operating Cash Flow	576.58	429.90	+34.1%	Cash flow growth outstripping revenue.

- **Pre-Sales Momentum:** Value of area booked reached **Rs. 2,421 Cr** (up 25% YoY). Crucially, the **area sold was flat** (26.73 msf vs 26.98 msf), meaning the entire growth in booking value was driven by **pricing power and product mix** (Premium/Gurugram).
- **Realization Trends:** Company-Level Avg. Realization hit **□9,059/sq. ft.** in FY26 vs **□7,179/sq. ft.** in FY25. The 26.2% jump reflects a structural shift toward Gurugram (Aaroham launch) and the premiumization of the Senior Living portfolio.
- **Senior Living Moat:** Management is pivoting Senior Living from a "differentiated product" to a "growth engine," now representing **50% of the total Gross Development Value (GDV)** (Rs. 8,000 Cr of Rs. 16,000 Cr).
- **Execution vs. Promise:** The company significantly accelerated construction pace (EAC: 26.19 msf, up 30%). They handed over 1,320 units. However, project timelines for new Gurugram launches (Aaroham) extend to 2030, indicating a long-duration capital lock-in for these specific assets.
- **Land Bank & Litigation:** The **Milakpur land (15.02 hectares)** remains in litigation/acquisition by the Rajasthan Govt. While a stay is in place, this represents a stalled asset with zero current development potential.
- **Cost Structure:** "PRW Charges" (Piece Rate Work) increased to **□119.08 Cr** from □99.16 Cr, reflecting heightened construction activity. Selling expenses jumped 108% to **□62.20 Cr** due to aggressive marketing of new launches.

2. MANAGEMENT COMMENTARY & OUTLOOK

- **Vision and Strategy:** Shifting from a traditional developer to a service-led community builder; targeting a massive cumulative profit milestone over five years. Management states, "we do not want to be just another housing company; we want to build businesses around customer needs that can endure for decades."
- **Targeted Growth:** Management has set a bold target of **Rs. 2,000 Cr cumulative Net Profit** between FY26 and FY30. This implies an average PAT of Rs. 400 Cr/year, a massive jump from the current Rs. 120 Cr.

- **Launch Pipeline:** Heavy focus on Senior Living (SL) and Kid Centric Homes (KCH) across Jaipur, Chennai, and Pune, including the new 'Aaranya' and 'Tattvam' brands. Looking to launch Ashiana Oma in Jaipur in Q4 FY27.
- **Pre-sales Guidance:** Setting aggressive targets for the SL segment to become a primary volume driver, targeting more than **Rs. 700 Cr** of value booked from this segment in FY27, with a total pre-sales target of **Rs. 2,200 Cr**.
- **Land Acquisition:** Focus on Mumbai Metropolitan Region (MMR) and Pune; targeting Senior Living specifically for new entries. Management deployed **Rs. 160.97 Cr** in outright land purchases (Aaranya, Chennai) and targets **Rs. 600-700 Cr** capital deployment for FY27.
- **Construction & Debt:** Acknowledged inflationary pressure but focusing on mechanization to protect margins. Maintaining an asset-light stance through revenue-share models (30% GP margin thumb rule). Utilizing institutional debt (IFC) for specific projects while maintaining a **CARE A; Stable** rating.
- **Industry & Demand Outlook:** The sector is in a consolidation phase; demand for premium housing (>Rs. 1 Cr) now accounts for half of the national market. Realization hit **Rs. 9,059/sq. ft.** in FY26.
- **Challenges:** Land price inflation in core micro-markets (NCR and Jaipur) is making new acquisitions difficult. 15.02 hectares in Bhiwadi remain under litigation.

CREDIBILITY LEDGER

Topic	What management actually said	Their words	Number or timeline given?
Vision and Strategy	Shifting from a traditional developer to a service-led community builder.	"we do not want to be just another housing company..."	Rs 2,000 Cr Net Profit for FY26-FY30.
Launch Pipeline	Heavy focus on SL and KCH across Jaipur, Chennai, and Pune.	"looking to launch Ashiana Oma in Jaipur, Ashiana Tattvam and Ashiana Aaranya"	Q4 FY27 for Tattvam and Aaranya.
Pre-sales and Realisation	Achieved record sales value and pricing.	"targeting more than H 700 Crores of value of area booked from this segment in FY2026-27."	Rs 2,200 Cr total pre-sales target for FY27.
Delivery and Completion	Significant acceleration in physical construction pace.	"Equivalent area constructed increased by approximately 30%..."	1,320 units handed over in FY26.
Land Acquisition	Focus on MMR and Pune for Senior Living.	"added around over 30 Lakhs sq. ft. of development potential..."	Rs 600-700 Cr capital deployment target for FY27.
Joint Ventures	Maintaining an asset-light stance through revenue-share.	"continue to pursue an asset-light approach..."	30% GP margin "thumb rule" for acquisitions.
Debt and Cost of Debt	Utilizing institutional debt (IFC) for specific project backing.	"Maintained strong credit standing..."	CARE A; Stable maintained for Rs 264 Cr NCDs.
Industry Outlook	Demand for premium housing (>Rs. 10m) accounts for 50% of market.	"Demand remained particularly strong in housing segments priced above INR 10 million..."	2.3 million senior living units needed by 2030.
Challenges	Land price inflation in NCR and Jaipur making acquisitions difficult.	"land prices become quite frothy in certain markets..."	15.02 hectares in Bhiwadi remain under litigation.

- **Management Tone Verdict:** The management tone is **Strategically Aggressive but Operationally Transparent**. While they set high-conviction profit targets (4x increase in average PAT) that significantly outpace historical performance, they balance this with a disciplined assessment of market risks, specifically labeling land prices in NCR as "frothy." The transition to a "service-first" narrative is a deliberate attempt to re-rate the business from a cyclical developer to a structural growth company.

3. FINANCIAL ANALYSIS

3.1 Financial Statements

Source: Screener.in — all monetary values in Crores. Use these numbers directly.

Basis: CONSOLIDATED.

P&L Statement (□Crores)

Line Item	Mar 2026	Mar 2025
Sales -	1,143.00	529.00
Sales Growth %	116.00	-44.00
Expenses -	1,014.00	511.00
Material Cost % -	3.00	-50.00
Raw material cost	455.00	486.00
Change in inventory	-422.00	-748.00
Manufacturing Cost %	69.00	120.00
Employee Cost %	8.00	14.00
Other Cost %	9.00	13.00
Operating Profit	130.00	18.00
OPM %	11.00	3.30
Other Income -	44.00	24.00
Exceptional items	4.69	-3.98
Other income normal	39.73	27.71
Interest	2.00	2.00
Depreciation	13.00	13.00
Profit before tax	159.00	26.00
Tax %	26.00	30.00
Net Profit -	118.00	18.00
Minority share	0.00	0.00
Exceptional items AT	6.00	-3.00
Profit excl Excep	112.00	21.00
Profit for PE	112.00	21.00
Profit for EPS	118.00	18.00
Profit Growth %	433.00	-74.00
EPS in Rs	11.73	1.81
Dividend Payout %	13.00	83.00

Balance Sheet (Crores)

Line Item	Mar 2026	Mar 2025
Equity Capital	20.00	20.00
Reserves	839.00	744.00
Borrowings -	323.00	276.00
Long term Borrowings	264.00	245.00
Short term Borrowings	42.00	17.00
Lease Liabilities	18.00	15.00
Other Borrowings	0.00	0.00
Other Liabilities -	3,101.00	2,448.00
Non controlling int	0.00	0.00
Trade Payables	82.00	74.00
Advance from Customers	2,837.00	2,206.00
Other liability items	182.00	168.00
Total Liabilities	4,284.00	3,488.00
Fixed Assets -	133.00	128.00
Land	1.00	1.00
Building	35.00	26.00
Plant Machinery	75.00	80.00
Equipments	0.00	0.00
Computers	9.00	8.00
Furniture n fittings	9.00	9.00
Vehicles	9.00	7.00
Intangible Assets	1.00	1.00
Other fixed assets	52.00	50.00
Gross Block	191.00	181.00
Accumulated Depreciation	58.00	53.00
CWIP	0.00	0.00
Investments	286.00	206.00
Other Assets -	3,865.00	3,153.00
Inventories	2,701.00	2,285.00
Trade receivables -	43.00	40.00
Receivables over 6m	18.46	16.42
Receivables under 6m	29.67	28.78
Prov for Doubtful	-5.42	-5.27
Cash Equivalents	625.00	393.00
Loans n Advances	7.00	35.00
Other asset items	489.00	401.00

Line Item	Mar 2026	Mar 2025
Total Assets	4,284.00	3,488.00

Cash Flow Statement (□Crores)

Line Item	Mar 2026	Mar 2025
Cash from Operating Activity -	342.00	234.00
Profit from operations	222.00	85.00
Receivables	-5.00	-3.00
Inventory	-417.00	-758.00
Payables	10.00	22.00
Other WC items	577.00	904.00
Working capital changes	164.00	164.00
Direct taxes	-44.00	-11.00
Other operating items	0.00	-5.00
Cash from Investing Activity -	-52.00	-123.00
Fixed assets purchased	-28.00	-40.00
Fixed assets sold	4.00	2.00
Investments purchased	-80.00	-101.00
Investments sold	0.00	0.00
Investment income	16.00	9.00
Interest received	23.00	16.00
Other investing items	13.00	-8.00
Cash from Financing Activity -	-58.00	52.00
Proceeds from shares	0.00	0.00
Proceeds from borrowings	47.00	128.00
Repayment of borrowings	0.00	0.00
Interest paid fin	-80.00	-61.00
Dividends paid	-25.00	-15.00
Financial liabilities	0.00	0.00
Other financing items	0.00	0.00
Net Cash Flow	232.00	163.00
Free Cash Flow	318.00	195.00
CFO/OP	298.00	1,395.00

Key Ratios (₹Crores)

Line Item	Mar 2026	Mar 2025
Debtor Days	14.00	28.00
Inventory Days	0.00	0.00
Days Payable	0.00	0.00
Cash Conversion Cycle	14.00	28.00
Working Capital Days	42.00	225.00
ROCE %	14.00	3.00

3.2 Financial Analysis Summary

- The company achieved a 116.07% surge in **Revenue** to **₹1,143.00 Cr**, resulting in **Net Profit** increasing to **₹118.00 Cr**. This growth is characterized by "lumpy" recognition under the Ind AS 115 "Point in Time" policy, where **Revenue** is only recognized upon possession or deemed possession, meaning current results reflect construction completed in prior cycles.
- Forward-looking strength is evidenced by **Advance from Customers** (Contract Liabilities) on the **Balance Sheet**, which reached **₹2,837.08 Cr**, providing a massive **2.48x cover** of current annual **Revenue** for future periods.
- **Operating Profit** margins (OPM) expanded significantly from 3.3% to 11.0%, but this is partially supported by the aggressive capitalization of **Finance Cost** and **Depreciation**. Specifically, **₹75.78 Cr** of interest and **₹3.53 Cr** of **Depreciation** on leased assets were capitalized into **Inventory** (Work-in-Progress), which suppresses current **Expenses** but will increase the future cost of sales.
- **Cash from Operating Activity** (CFO) of **₹342.00 Cr** is **2.9x** the reported **Net Profit** of **₹118.00 Cr**, signaling exceptionally high earnings quality. This arises because the company collects large **Advance from Customers** during the construction phase, boosting **CFO** through **Working Capital** changes (**₹164.00 Cr**) well before revenue recognition.
- The **Balance Sheet** is dominated by **Inventory**, which stands at **₹2,701.39 Cr** (63% of **Total Assets**). The composition is heavily weighted toward Work-in-Progress (**₹1,968.58 Cr**), while finished **Inventory** remains low at **₹311.70 Cr**, suggesting efficient management of unsold stock.
- **Total Debt** (Borrowings) increased to **₹323.00 Cr** from ₹276.00 Cr, with a shift toward high-cost, project-specific financing. New issuances include **₹74.78 Cr** of **15% Unsecured NCDs** for the 'Ashiana Aaroham' project, significantly higher than the 9.95% rate on existing secured NCDs.
- **ROCE** improved dramatically to **14.0%** from 3.0%, driven by high-margin deliveries. However, incremental ROIC of 7.01% reflects the capital-heavy nature of the long gestation periods.
- **Trade Receivables** remain low at **₹43.00 Cr** relative to **Revenue**, but receivables over 6 months represent **38.4%** of total debtors, and credit-risk-affected receivables reached **₹1.66 Cr**.
- **Other Income** contributed **₹44.00 Cr** (27.7% of PBT), primarily driven by **₹23.00 Cr** in interest received. This is offset by **Other Expenses** like Legal & Professional fees (**₹7.40 Cr**), reflecting ongoing regulatory disputes.
- **Other Assets** include **Refundable Land Advances** of **₹21.00 Cr** (deposits for potential acquisitions) and **Unaccrued TDS Credits** of **₹27.09 Cr**, the latter being a significant cash drag trapped in the tax system.
- **Other Liabilities** are impacted by the **Water Supply Infra Fund** (**₹21.32 Cr**) and **Statutory Dues** (**₹16.57 Cr**), primarily GST/VAT payables.
- **Net Worth** grew to **₹839.00 Cr**, while **Dividend Payout %** was slashed from 83% to 13% to conserve capital for new project acquisitions, corroborated by **Cash from Investing Activity** outflows of **₹80.00 Cr**.

- Overall, Ashiana Housing’s performance is characterized by a massive cyclical surge in recognized **Revenue** and **PAT** due to project deliveries, supported by robust cash flow generation, though the rising cost of project-specific debt and land acquisition risks remain key monitoring points.

3.3 Contingent Liabilities & Commitments

Item (note's own caption)	Current yr (Rs Cr)	Prior yr (Rs Cr)	Change	What it means
GST and Service Tax Disputes	24.84	22.62	+9.8%	Ongoing litigation regarding tax rates and input credits.
Income Tax Matters	1.39	0.79	+75.9%	Disputed tax demands currently under appeal.
Bank Guarantees	21.95	21.77	+0.8%	Guarantees provided for project performance/ statutory requirements.
Corporate Guarantees (JVs)	4.85	12.73	-61.9%	Reduced capital exposure and guarantee obligations to joint ventures.
Claims against Subsidiary (Not Debt)	2.23	0.06	+3616%	New legal claims not acknowledged as debt by subsidiaries.
Total Contingent Liabilities	**33.56**	**31.78**	**+5.6%**	Total potential exposure not provided for in the balance sheet.

- **Tax Disputes:** The largest risk remains GST/Service Tax disputes at ☐24.84 Cr. These involve complex regulatory interpretations of input tax credits.
- **Land Risk:** 15.02 hectares of land in Bhiwadi is under acquisition by the Govt. of Rajasthan. While a stay from the High Court is in place, this remains a material risk to the future land bank.
- **Capital Commitments:** Contracts remaining to be executed on capital account stand at ☐9.50 Cr, against which ☐1.44 Cr has been paid as advances.

3.9 Earnings Quality & Forensic Checks

Read	Question	Verdict	Confidence	Checked
1	Is the growth real?	☐**CLEAN**	high	6/6
2	Are collections funding construction?	☐**CLEAN**	high	5/5
3	Is the P&L being manufactured?	***WATCH***	high	6/6
4	Is value leaving to insiders?	***WATCH***	high	8/8
5	Can the balance sheet take a hit?	***WATCH***	high	5/5

Read 1 — Is the growth real? → CLEAN

Signal	Prior	This year	Δ	Status	Quantified impact	Evidence
Receivables growth vs sales growth	Rs 3,992.09 Lakhs	Rs 4,270.85 Lakhs	+6.98%	□ CLEAN	Revenue grew 116.16% while trade receivables increased only 6.98%.	Note 4.2.1
Receivables ageing / ECL provisioning	Rs 527.09 Lakhs	Rs 541.98 Lakhs	+2.83%	□ CLEAN	ECL allowances maintained adequately with minor upward revisions.	Note 4.2.1
Unbilled revenue, contract assets	Rs 49.33 Lakhs	Rs 7.00 Lakhs	-85.81%	□ CLEAN	Sharp decrease represents timely milestone documentation.	Note 4.2.1
Revenue from related parties	Rs 573.44 Lakhs	Rs 975.63 Lakhs	+70.14%	□ CLEAN	Related party earnings from JVs remain low relative to scale.	Note 18
Customer concentration	nil	nil	0.00%	□ CLEAN	No individual buyer accounts for more than 10% of revenue.	Note 13(C)
Advances from customers trend	Rs 2,20,5					

Mechanism: Revenue growth is completely backed by stable collection structures and zero customer concentration, with receivables growing far slower than sales execution. **Aggregate impact:** Adds Rs 63,149.69 Lakhs of pre-sales advance funding buffer into operating liabilities. **Trend:** Revenue expanded 116.1% this year while debtor days reached a window-best level of 14 days. **Direction:** improving

Read 2 — Are collections funding construction? → CLEAN

Signal	Prior	This year	Δ	Status	Quantified impact	Evidence
Customer advances vs project book	Rs 2,20,558 Lakhs	Rs 2,83,707 Lakhs	+28.63%	□ CLEAN	Total customer advances exceed total inventory values.	Note 6.3
Collections vs construction spend	Rs 95,426 Lakhs	Rs 63,726 Lakhs	-33.22%	□ CLEAN	Collections provide strong cash generation for deployments.	Note 6.3
Escrowed share of collections	Rs 22,215 Lakhs	Rs 28,668 Lakhs	+29.05%	□ CLEAN	RERA escrow bank balances ensure liquidity protection.	Note 2.6(f)
Revenue recognised over time	Rs 49.33 Lakhs	Rs 7.00 Lakhs	-85.81%	□ CLEAN	Point-in-time revenue policies defer margin to delivery.	Note 4.2.1
Inventory vs collections	Rs 2,28,452 Lakhs	Rs 2,70,138 Lakhs	+18.25%	□ CLEAN	WIP rose as construction expanded, funded by collections.	Note 4.1

Mechanism: The business operates in a healthy pre-sales loop, where customer cash inflows comfortably fund ongoing inventory expansion and active structural construction needs. **Aggregate impact:** Maintains a window-best free cash flow generation of Rs 314 Crore based on advance collections. **Trend:** Cumulative operating cash generation over the 8-year window stands at a strong 1.8x relative to EBITDA. **Direction:** improving

Read 3 — Is the P&L being manufactured? → WATCH

Signal	Prior	This year	Δ	Status	Quantified impact	Evidence
Exceptional items effect on PBT	Rs 500.03 Lakhs	Rs 0.00 Lakhs	-100.00%	☐ CLEAN	Absence of non-recurring exceptional tax charges.	Note 9.10
Other income as % of PBT	Rs 2,873.35 Lakhs	Rs 4,441.83 Lakhs	+54.59%	☐ WATCH	Other income makes up 27.95% of PBT.	Note 8.3
Deferred tax movement	Rs 19.38 Lakhs	Rs 89.93 Lakhs	+364.04%	☐ CLEAN	Deferred tax reduced accounting PAT without affecting cash.	Note 10
Provision reversals credited	Rs 125.16 Lakhs	Rs 288.17 Lakhs	+130.24%	☐ CLEAN	Write-backs of liabilities are immaterial to overall profit.	Note 6.3
Depreciation policy change	none	none	0.00%	☐ CLEAN	Straight-line depreciation frameworks remained stable.	Note 2.3
Accounting-policy change	Rs 0.00 Lakhs	Rs 243.00 Lakhs	none	☐ CLEAN	Minor labor code gratuity provision impact.	Note 27

Mechanism: While operational profit jumped due to delivery milestones, total profitability carries a material contribution from non-operating asset income. **Aggregate impact:** Non-operating items contribute Rs 4,441.83 Lakhs to reported PBT. **Trend:** Other income makes up 27.67% of current PBT, lower than multi-year peaks but still a key screen trigger. **Direction:** stable

Read 4 — Is value leaving to insiders? → WATCH

Signal	Prior	This year	Δ	Status	Quantified impact	Evidence
RPT quantum and trend	Rs 1,243.58 Lakhs	Rs 2,159.06 Lakhs	+73.61%	☐ WATCH	Operational spending to related entities expanded.	Note 18
New RPT counterparties	none	none	0.00%	☐ CLEAN	No new related business entities added.	Note 18
KMP rem vs EBITDA	Rs 923.66 Lakhs	Rs 1,803.33 Lakhs	+95.24%	☐ WATCH	Management benefits doubled, tracking profit scaling.	Note 18
Loans/guarantees to group	Rs 3,030.13 Lakhs	Rs 987.08 Lakhs	-67.42%	☐ CLEAN	Capital exposures to JVs were reduced significantly.	Note 18
Interest earned from RPTs	Rs 352.82 Lakhs	Rs 241.53 Lakhs	-31.54%	☐ CLEAN	Interest income scaled down with loan balances.	Note 18
Interest paid to promoters	nil	nil	0.00%	☐ CLEAN	No high-cost internal debt funding lines utilized.	Note 18
Promoter pledge	nil	nil	0.00%	☐ CLEAN	Promoter stock holdings remain entirely unencumbered.	Note 1.1
CSR spend shortfall	nil	nil	0.00%	☐ CLEAN	Company spent above the regulatory minimum.	Note 25

Mechanism: Value pathways are largely governed by formal remuneration structures tracking profitability, though close attention should be paid to the scaling rates of KMP payments. **Aggregate impact:** Remuneration and RPT purchases absorb Rs 2,159.06 Lakhs. **Trend:** Related party transactional profiles rose historically, triggering volume monitoring screens. **Direction:** stable

Read 5 — Can the balance sheet take a hit? → WATCH

Signal	Prior	This year	Δ	Status	Quantified impact	Evidence
CWIP ageing/ stalled projects	nil	nil	0.00%	☐ CLEAN	No non-productive capitalization delays.	Note 3.2
Dividend vs free cash flow	Rs 1,507.87 Lakhs	Rs 2,513.12 Lakhs	+66.67%	☐ CLEAN	Dividends fully covered by current free cash flow.	Note 6.3
Contingent liab vs net worth	Rs 5,510.66 Lakhs	Rs 4,993.16 Lakhs	-9.39%	☐ CLEAN	Exposures scaled down to 5.81% of net worth.	Note 12
Borrowing terms/ covenants	Rs 26,156.75 Lakhs	Rs 30,524.71 Lakhs	+16.70%	☐ CLEAN	Debt metrics safe despite premium interest on new NCDs.	Note 6.1.1
Title deeds not in name	Rs 376.48 Lakhs	Rs 376.48 Lakhs	0.00%	☐ WATCH	Developer ground rent dispute keeps office title unexecuted.	Note 20(J)

Mechanism: The general financial position is robust with excellent net-cash liquidity, though minor compliance watches persist regarding specific historical property deeds. **Aggregate impact:** Unexecuted title deed complications lock up Rs 376.48 Lakhs in asset values. **Trend:** Net debt reached a window-best of negative Rs 302 Crore. **Direction:** improving

Material notes captured

Note	Discloses	Prior	This year	Impact	Signal
Note 20(J)	***Title documentation for Saket office space remains held by an outside developer.***	Rs 376.48 Lakhs	Rs 376.48 Lakhs	Profit ↓ — Asset impairment risk.	Profit ↓ - Neutral
Note 6.1.1	**Group issued a new tranche of 15% Unsecured NCDs linked to the Aaroham project.**	Rs 0.00 Lakhs	Rs 7,478.08 Lakhs	Neutral — Higher marginal cost of debt.	Neutral
Note 27	**Labor reform implementation triggered revisions in statutory base wages.**	Rs 0.00 Lakhs	Rs 243.00 Lakhs	Profit ↓ — Non-recurring provision charge.	Profit ↓ - Neutral
Note 12(e)	***15.02 hectares land in Bhiwadi under government acquisition/litigation.***	-	-	Revenue ↓ — Loss of development potential.	Revenue ↓ - Concern

4. MANAGEMENT & GOVERNANCE

A. Auditor Report & Key Audit Matters

- **Audit Opinion:** Unqualified. Independent Auditor M/s. B. Chhawchharia & Co. confirmed that the financial statements give a true and fair view.
- **KAM 1: Inventory Recoverability:** Carrying value is **☐2,701.39 Cr**. Auditor focused on management's NRV estimates, including future selling prices and costs to complete. Audit response included testing budgeted costs vs. actual sales values and physical site visits.
- **KAM 2: Revenue Recognition:** Risk of management bias in the timing of recognition due to the multi-regional nature of projects. Auditor performed sales cut-off procedures and physical progress assessments.
- **Audit Trail:** The auditor confirmed the use of accounting software with an **audit trail (edit log) facility** that operated throughout the year without tampering.
- **Fees:** Total fees on a consolidated basis: **☐1.03 Cr**, aligned with the scale of operations (Revenue: ☐1,143 Cr).

B. Related Party Transactions

Party	Relationship	Nature	Amount (□ Cr)	Concern
KMP Remuneration	Management	Short-term Benefits	18.03 Cr	□95.1% YoY increase; represents 15.28% of Consolidated PAT.
Joint Ventures	JVs	Loans Repaid	12.55 Cr	Positive liquidity inflow from partner entities.
Joint Ventures	JVs	Management Fees	6.90 Cr	Core operational income from JV partnerships.
Related Parties	Influenced Entities	Maintenance Charges	5.13 Cr	Ongoing service outflows to entities like Ashiana Maintenance.
Joint Ventures	JVs	Year-end Loan Rec.	5.02 Cr	□Significant reduction from 17.57 Cr PY, but still represents balance sheet exposure.

- **RPT Risk:** Aggregate RPTs represent **3.73%** of revenue (Clean). However, the doubling of promoter-KMP pay and the persistent Saket office title deed issue are governance frictions.

C. Shareholding

- **Promoter:** 61.11% (stable vs 61.22% PY).
- **FII:** 8.28% (increased from 4.54% PY).
- **DII:** 8.06% (decreased from 14.86% PY).
- **Public:** 22.55%.
- **Pledged Shares: 0.00%**.

D. Board Composition

- **Total Directors:** 8.
- **Independent Directors: 62.5%** (5 of 8).
- **Women Directors:** 1 (Ms. Piyul Mukherjee).
- **Independence:** Most independent directors joined in 2019 or later, ensuring fresh oversight.
- **Family Correlation:** The executive board is composed of three brothers (Vishal, Ankur, and Varun Gupta), who hold all key management roles and receive identical compensation.

E. KMP Compensation

- **Total KMP Remuneration: □18.03 Cr**.
- **EBITDA Basis:** Remuneration represents **13.87% of EBITDA** (□130.00 Cr).
- **Benchmarking:** Against the senior analyst benchmark of **1.3–2.6% of EBITDA**, the current 13.87% ratio is significantly high, reflecting a family-partnership mindset.
- **Statutory Position:** The company passed a special resolution to pay executive directors in excess of the 5% net profit ceiling (under §197). The three brothers received identical base salaries (□6.66 Cr total) and commissions (□3.18 Cr each).
- **Insider-use Assets:** The fleet of vehicles represents a minor portion of the gross block (below 15%), therefore not flagged as unrelated to the business.

F. Capital Allocation & Capex

Action	FY Current (□Cr)	FY Prior (□Cr)	% of CFO	Signal
Dividends Paid	25.13 Cr	15.08 Cr	7.34%	**
Capex (Fixed Assets)	28.17 Cr	39.65 Cr	8.23%	**
Net Debt Change	43.68 Cr	113.96 Cr	12.76%	□
Interest Paid (Financing)	78.32 Cr	59.87 Cr	22.89%	□

- **CFO Coverage:** Ratio is **12.14x**. CFO (342.19 Cr) easily self-funds capex (28.17 Cr).
- **Key Takeaway:** The company is in a **cash-harvesting phase**, with CFO significantly exceeding investment outflows. However, the high interest burden (□78.32 Cr) due to project-specific debt remains a drag.

G. Revenue Recognition Policy

- **Policy:** Revenue is recognized at a **"Point in Time"** under Ind AS 115. Control transfers to the buyer only upon possession or issuance of the "offer of possession" letter.
- **Forensic Signal:** This is a conservative policy that prevents premature profit booking but leads to high P&L volatility. The current 116% revenue jump is an accounting artifact of project deliveries rather than a sudden change in sales velocity.

H. Risks

- **Inventory NRV (Medium):** Carrying value of □2,701.39 Cr relies on complex price and cost estimates; potential for write-downs if market softens.
- **GST/Service Tax Disputes (High): □24.84 Cr** potential cash outflow; persistent and rising litigation.
- **Title Deed Defect (Medium): □3.76 Cr** Saket office asset at risk due to developer ground rent default since 2007.
- **Land Acquisition (Medium): 15.02 hectares** in Bhiwadi under govt acquisition; outcome of stay uncertain.
- **High-Cost Debt (Medium):** New project-specific NCDs at **15% interest** increase the cost of capital for key developments like Aaroham.

5. SCORECARD

Part A: Scorecard

Dimension	Rating (1–5)	Delta	Key Evidence	One-line Rationale
Business Quality	4	↑	Realization □9,059/sq. ft; SL is 50% of GDV	Strong niche moat in Senior Living providing significant pricing power.
Financial Health	4	↑	Customer advances □2,837 Cr; D/E 0.36x	Massive advance float funds construction; overall gearing remains low.
Earnings Quality	4	→	CFO (□342 Cr) is 2.9x PAT (□118 Cr)	Cash-backed earnings; conservative point-in-time revenue policy.
Management & Governance	2	↓	KMP pay 13.87% of EBITDA; Saket title issue	Promoter-heavy payout structures and long-standing title defects.
Capital Allocation & Earnings Visibility	4	↑	2.48x Revenue cover in advances; 30% EAC growth	High visibility via sold-but-unrecognized pipeline and improved execution pace.

BUSINESS POSITIVES * □**Pricing Power:** Average realization grew 26.2% to □9,059/sq. ft., reflecting successful premiumization. * □**Cash Generation:** CFO of □342 Cr is 2.9x PAT, indicating high earnings quality and advance-led funding. * □**Revenue Visibility:** Customer advances of □2,837 Cr provide a 2.48x cover for future revenue recognition. * □**Execution Pace:** Equivalent Area Constructed (EAC) increased 30% to 26.19 lakh sq. ft., de-bottlenecking the delivery pipeline. * □**Senior Living Dominance:** The SL segment now represents 50% of GDV, offering a structural, service-led moat.

BUSINESS NEGATIVES / CONCERNS * □**Governance Frictions:** KMP compensation (13.87% of EBITDA) is significantly above the analyst benchmark of 2.6%. * □**High-Cost Financing:** Marginal cost of debt for new projects reached 15% via unsecured project-specific NCDs. * □**Litigation Overhang:** □24.84 Cr GST/Service Tax disputes and 15.02 hectares of land in Bhiwadi under government acquisition. * □**Asset Defect:** Corporate office title for Saket space (□3.76 Cr) remains unexecuted since 2007. * □**Margin Suppression:** □79.31 Cr of interest and depreciation capitalized into inventory, storing future costs.

OVERALL SCORECARD SUMMARY Ashiana Housing is currently in a high-growth "harvesting phase" where its long-term brand building in Senior Living is translating into record realizations and cash flows. The financial position is robust, characterized by an exceptionally strong CFO-to-PAT ratio and a massive pipeline of customer advances. However, the governance posture is weakening due to excessive promoter compensation and a shift toward high-cost project-specific debt. The business is on an **improving trajectory** operationally but a **stable to deteriorating trajectory** regarding governance discipline.

Part B: Governance Check Matrix

#	Check	Status	Evidence
1	Audit opinion clean?	□	Unqualified opinion (p.240)
2	Promoter pledge = 0?	□	0.00% pledge (p.170)
3	KMP pay < 5% of PAT?	□	KMP pay is 15.28% of PAT (□18.03 Cr / □118 Cr)
4	RPT quantum < 5% of revenue?	□	Aggregate RPTs are 3.73% of revenue
5	Board > 50% independent?	□	62.5% independent (5 of 8)
6	At least 1 woman director?	□	Ms. Piyul Mukherjee
7	No statutory dues outstanding?	□	□16.57 Cr payable > 6 months (Note 7.2)
8	No fraud reported?	□	Auditor confirmed no fraud (p.187)
9	Audit trail enabled?	□	Confirmed operational for the full year
10	Frequent Auditor change	□	M/s. B. Chhawchharia & Co. (3rd year)
Total: 8/10 □— Governance Rating: 3			

6. HOW IT HAS BEEN DOING

6.1 The multi-year picture

Metric	5-yr mean	Range	This year	vs trend
Revenue (□Crore)	469.40	222.0–944.0	1,143.0	better than trend
Revenue growth %	28.46	-43.96–130.24	116.07	better than trend
EBITDA margin %	3.47	-4.05–10.28	11.37	best in window
PAT margin %	3.34	-3.15–8.79	10.32	best in window
EPS (□)	1.90	-0.69–8.3	11.73	best in window
CFO / EBITDA	34.15	0.4–121.0	2.63	worse than trend
Free cash flow (□Crore)	83.20	-66.0–194.0	314.0	best in window
ROCE %	3.40	-1.0–11.0	14.0	best in window
Debtor days (Days)	30.80	15.0–41.0	14.0	best in window
Cash conversion cycle (Days)	559.00	28.0–2656.0	14.0	best in window
Net debt (□Crore)	-22.20	-117.0–47.0	-302.0	best in window
Net debt / EBITDA	-19.53	-86.0–0.93	-2.32	worse than trend
Interest coverage	9.91	-3.4–44.0	58.5	best in window
Debt / equity (Ratio)	0.22	0.09–0.36	0.38	worse than trend
Inventory turnover	0.36	0.22–0.62	0.46	in line
Effective interest rate %	3.47	0.94–9.38	0.67	best in window
Receivables > 6 months %	22.18	0.0–42.9	38.4	worse than trend
Other income % of PBT	53.56	21.3–92.31	27.67	better than trend

6.2 Breaks from trend

- **THE BREAK** — Revenue grew 116.07% to □1,143 crore, EBITDA margin hit a window-best 11.37%, and ROCE rose to 14.0% from a 3.4% mean.
- **THE MECHANISM** — Under the "Point in Time" accounting policy, revenue is only recognized upon possession; the current surge reflects the delivery of units from high-margin premium projects like Ashiana Aaroham and Senior Living phases completed in this cycle, rather than current-year sales activity. (Note 2.6(f) and Management Discussion).
- **REAL OR ONE-OFF** — non-recurring item.
- **WHAT SETTLES IT** — Equivalent Area Constructed (EAC) in FY2027; maintenance above 25 lakh sq. ft. is required to sustain this recognition volume.

- **THE BREAK** — Other Liabilities increased to 72.4% of the balance sheet (□3,101 crore) against a prior mean of 42.9%, a □653 crore increase over the baseline.
- **THE MECHANISM** — This is a structural property of the developer business model where customer advances (contract liabilities) reached □2,837 crore, acting as interest-free funding for the 30% expansion in construction pace. (Note 6.3 and Management Discussion).
- **REAL OR ONE-OFF** — durable improvement.
- **WHAT SETTLES IT** — The Gross Advances from Customers figure in the FY2027 balance sheet.

- **THE BREAK** — Interest coverage reached a window-best 58.5x, significantly exceeding the prior 5-year mean of 9.91x.
- **THE MECHANISM** — The surge in recognized P&L profit was combined with the systemic capitalization of □75.78 crore in finance costs into inventory (Work-in-Progress), which suppressed reported interest expense to just □2 crore. (Note 3.2 and Financial Analysis Summary).
- **REAL OR ONE-OFF** — non-recurring item.
- **WHAT SETTLES IT** — Interest paid in the FY2027 Cash Flow Statement (Financing Activity) relative to P&L interest expense.

- **THE BREAK** — Net Debt to EBITDA moved to -2.32x from a 5-year mean of -19.53x, despite net cash reaching a window-best □302 crore.
- **THE MECHANISM** — While absolute liquidity improved, the ratio was compressed by a 622% increase in the EBITDA denominator (□130 crore vs □18 crore prior year) due to lumpy project recognition. (Calculation Pack Trend Table).
- **REAL OR ONE-OFF** — non-recurring item.
- **WHAT SETTLES IT** — The Cash Equivalents balance next year, specifically if it stays above □600 crore.

6.3 What has not changed

- **Negative Working Capital Model:** The business continues to fund its entire operational footprint and land banking through customer advances, which have grown for three consecutive years to reach □2,837 crore in FY2026.
- **Systemic Interest Capitalization:** The company consistently masks its true debt-servicing burden by capitalizing interest into inventory; this year, □75.78 crore of finance costs were capitalized, a practice sustained across the entire 8-year window.
- **Promoter Value Extraction:** A structural governance friction remains the identical compensation of the three promoter brothers, which doubled this year to □18.03 crore (15.28% of PAT), continuing a trend of aggressive management payouts despite P&L lumpiness.
- **Saket Office Title Defect:** For at least the third consecutive year, the title deed for the Saket office (□3.76 crore gross block) remains unexecuted in the company's name due to historical developer defaults to the DDA (Note 20.J).
- **Senior Living Moat:** The company has sustained its #1 rank in the Senior Living segment for 9 years, with this niche now representing 50% of its total Gross Development Value (□8,000 crore).
- **JV Captive Financing:** The parent company continues to act as a recurring source of liquidity for joint ventures, with □5.02 crore in loans and advances remaining outstanding to related parties.
- **Litigation Overhang:** Indirect tax disputes (GST and Service Tax) remain a persistent risk, growing to □24.84 crore this year from □22.62 crore in the prior period.

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7. INVESTOR VERDICT

THESIS: Ashiana is a niche residential leader transitioning to a high-margin service-led Senior Living model, backed by a massive unrecognized revenue pipeline that provides multi-year visibility.

RATIONALE: The company has reached an inflection point where its realization premium (□9,000+) and accelerated execution (30% EAC growth) are converting record customer advances into significant P&L growth, even as governance costs (KMP pay) remain high.

RE-EVALUATE WHEN: Customer collection efficiency drops below 70% of pre-sales value OR the interest coverage ratio falls below 2.0x due to high-cost 15% NCDs.

BULL CASE: Successful execution of the Gurugram pipeline leads to the achievement of the ₹2,000 Cr cumulative PAT guidance, resulting in a structural re-rating of the stock.

BEAR CASE: Crystallization of GST/Service tax liabilities (₹24.84 Cr) coupled with a failure to clear land bank litigation in Bhiwadi leads to a material write-down of net worth.

KEY MONITORABLE: Equivalent Area Constructed (EAC): 26.19 Lsft → Watch for maintenance above 25 Lsft to ensure delivery on advances.

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