Ashiana Housing Ltd — FY 2026 Annual Report Analysis

Annual Report Analysis (Consolidated)

Watch While customer advances fully fund construction and net debt is comfortably negative, close monitoring is required as five-year average capital returns sit at 6.2% and non-operational lines contribute 27.67% of pre-tax profit.

Key findings

- **₹2,837 Cr** in customer advances exceeds the project inventory of ₹2,701 Cr, meaning homebuyers completely self-fund construction and eliminate the need for operational bank debt.
- **27.67%** of pre-tax profit is derived from non-operational other income like investment gains, which artificially inflates reported earnings and reduces core operational quality.
- **₹75.78 Cr** of interest was capitalized into project inventory; expensing this borrowing burden directly would have reduced reported pre-tax profit by 47.67%.
- **6.2%** average annual return on net worth over five years highlights historical business lumpiness, though recent operational momentum drove a standalone fiscal return on capital employed to 14%.
- **₹24.84 Cr** in disputed GST and service tax liabilities represents the largest outstanding fiscal risk, which would bite if current legal appeals are rejected.
- **₹171.64 Cr** in high-cost project debentures carries 14% to 15% interest rates, but risk is mitigated as they are redeemable solely from specific project surpluses.
- **0.93%** of pre-sales booking value was spent on total KMP remuneration, scaling appropriately with the net profit surge and remaining within routine governance baselines.
- **₹2,421.13 Cr** of record pre-sales booking value provides massive multi-year visibility, backed by a compounding segment focus on Senior Living and Kid Centric housing niches.
- **₹600-700 Cr** in targeted FY2026-27 capital deployment for new project acquisitions offers strong upside if management hits its 30% gross profit underwriting hurdle.
- **₹3.76 Cr** Saket office property title deed remains stuck under a third-party developer since 2007 due to pending ground rent dues, showing minor neglected governance cleanup.

What to watch

Monitorable	Current level	Threshold
Senior Living pre-sales booking value	₹570.15 Cr	Above ₹700 Cr
Equivalent Area Constructed	26.19 lakh sq ft	Above 18.00 lakh sq ft
Other income share of pre-tax profit	27.67%	Below 25%
Capital deployment for new acquisitions	₹454.85 Cr	Above ₹600 Cr
Customer advances as a share of inventory	105.04%	Below 100%

1. Business overview

Ashiana Housing is a specialized residential developer that sells community-focused housing rather than just square footage. Its model relies on early-stage customer installments to fund construction, with revenue

recognized only upon final handover. The company distinguishes itself through three specific niches: Senior Living, Kid Centric Homes (KCH), and Premium/Elite housing.

Management does not view the business as a commodity play, stating, "we do not want to be just another housing company; we want to build businesses around customer needs that can endure for decades." This strategy is supported by an in-house facility management arm that maintains projects post-delivery, a rarity in the Indian market that drives a high referral rate.

Because revenue is a "delivery artifact" linked to completion schedules, the table below uses **Booking Value (Pre-sales)** to describe the current year's commercial performance.

Segment	Booking value (□Cr)	Share of total bookings	YoY movement	Primary drivers
Kid Centric Homes	□1,108.61 Cr	45.79%	+128.4%	Successful launch of Ashiana Aaroham in Gurugram.
Premium & Elite Homes	□742.38 Cr	30.66%	-11.9%	Sustained demand in Jaipur (Nitara, Ekansh) and Jamshedpur (Amaya).
Senior Living	□570.15	—	—	—

Cost base

The cost base is primarily concentrated in project execution and land acquisition. Total project expenses rose 27.2% to □727.65 Cr, reflecting "inflationary impact on construction" and a 30% increase in area constructed to 26.19 lakh sq ft.

- **Land and Development Rights:** The company spent □454.85 Cr on purchases, including outright land buys and payouts for Joint Development Agreements (JDAs). Land acquisition for the year was focused on Senior Living, with □160.97 Cr deployed.
- **Employee Benefits:** Personnel costs rose 24% to □90.73 Cr, driven by new hires for execution and higher gratuity provisions under new labor codes.
- **Marketing:** Advertising and business promotion expenses doubled to □62.20 Cr, sized at 2.57% of Booking Value, to support the Gurugram launch and Senior Living brand building.

Capacity

Capacity is defined by the company's ability to manage multiple simultaneous project sites and the labor required to hit delivery timelines. * **Execution Scale:** The company constructed 26.19 lakh sq ft in FY2026 and handed over 1,320 units. * **Pipeline:** Capacity for future growth is anchored in 91.83 lakh sq ft of ongoing projects, of which 19.05 lakh sq ft remains unsold. * **Human Capital:** A workforce of 1,303 employees manages operations across eight cities. Management is investing in "Project Leaders" to ensure management bandwidth does not become a constraint as they enter more complex markets.

Forward visibility

Visibility is exceptionally strong due to a record booking value that sits in the "Advances from Customers" liability account (□2,837.08 Cr) rather than current revenue. * **Gross Development Value (GDV):** The total project pipeline is valued at □16,000 Cr. Senior Living accounts for □8,000 Cr of this potential. * **Future Launches:** The company has a future launch pipeline of 38.84 lakh sq ft, including new projects like Ashiana Tattvam (Panvel) and Ashiana Aaranya (Chennai). * **Land Bank:** Beyond ongoing work, the company holds 26.50 lakh sq ft of saleable area in land available for future development. A further 31 lakh sq ft potential at Milakpur is currently

under litigation with a High Court stay. * **Profit Target:** Management has set a clear long-term target of "reported Net Profit of around ₹2,000 Cr for the period from FY 2025-26 to FY 2029-30."

What must stay true

For this trajectory to continue, the "Kid Centric" and "Senior Living" propositions must maintain their pricing power in high-realization markets like Gurugram and Bengaluru. The company's "asset-light approach," involving joint developments and partnerships with the International Finance Corporation (IFC), must remain viable to prevent the balance sheet from becoming land-heavy.

Management's "deliberately measured" growth philosophy is critical; they must resist overpaying for land in "frothy" markets like NCR and Jaipur, adhering to their "thumb rule" of 30% Gross Profit margins for new acquisitions. Finally, the referral engine—which contributed 41% of bookings this year—depends entirely on the continued performance of their in-house facility management arm to provide "Forever Care."

2. Management commentary & outlook

What did management actually say, and can they be believed?

Topic	Claim	Verbatim quote
Total Pre-sales Target	Management expects to achieve a consolidated pre-sales target of around □2200 Cr in the next fiscal year.	"For FY 2026-27, our pre-sales target is around □2,200 Cr, with Senior Living targeted to cross □700 Cr."
Senior Living Pre-sales (FY27)	Management targets the Senior Living segment to contribute over □700 Cr in booking value during FY 2026-27.	"We are targeting more than □700 Cr of value of area booked from this segment in FY2026-27."
Senior Living Pre-sales (Long-term)	Management aims to expand annual Senior Living pre-sales to □1500 Cr in the medium term.	"In around 4 years time, we will be targeting □1,500 Cr of annual pre-sales from Senior living alone."
Project Acquisition Funding	Management plans to allocate between □600 Cr and □700 Cr toward acquiring new real estate projects.	"We are looking to deploy capital of around H 600-700 Cr in FY2026-27 towards new project acquisitions."
New Project Launches	Management intends to launch Ashiana Oma shortly, while Ashiana Tattvam and Ashiana Aaranya are slated for the final quarter of FY27.	"On the new project side, we are looking to launch Ashiana Oma in Jaipur, Ashiana Tattvam and Ashiana Aaranya. Oma is expected to launch shortly, while Tattvam and Aaranya are targeted for Q4 FY27."
Long-term Net Profit Target	Management has set a reported net profit target of approximately □2000 Cr over a five-year period.	"With our increased focus on premiumisation, disciplined cost management and higher share of Senior Living business, we are targeting a reported Net Profit of around □2,000 Cr for the period from FY 2025-26 to FY 2029-30."
Customer Service Rollout	Management targets a phased quarterly rollout of its core customer service framework across its entire portfolio of projects.	"Quarter 1: Bhiwadi- Tarang, Aangan, Utsav Bhiwadi, Nirmay, and Anmol, in addition to Town where implementation is already live. Quarter 2: Jaipur projects. In Umang, its already implemented. Quarter 3: Remaining senior living projects. Quarter 4: Jamshedpur projects."
Project Underwriting Threshold	Management applies a general threshold of a 30% gross profit margin when evaluating new land or partnership economics.	"We first try to understand whether our product proposition suits the customer, whether we can acquire land or structure a partnership at favourable economics (generally underwriting thumb rule is 30% GP margin)..."
Geographic Diversification	Management intends to evaluate new regional markets like Bengaluru strictly through its specialized senior housing vertical.	"For now, we are evaluating new markets only from a Senior Living perspective."
Regional Market Concentration	Management intends to deep-dive into existing nodes rather than expanding into numerous territories and diluting capabilities.	"We would rather have a smaller number of markets where we can go deep and build a meaningful presence rather than enter too many markets and dilute management bandwidth and spread our resources thin."

The forward-looking commentary reveals a management team that acts with high strategic clarity and operational discipline, establishing clear boundaries for its execution sandbox. By anchoring land acquisitions to a strict 30% gross profit margin underwriting hurdle and prioritizing deep regional penetration over reckless geographic expansion, the company demonstrates a genuine competitive position in its niche segments. This level of granular commitment provides a transparent mechanism for long-term investors to evaluate performance, distinguishing it as a business focused on enduring value rather than short-term market cycles.

Outlook

- **Demand**: Management COMMITTED to an overall pre-sales target of around □2200 Cr and a Senior Living booking target of over □700 Cr for FY 2026-27.

- **Capacity**: Management COMMITTED to explicit project launch windows and a structured quarterly timeline for rolling out customer onboarding playbooks across locations.
- **Costs**: Management merely described its operational baseline, referencing a 30% gross profit margin underwriting thumb rule and disciplined cost control without establishing a specific expense figure or date.
- **Balance sheet**: Management COMMITTED to a new project acquisition capital deployment of around □600-700 Cr for FY 2026-27 and a cumulative net profit target of around □2000 Cr through FY 2029-30.

Tone

The management's commentary is exceptionally specific and falsifiable, anchoring its corporate roadmap in concrete operational targets rather than broad macroeconomic tailwinds or vague adjectives. By providing explicit numbers, project names, and quarter-specific deadlines, leadership exposes its operational performance to direct, objective verification next year.

3. Financial analysis

3.1 Financial statements

P&L statement (□Cr)

Line item	Mar 2026	Mar 2025
Sales	1,143	529
Sales Growth %	116	-44
Expenses	1,014	511
Material Cost %	3	-50
Raw material cost	455	486
Change in inventory	-422	-748
Manufacturing Cost %	69	120
Employee Cost %	8	14
Other Cost %	9	13
Operating Profit	130	18
OPM %	11	3.30
Other Income	44	24
Exceptional items	4.69	-3.98
Other income normal	39.73	27.71
Interest	2	2
Depreciation	13	13
Profit before tax	159	26
Tax %	26	30
Net Profit	118	18
Minority share	0	0
Exceptional items AT	6	-3
Profit excl Excep	112	21
Profit for PE	112	21
Profit for EPS	118	18
Profit Growth %	433	-74
EPS (□)	11.73	1.81
Dividend Payout %	13	83

Balance sheet (□Cr)

Line item	Mar 2026	Mar 2025
Equity Capital	20	20
Reserves	839	744
Borrowings	323	276
Long term Borrowings	264	245
Short term Borrowings	42	17
Lease Liabilities	18	15
Other Borrowings	0	0
Other Liabilities	3,101	2,448
Non controlling int	0	0
Trade Payables	82	74
Advance from Customers	2,837	2,206
Other liability items	182	168
Total Liabilities	4,284	3,488
Fixed Assets	133	128
Land	1	1
Building	35	26
Plant Machinery	75	80
Equipments	0	0
Computers	9	8
Furniture n fittings	9	9
Vehicles	9	7
Intangible Assets	1	1
Other fixed assets	52	50
Gross Block	191	181
Accumulated Depreciation	58	53
CWIP	0	0
Investments	286	206
Other Assets	3,865	3,153
Inventories	2,701	2,285
Trade receivables	43	40
Receivables over 6m	18.46	16.42
Receivables under 6m	29.67	28.78
Prov for Doubtful	-5.42	-5.27
Cash Equivalents	625	393
Loans n Advances	7	35
Other asset items	489	401

Line item	Mar 2026	Mar 2025
Total Assets	4,284	3,488

Cash flow statement (□Cr)

Line item	Mar 2026	Mar 2025
Cash from Operating Activity	342	234
Profit from operations	222	85
Receivables	-5	-3
Inventory	-417	-758
Payables	10	22
Other WC items	577	904
Working capital changes	164	164
Direct taxes	-44	-11
Other operating items	0	-5
Cash from Investing Activity	-52	-123
Fixed assets purchased	-28	-40
Fixed assets sold	4	2
Investments purchased	-80	-101
Investments sold	0	0
Investment income	16	9
Interest received	23	16
Other investing items	13	-8
Cash from Financing Activity	-58	52
Proceeds from shares	0	0
Proceeds from borrowings	47	128
Repayment of borrowings	0	0
Interest paid fin	-80	-61
Dividends paid	-25	-15
Financial liabilities	0	0
Other financing items	0	0
Net Cash Flow	232	163
Free Cash Flow	318	195
CFO/OP	298	1,395

Key ratios

Line item	Mar 2026	Mar 2025
Debtor Days	14	28
ROCE %	14	3

Funding the build (□Cr)

Line item	Mar 2026	Mar 2025
Advances from customers	2,837	2,206
Inventory (land and work in progress)	2,701	2,285
Advances as % of inventory	105.04%	96.54%

3.2 Financial analysis summary

Is this business actually making money? Yes, the business is profitable and recorded a sharp earnings surge in FY2026, though its reported P&L is highly lumpy because real estate revenue is recognized only at the final point of delivery. Net profit reached □118 Cr in FY2026, up from □18 Cr in FY2025, with revenue growing 116.1% to □1,143 Cr. This performance reflects historical project handovers rather than current trading performance, as completed unit deliveries generated □1,034.74 Cr, representing 24.15% of total assets of □4,284 Cr. Current commercial traction is better captured by pre-sales booking value, which reached a record □2,421.13 Cr in FY2026, driven by robust expansions across the Kid Centric Homes and Senior Living segments.

The reported operating profitability reached its best level in the five-year window, with EBITDA margin rising to 11.4% and return on capital employed (ROCE) improving to 14%. This marks a significant turnaround from prior performance bands where EBITDA margin averaged 4.24% `−4.05 10.28` and ROCE averaged 4.25% `−1 11`. This accounting profitability is validated by cash tax payments, as the cumulative tax charged in the P&L of □80 Cr closely tracks the □84 Cr actually paid in cash over four profitable years.

However, reported margins are heavily boosted by interest capitalization policies. Out of □80.06 Cr total interest paid during the year, the company capitalized □75.78 Cr directly into project inventory work-in-progress instead of expensing it. If this high-cost borrowing burden had been charged directly to the P&L, pre-tax profit would have dropped by 47.67% from □159 Cr to □83.16 Cr. Additionally, accounting profit continues to lean on non-operational streams, with other income contributing □44 Cr, representing 1.82% of booking value and 27.67% of pre-tax profit.

Is that money arriving as cash? Yes, the reported earnings are fully backed by strong cash inflows that substantially outpace accounting profits, driven by front-loaded customer advances that fund the entire construction cycle. Cash from operating activity expanded to a window-high of □342 Cr in FY2026, significantly higher than the reported net profit of □118 Cr. Over the full five-year period, cash conversion is highly robust, with cumulative operating cash flow reaching □739 Cr, which is 3.08x the cumulative net profit of □240 Cr.

Real estate working capital is entirely driven by customer advances, which reached □2,837 Cr in FY2026, representing 117.18% of booking value and 66.22% of total assets. These customer advances exceed the entire inventory base of land and work-in-progress, which stands at □2,701 Cr. This advance-to-inventory ratio of 105.04% indicates that homebuyers are entirely self-funding the physical construction of projects, keeping the operational cycle self-sustaining without depending on corporate bank debt. Driven by a positive working capital movement of □164 Cr, free cash flow grew to □314 Cr from □194 Cr in the previous year, demonstrating strong operational liquidity.

Some cash outflows are deferred on the balance sheet rather than hitting current profit. The company carries □208.38 Cr under other current assets as unaccrued selling expenses, which represents cash already spent on project marketing that is deferred and will only be expensed when deliveries materialize. Conversely, the company holds customer-funded collections of □21.31 Cr within other liabilities as a water supply infrastructure fund, utilizing these deposits as temporary working capital before project handover.

Trade receivables are clean and minimal at □43 Cr, representing 1% of total assets, with debtor days dropping to a window-best of 14 days. However, a significant portion of this book is sticky, as receivables older than six

months constitute 38.4% of total debtors (₹18.46 Cr). This includes ₹5.04 Cr classified as credit-impaired and fully covered by bad-debt provisions.

Where is the cash going, and who is getting it? The company's generated cash is primarily being re-invested into expanding its construction pipeline and land rights, accumulated into a large corporate liquidity buffer, and shared with managers, lenders, and joint-venture partners through surging remuneration and high interest payments. The largest allocation of cash goes into project execution. Project expenses increased to ₹727 Cr, driving total inventory up 18.2% to ₹2,701.39 Cr. This inventory consists of project development work-in-progress of ₹1,139.84 Cr, land development rights work-in-progress of ₹828.73 Cr, future project land rights of ₹322.94 Cr, and completed unsold units of ₹311.70 Cr.

Cash has also been used to build a massive financial cushion. Net debt dropped to negative ₹302 Cr as cash and cash equivalents grew to ₹625 Cr and corporate investments rose to ₹286 Cr. Total corporate liquidity of ₹911 Cr represents 21.26% of total assets of ₹4,284 Cr, providing substantial strategic flexibility.

Key Management Personnel received a substantial payout as profitability scaled. Short-term employee benefits for KMP nearly doubled from ₹9.24 Cr in FY2025 to ₹18.03 Cr in FY2026, with total KMP compensation reaching ₹22.57 Cr when factoring in defined benefit plans of ₹4.53 Cr. Public equity shareholders received dividends of ₹25 Cr in FY2026, up from ₹15 Cr in FY2025. Over the five-year window, cumulative dividends totaled ₹58 Cr, absorbing 7.8% of operating cash flow, which is well within cumulative free cash flow limits, while promoter ownership remained flat at 61.11%.

Lenders received ₹80 Cr in cash interest payments during the year, while total corporate borrowings rose to ₹323 Cr. A major share of this debt consists of high-cost mezzanine-style project funding, with ₹171.64 Cr held in unsecured Non-Convertible Debentures carrying coupon rates of 14% to 15%. These debentures are project-linked and contractually redeemable solely out of the specific distributable surpluses generated by projects like Ashiana Vatsalya, Amarah, and Aaroham, representing 4% of total assets. The remaining debt includes ₹125 Cr in secured Non-Convertible Debentures at a 9.95% interest rate and ₹18 Cr in lease liabilities.

Finally, the company serves as a core financier to its joint venture partners, holding current investments in joint ventures of ₹17.18 Cr. This includes capital allocations to Megha Colonizers of ₹2.56 Cr and Vista Housing of ₹2.22 Cr, alongside outstanding related-party loans receivable of ₹5.02 Cr. In return, development management fees received from joint ventures jumped to ₹6.89 Cr from ₹1.31 Cr, signaling an expansion of asset-light partnership fees.

3.3 Contingent liabilities & commitments

Type of liability	Amount (Mar 2026)	Amount (Mar 2025)
GST and Service Tax Disputes	24.84 Cr	22.61 Cr
Claims against Subsidiary (not debt)	2.23 Cr	0.06 Cr
Income Tax Disputes	1.38 Cr	0.79 Cr
Bank Guarantees	21.95 Cr	21.77 Cr
Capital Commitments	9.50 Cr	5.41 Cr
Corporate Guarantees	4.84 Cr	12.73 Cr

• **:** GST and Service Tax disputes of ₹24.84 Cr constitute the largest contingent risk. The lack of provisioning suggests management views the probability of outflow as not "probable," though the absolute value is material relative to PAT. • **:** Under RERA, the company has a 5-year structural defect liability. This represents an unquantified long-term warranty risk that is typical for the sector but can lead to sudden cash outflows. • **:** 15.02 hectares of land in Bhiwadi is under acquisition by the Rajasthan Government. While the company has obtained a stay, any adverse ruling would result in land bank loss, though compensation might follow.

3.9 Earnings quality & forensic checks

Is the growth real?

Clean · all 6 signals clean · confidence high

Signal	FY25	FY26	Status	What it means
Advances from customers trend	2,218.37 Cr	2,855.63 Cr (+28.7%)	Clean	Inflow of 637.26 Cr provides a massive unrecognized revenue pipeline that equals 2.5x current annual turnover
Receivables growth vs sales growth	39.92 Cr	42.71 Cr (+7.0%)	Clean	Core collections match delivery schedules; receivables growth is well below revenue growth of +116.20%
Receivables ageing / ECL provisioning	5.27 Cr	5.42 Cr (+2.8%)	Clean	Total allowance for credit impairment covers outstanding doubtful items with negligible P&L impact of 0.15 Cr
Unbilled revenue, contract assets, deferred revenue	0.49 Cr	0.07 Cr (-85.7%)	Clean	Reduces unbilled risk asset balances on the balance sheet by 0.42 Cr
Revenue from related parties as % of revenue	1.82 Cr	7.06 Cr (+287.9%)	Clean	Asset-light JV management fees contribute 6.90 Cr out of 7.06 Cr related operational income, reflecting real fee execution
Customer concentration	—	Not disclosed	Clean	No individual customer constitutes more than 10% of total revenue, mitigating default concentration risks

Are collections funding construction?

Clean · all 5 signals clean · confidence high

Signal	FY25	FY26	Status	What it means
Customer advances: direction and size against the project book	2,218.37 Cr	2,855.63 Cr (+28.7%)	Clean	Customer advances cover 105.71% of total inventory (2,701.39 Cr), eliminating the need for operational debt to fund builds
Collections against construction spend this year	954.27 Cr	637.26 Cr (-33.2%)	Clean	Customer advance collection inflows of 637.26 Cr comfortably exceed cash outflow for inventory additions of 416.87 Cr
Escrowed share of collections, and any change in it	222.16 Cr	286.68 Cr (+29.0%)	Clean	RERA escrow balances increase by 64.52 Cr, ensuring project funding ringfencing remains robust
Inventory of land and work in progress against collections	2,284.52 Cr	2,701.39 Cr (+18.2%)	Clean	WIP project development grows to 1,139.84 Cr, indicating active project progression entirely funded by advanced receipts
Unbilled revenue and revenue recognised over time	0.49 Cr	0.07 Cr (-85.7%)	Clean	Real estate revenue is recognized strictly at a point-in-time, keeping unbilled revenue risks near nil

Is the P&L being manufactured?

Watch · 1 of 6 signals flagged · confidence high

Signal	FY25	FY26	Status	What it means
Non-operating / other income as % of PBT	28.73 Cr	44.42 Cr (+54.6%)	Watch · high impact	Other non-operating income represents 27.95% of reported pre-tax profits, driven by 9.60 Cr investments gains and 8.07 Cr fair value step-ups
Exceptional items and their effect on PBT	5 Cr	—	Clean	Prior year non-recurring GST exceptional charge of 5 Cr did not recur, normalizing current pre-tax earnings
Deferred tax movement and cash-vs-book tax	0.19 Cr	0.90 Cr (+373.7%)	Clean	Cash taxes paid of 44.12 Cr closely map book tax provisions of 41.06 Cr, reflecting highly reliable accounting tax alignment
Provision reversals credited to income	1.25 Cr	2.88 Cr (+130.4%)	Clean	Combined reversals of provisions (1.33 Cr) and liabilities (1.55 Cr) provide a minor, immaterial bump to income
Depreciation policy / useful-life change	12.63 Cr	13.31 Cr (+5.4%)	Clean	Periodic management evaluations continue with zero adjustments to depreciation lines or estimated lifetimes
Valuation-method or accounting-policy change	—	Not disclosed	Clean	Point-in-time handovers and NRV inventory evaluation policies remained completely consistent

Is value leaving to insiders?

Watch · 2 of 8 signals flagged · confidence high

Signal	FY25	FY26	Status	What it means
Related-party transaction quantum and trend	26.90 Cr	43.90 Cr (+63.2%)	Watch · low impact	Overall transaction flow with JVs and counterparties expanded to 43.90 Cr, showing rising transactional volumes within the ecosystem
KMP / director remuneration vs pre-sales	14.03 Cr	22.57 Cr (+60.9%)	Watch · low impact	Total executive remuneration spiked by 60.87% to 22.57 Cr, tracking the reported profits but outpacing regular staff costs
Promoter pledge / encumbrance	—	Not disclosed	Unresolved	Promoter share encumbrance grids are missing from financial statements text chunks
New related-party counterparties this year	—	1 counterparty	Clean	Independent Director Mr. Vikas Choudhury joined the board on 10th February 2026 with no commercial flows detected
Loans, advances or guarantees to group entities	17.68 Cr	5.12 Cr (-71.0%)	Clean	Outstanding lending exposure to joint venture projects was clawed back by 12.56 Cr, minimizing capital leakage
Interest earned on loans/advances to related parties, against the company's own cost of debt	3.53 Cr	2.42 Cr (-31.4%)	Clean	Interest earned on loans to JVs yield an implied ~21.4%, which sits comfortably above the entity's 9.95% - 15% borrowing costs
Interest paid on loans taken FROM promoters or directors, against the company's own cost of debt	—	Not disclosed	Clean	No borrowings were sourced from insiders, avoiding out-of-market debt servicing premium leakage
CSR spend and shortfall	1.55 Cr	2.17 Cr (+40.0%)	Clean	Actual CSR expenditure of 2.17 Cr exceeded the statutory requirements of 1.10 Cr, leaving a zero shortfall

Can the balance sheet take a hit?

Watch · 1 of 5 signals flagged · confidence high

Signal	FY25	FY26	Status	What it means
Encumbered assets / title deeds not in company name	3.76 Cr	3.76 Cr (+0.0%)	Watch · medium impact	Saket office property (3.76 Cr) title deed is stuck under a third party developer since January 2007 due to pending ground rent dues
Dividend vs free cash flow	15.08 Cr	25.13 Cr (+66.6%)	Clean	Dividend payout of 25.13 Cr is entirely covered by robust free cash flows of 314 Cr from operations
CWIP ageing and stalled projects	—	Not disclosed	Clean	Zero capital work-in-progress eliminates risk of hidden, non-earning stalled capital assets
Contingent liabilities vs net worth	55.11 Cr	49.94 Cr (-9.4%)	Clean	Total contingent exposures of 49.94 Cr are nominal, forming just 5.81% of total equity equity blocks (859.47 Cr)
Borrowing terms, security, covenants	261.57 Cr	305.25 Cr (+16.7%)	Clean	Unsecured project debentures of 171.64 Cr are tied strictly to project surpluses rather than general operational recourse

4. Management & governance

Governance check matrix

Check	Status	Detail
Audit opinion (type)	Clean	Unmodified standalone and consolidated opinions
Fraud reported by the auditor	Clean	None noticed or reported during the year
Audit trail (edit log) in the accounting software	Clean	Enabled, operated continuously, and showed no signs of tampering
Statutory dues unpaid	Clean	No undisputed dues outstanding for more than six months
Promoter pledge (% of promoter holding)	Clean	0% of promoter holding is pledged
Independent directors (% of board)	Clean	62.5% of the board (5 out of 8 directors)
Woman director	Clean	Ms. Piyul Mukherjee is present as an Independent Director
KMP pay against the statutory ceiling	Clean	Within statutory ceilings; shareholder approval obtained for executive pay
Related-party transactions (% of revenue)	Clean	4.88% of consolidated revenue

A. Auditor report & key audit matters

The auditor highlighted two primary focus areas under Key Audit Matters that demand shareholder attention due to the high level of estimation required by management:

- **Recoverability of Inventory Value:** With a massive consolidated inventory base of □2,701.39 Cr, representing multi-year work-in-progress and land parcels, the auditor evaluated management's estimates for Net Realizable Value (NRV). The primary concern is that overestimating future selling prices or underestimating remaining build costs could inflate asset values. Management addressed this by tracking regional transaction rates and using internal project budgets. The auditor cross-verified these estimates against historical numbers and recent sales data to confirm that current book values require no impairment.

- **Revenue Recognition Timing:** Given that home deliveries account for 90.51% of group revenue, the auditor pointed out a risk of management bias in moving revenue between reporting periods to smooth earnings performance. Revenue is recognized at a specific point in time via a "deemed date of possession" when an offer letter is issued to the buyer. The auditor countered this risk by examining cut-off lines, analyzing revenue journal entries against contract records, and conducting physical site visits to verify building completion metrics.

Beyond these items, the auditor reported zero control weaknesses, expressing an unmodified opinion on the company's internal financial controls over financial reporting. The company has zero defaults to banks, financial institutions, or debenture holders. Total corporate fees paid to the statutory auditor across the listed entity and its subsidiaries stand at □1.03 Cr on a consolidated basis; a granular split between core audit and non-audit services was not separately disclosed.

B. Related party transactions

Funds leaving the corporate treasury are focused on supporting joint ventures and a specialized housing subsidiary, with transactions structured under standard operating practices:

- **Nitya Care Homes (P) Ltd. (Wholly Owned Subsidiary):** The company advanced an unsecured loan of □13.44 Cr that was fully recovered within the fiscal period. It also subscribed to Optionally Fully Convertible Debentures worth □15 Cr issued by this entity.
- **Kairav Developers Limited (Joint Venture):** The company renewed an existing loan of □5.02 Cr, which accounts for 100% of the loan extensions made during the year. The year-end loan receivable balance stands at □5.02 Cr, complemented by an active corporate guarantee of □4.85 Cr extended to this venture.
- **Operational Flows with JVs and Affiliates:** The company purchased construction materials worth □2.78 Cr from other related entities and paid maintenance expenses of □5.13 Cr. Conversely, it pulled in revenue flows from these entities via □1.40 Cr in establishment charges, □1.35 Cr in rental collections, and □2.64 Cr in interest income.
- **Key Managerial Personnel:** KMP compensation comprised □18.03 Cr in short-term employee benefits and □4.53 Cr in defined post-employment allocations, totaling □22.57 Cr.

The statutory auditor stated that these transactions were conducted at arm's length, satisfied corporate compliance codes, and occurred in the ordinary course of business. Unsecured advances inside the related-party framework are classified as repayable on demand, accounting for a minor 1.95% of the total standout loan portfolio. Measured against the company’s absolute metrics, outstanding related-party loans represent 0.12% of total assets, and the joint-venture guarantee represents 0.11% of total assets. No write-offs, credit impairments, or bad-debt provisions were recorded against promoter-connected counterparts during the year.

C. Shareholding

The promoter group holds a majority stake of 61.11% of the equity capital, representing 6,14,26,786 shares. The remaining equity is held by institutional and public blocks: Foreign Institutional Investors own 8.28% (83,27,456 shares), Mutual Funds command 8.06% (81,07,242 shares), the domestic public holds 15.58% (1,56,56,861 shares), private corporate bodies retain 1.99% (19,99,155 shares), and the Investor Education and Protection Fund Authority accounts for 3.51% (35,24,901 shares).

There were no preferential allocations, private share placements, or convertible debt changes during the period, leaving the base equity capital unchanged at □20 Cr. The promoter group maintains a 0% pledge status on their holdings. No corporate assets or subsidiary shareholdings have been locked up as collateral to secure promoter-level personal borrowing.

D. Board composition

The company's board consists of eight directors, dividing control between a core executive family team and independent oversight. The three executive seats are occupied by a promoter family trio: Mr. Vishal Gupta (Managing Director), Mr. Ankur Gupta (Joint Managing Director), and Mr. Varun Gupta (Whole-time Director). Aside from these individuals, no other board members share any family or relative connections. The promoter directors maintain substantial skin in the game, directly owning a combined 53.35% of the business: Mr. Vishal Gupta holds 13.75% (1,38,22,133 shares), Mr. Ankur Gupta holds 19.80% (1,99,05,123 shares), and Mr. Varun Gupta holds 19.80% (1,99,07,040 shares).

There were no sudden or unexpected board resignations recorded during the year. In terms of new appointments, Mr. Vikas Badriprasad Choudhury joined the board as an Additional Independent Director on February 10, 2026, close to the fiscal year-end, and his position was regularized shortly thereafter at an Extraordinary General Meeting. Service contracts for the three executive promoter directors run for defined three-year periods with a standard three-month notice layout and zero exit or severance fees.

E. KMP compensation

Key Managerial Personnel received □18.03 Cr in short-term salary benefits and □4.53 Cr in defined benefit provisions, bringing total executive compensation to □22.57 Cr.

To properly assess this cost, executive compensation must be evaluated against the operational activity of the build cycle rather than lumpy completion milestones. The company posted an annual sales volume of 26.73 lakh sq. ft. at an average realization price of □9,059 per sq. ft., which indicates a real operational booking value (pre-sales) of □2,421.47 Cr. Short-term KMP salary represents 0.74% of this annual pre-sales baseline, which is well-proportioned. Total KMP compensation matches 0.93% of the pre-sales velocity, placing it within the standard 0.75–1.5% analytical baseline. Viewed against the total asset base of □4,284 Cr, total KMP remuneration sits at a conservative 0.53%.

The directional trend reveals that while short-term executive pay expanded from □9.23 Cr to □18.03 Cr and total pay increased from □14.03 Cr to □22.57 Cr, this change reflects a sharp rise in underlying profitability. Consolidated net profit grew by 433% (or 555% depending on standalone metrics) to reach □118 Cr, up from □18 Cr in the previous year. Executive pay tracks this operational improvement, avoiding the negative signal of rising management compensation during an earnings downturn.

F. Capital allocation & capex

The company's capital allocation strategy relies on internal cash generation and customer capital to fund growth rather than equity dilution or heavy debt:

Absolute capital measures	Value
Cumulative Cash Flow from Operations (CFO)	□739 Cr
Cumulative Capital Expenditure (Capex)	-□121 Cr
Cumulative Free Cash Flow (FCF)	□618 Cr
Dividends Distributed to Shareholders	-□58 Cr
Equity Raised via Share Issuances	□0 Cr
Net Corporate Borrowings	□270 Cr
Capital Spent on External Acquisitions	□0 Cr
Free Cash Flow Dividend Cover	10.66x

The data shows that the company's capital expenditures are fully covered by its operating cash flow, leaving an excess free cash flow pool of ₹618 Cr. Dividend distributions are covered 10.66x by free cash flow, indicating that corporate distributions are well-supported by actual cash profits. The company raised zero external equity capital, maintaining a flat share count with zero minority interest dilution.

The structure of the developer's working capital model shows that customer advances of ₹2,837 Cr exceed total project and land inventory values of ₹2,701 Cr. This means customer installments fund 105.04% of the physical construction pipeline, preventing the need for costly working capital debt. Net corporate borrowings rose by ₹270 Cr, primarily through project-linked mezzanine structures carrying higher interest rates, which are paid out of project surpluses rather than general corporate cash flows. This strategy preserves corporate liquidity, expanding cash equivalents to ₹625 Cr. Corporate returns improved significantly as structural project deliveries closed, driving the Return on Capital Employed (ROCE) up to 14% from 3% in the prior year. A business that expanded its asset base out of its own cash flow while holding its return on capital is the best thing in this report.

G. Revenue recognition policy

Ashiana Housing utilizes the "Point in Time" revenue recognition framework under Ind AS 115. Revenue from residential units is recognized only when control is fully transferred to the buyer. The specific operational trigger is either physical possession or a "deemed date of possession," which occurs when the company issues a formal letter offering possession to the customer.

This accounting policy leaves moderate room for management judgment regarding the precise timing of project completions and the issuance of offer letters. As noted in the auditor's key risks, this creates an opening for management bias to either overstate performance by recognizing revenue before obtaining final occupancy certificates or understate it by shifting handovers into future periods to smooth corporate earnings.

Because revenue lands only at delivery, the P&L reflects a historical construction schedule rather than current market demand. This explains why reported revenue surged 116% to ₹1,143 Cr this year simply because deliveries jumped to 20.42 lakh sq. ft. from 10.00 lakh sq. ft. in the previous year. Concurrently, customer advances—classified as contract liabilities—increased to ₹2,855.63 Cr. This structural advance balance represents a significant pipeline of unrecognized revenue that will flow into the P&L only as individual towers reach physical completion, decoupled from the current year's sales or collection pace.

5. Scorecard

Dimension	Rating	Vs last year	What decided it
Business quality	2	Down	Five-year cumulative return on net worth is 6.2%, falling below 6.5% despite rising pre-sales.
Financial health	5	Up	Customer advances fund 105.04% of inventory and net debt to equity is negative at -0.35, comfortably below the 0.3 ceiling.
Earnings quality	2	Down	Non-operational other income contributes 27.67% of pre-tax profit, exceeding the 25% allowance.
Management & governance	3	Up	Total KMP remuneration is 0.93% of pre-sales booking value, falling inside the 0.75-1.5% compliance band.
Capital allocation	5	—	Land is bought via collections with customer advances covering 105.04% of inventory, alongside zero equity dilution.

6. How it has been doing

6.1 The multi-year picture

Metric	5-yr mean	FY25	FY26	Low ‹ band › high	Vs trend	Why it moved	Durable?
Revenue growth %	56.99	-43.96	116.07	-43.96 `[------o---#]` 130.24	**Better than trend**	Higher project completions and handovers (20.42 Lsft)	One-off
EBITDA margin %	4.24	3.4	11.37	-4.05 `[-----o----]#` 10.28	**Better than trend** (best in window)	Pivot to premium units and higher realizations (□9,059/sqft)	Structural
PAT margin %	3.97	3.4	10.32	-3.15 `[-----o----]#` 8.79	**Better than trend** (best in window)	Sharp delivery-led revenue recognition	Structural
ROCE %	4.25	3	14	-1 `[---o-----]#` 11	**Better than trend** (best in window)	Earnings surge from completions cycle	Too early
Debtor days	28.25	28	14	15 `{-----o-----]` 41	**Better than trend** (best in window)	Efficient collection at point of handover	—
Net debt / EBITDA	-2.91	-6.5	-2.32	-6.5 `[-----o#----]` 0.93	**Worse than trend**	EBITDA expansion outpaced net cash growth	—
Interest coverage	12.61	2.5	58.5	-3.4 `[--o-----]#` 44	**Better than trend** (best in window)	Operating profit surge against capitalized interest	Not explained
Other income % of PBT	53.56	92.31	27.67	21.3 `[#---o------]` 92.31	**Better than trend**	Gains from investments and fair value step-ups	One-off
Cash from operations	99.25	234	342	-61 `[----o---]#` 234	**Better than trend**	Record pre-sales and customer advance velocity	Structural

Operating record

Metric	FY25	FY26	Change	What drove it
Pre-sales (□Cr)	Not disclosed	2,421.13	—	Launch of Gurugram Kid Centric project
Area booked (sq ft)	Not disclosed	2,673,000	—	Strong demand in Gurugram and Senior Living
Collections (□Cr)	954.27	637.26	-33.22%	Heavy prior-year front-loading of advances
Customer advances (□Cr)	2,206.00	2,837.00	+28.60%	Massive pre-sales in new launches
Area delivered (sq ft)	1,000,000	2,042,000	+104.20%	Handover of completed towers

6.2 Management: said versus delivered

What they said last year	What happened	Verdict
Pursue "strategic aggression" for land and inventory growth.	Inventory of land and work-in-progress rose ₹416.87 Cr to ₹2,701.39 Cr.	Delivered
Shift to "cash-harvesting" and debt reduction.	Net debt improved to negative ₹302 Cr as corporate liquidity grew to ₹911 Cr.	Delivered
Target 15% post-tax ROE.	Reported PAT of ₹118 Cr on average equity of ~₹800 Cr yielded 13.7%.	Partially Met
Maintain construction pace (EAC) above 18 Lsft.	Equivalent Area Constructed reached 26.19 Lsft, well above the watch threshold.	Delivered

What has not changed

- Promoter remuneration remains structured as an identical trio of payouts to the three brothers, a pattern persisting through the five-year window regardless of lumpy P&L performance.
- The business relies on systemic interest capitalization, with ₹75.78 Cr of interest deferred into inventory this year to sustain reported accounting margins.
- The negative working-capital model remains the primary funding engine, as customer advances (₹2,837 Cr) continue to exceed the entire inventory and land bank (₹2,701 Cr).
- Administrative asset risks remain neglected, specifically the Saket office title deed discrepancy which has persisted without resolution since 2007.