TARC Ltd — FY 2024 Annual Report Analysis

Annual Report Analysis (Consolidated)

Investor Snapshot

#	Analytical point	Sentiment
1	TARC operates as a high-beta NCR luxury developer with a 500+ acre land bank, currently pivoting from land banking to active construction of 3.6 million sq. ft.	—
2	***Core real estate revenue plummeted 68% YoY to 111 Cr due to project recognition cycles, though sales bookings reached a record 1,612 Cr.***	—
3	***Operating margins collapsed into negative territory with an EBITDA margin of -14.41% and an operating loss of 22 Cr.***	—
4	***The company reported a net loss of 77 Cr, which was significantly understated by the aggressive capitalization of 56% of interest costs (173.30 Cr).***	—
5	***Financial health is precarious with a D/E of 1.09x and a value-destructive debt structure featuring NCDs with IRR as high as 28.20%.***	—
6	**Cash Flow from Operations turned positive at □158 Cr, though this was entirely fueled by a □351.76 Cr surge in customer advances rather than P&L profitability.**	**Positive**
7	**Inventory grew by □278 Cr, signaling a heavy capex-intensive phase as the company transitions land assets into work-in-progress construction.**	**Positive**
8	***Earnings quality is poor, characterized by a -1.00% ROCE and a reliance on non-core land acquisition gains for 36% of reported revenue.***	—
9	***Governance presents a mixed profile: while the board is 57% independent, MD compensation doubled to 1.20 Cr despite the company posting significant losses.***	—
10	***Liquidity risk is acute with 400.45 Cr in debt maturing within 12 months against a cash balance of only 67 Cr, alongside a 293.60 Cr HSIIDC litigation overhang.***	—
11	The outlook depends on a "race against time" to monetize luxury launches fast enough to service high-cost debt and bridge the refinancing gap.	—
12	Stance: Watch; key monitorables include quarterly customer collections (threshold >□100 Cr) and a reduction in Net Debt/EBITDA below 4x.	—

Final research summary: tarc ltd (FY2024)

1. Business overview

- **Business Segments:** Primarily focused on Luxury City-Centric Residential developments in New Delhi and Gurugram; transitioning from a land-banking entity to an active real estate developer.
- **Revenue Drivers:** Core real estate sales (recognized at "Point in Time"), rental income from investment properties, and significant non-core gains from compulsory land acquisitions by the government.
- **Cost Drivers:** High-cost debt servicing (18.2%–28.2% IRR), construction work-in-progress (WIP) expenses, rising employee costs for scaling operations, and aggressive marketing/promotion spends.

- **Industry Position:** Positioning as a premium luxury developer in the NCR market, targeting the "Global Indian" buyer profile with LEED Gold/Platinum certified projects.
- **Expansion Plans:** Actively monetizing a 500+ acre fully-paid land bank; currently has 3.6 million sq. ft. of residential projects in progress (TARC Kailasa and Tripundra).
- **Acquisitions & Capacity:** Focus is on internal development of existing land parcels rather than new land acquisitions; capacity is measured by the transition of "dead" land into "active" inventory.
- **Segment Performance:** Core real estate revenue saw a 68% drop (□57.29 Cr) due to project cycles, while non-core land acquisition gains contributed □40.11 Cr (36% of revenue).
- **Geographical Presence:** Concentrated exclusively in the Delhi-NCR region, specifically high-value micro-markets in New Delhi and Gurugram.

2. Management commentary & outlook

- Strategic shift from "defensive/restructuring" in FY23 to "aggressive/prepared" in FY24, focusing on the "monetization" of the land bank.
- Management defines the current phase as being "poised," representing a proactive aggregation of competencies and institutionalizing construction processes.
- Guidance emphasizes "Luxury City Centric Residential" projects to capture high margins in the current NCR demand upcycle.
- The company reported □1,612 Cr in sales bookings, signaling market acceptance of TARC as a developer.
- Management highlights a focus on "timely deliveries" and "co-creating a future" to shed legacy reputations associated with stalled projects.
- Deleveraging is stated as a primary goal using "growing liquidity," though the company continues to raise high-cost NCDs (□191 Cr in FY24).
- Aggressive pursuit of sustainability (LEED certifications) is viewed as a competitive moat for the luxury segment.
- Professionalization of the second tier is underway, with senior hires from competitors like DLF to lead operational execution.
- Long-term vision involves scaling the 3.6 Mn sq. ft. pipeline into a larger, sustainable development platform.
- **Management Tone:** The tone has shifted to high confidence, characterized by an aggressive stance on project launches and a "poised" narrative. However, there is a visible disconnect between the rhetoric of "deleveraging" and the reality of continued high-cost debt issuance. The management appears operationally optimistic but remains financially constrained by legacy debt structures. (LAST bullet point).

3. Financial analysis

3.1 Financial statements

P&L statement (□Cr)

Line item	Mar 2024	Mar 2023
Sales	111	369
Sales Growth %	-70	47
Expenses	133	205
Material Cost %	0	-32
Change in inventory	0	-116.20
Manufacturing Cost %	55	47
Employee Cost %	28	3
Other Cost %	37	37
Operating Profit	-22	164
OPM %	-20	44
Other Income	4	2
Exceptional items	-5.78	-4.34
Other income normal	9.96	6
Interest	62	117
Depreciation	6	7
Profit before tax	-86	41
Tax %	-10	50
Net Profit	-77	20
Profit from Associates	0	0
Minority share	0	0
Exceptional items AT	-6	-2
Profit excl Excep	-72	22
Profit for PE	-72	22
Profit for EPS	-77	20
Profit Growth %	-422	109
EPS (□)	-2.61	0.69
Dividend Payout %	0	0

Balance sheet (□Cr)

Line item	Mar 2024	Mar 2023
Equity Capital	59	59
Reserves	1,216	1,293
Borrowings	1,393	1,386
Long term Borrowings	925	1,132
Short term Borrowings	463	249
Lease Liabilities	5	5
Other Borrowings	0	0
Other Liabilities	796	428
Non controlling int	0	0
Trade Payables	25	24
Advance from Customers	526	175
Other liability items	245	228
Total Liabilities	3,463	3,166
Fixed Assets	1,107	1,066
Land	324	325
Building	60	60
Plant Machinery	0	25
Equipments	4	4
Computers	2	2
Furniture n fittings	25	0
Vehicles	14	10
Intangible Assets	278	278
Other fixed assets	487	443
Gross Block	1,194	1,147
Accumulated Depreciation	87	81
CWIP	0	0
Investments	68	68
Other Assets	2,289	2,032
Inventories	1,385	1,106
Trade receivables	6	10
Receivables over 6m	4.04	0.39
Receivables under 6m	5.25	9.29
Prov for Doubtful	-3.08	-0.12
Cash Equivalents	67	115
Loans n Advances	59	64
Other asset items	772	737

Line item	Mar 2024	Mar 2023
Total Assets	3,463	3,166

Cash flow statement (□Cr)

Line item	Mar 2024	Mar 2023
Cash from Operating Activity	158	-81
Profit from operations	-41	-6
Receivables	0	-5
Inventory	-204	66
Payables	1	-18
Other WC items	409	-105
Working capital changes	206	-61
Direct taxes	-7	-14
Advance tax	0	0
Other operating items	0	0
Cash from Investing Activity	-39	75
Fixed assets purchased	-40.98	-6.59
Fixed assets sold	0	75.14
Investments purchased	0	0
Investments sold	0	0
Interest received	1.91	3.76
Other investing items	0.01	2.20
Cash from Financing Activity	-166	96
Proceeds from debentures	0	1,330
Redemption of debentures	-9	0
Proceeds from borrowings	16	0
Repayment of borrowings	0	-1,123
Interest paid fin	-171	-110
Financial liabilities	-1	-1
Net Cash Flow	-47	89
Free Cash Flow	117	-12
CFO/OP	-752	-41

Key ratios

Line item	Mar 2024	Mar 2023
Debtor Days	20	9
Inventory Days	0	0
Days Payable	0	0
Cash Conversion Cycle	20	9
Working Capital Days	1,218	760
ROCE %	-1	6

3.2 Financial analysis summary

- **Revenue** witnessed a severe 70% YoY contraction to ₹111.00 Cr, primarily due to a 68% drop in core real estate revenue as project recognitions shifted to a "Point in Time" basis; notably, 35.99% of Revenue (₹40.11 Cr) was derived from non-core government land acquisitions.
- **Operating Profit** collapsed into a deficit of -₹22.00 Cr from ₹164.00 Cr, driven by the revenue shortfall and a 24% rise in Employee Cost as the company scaled for new launches, resulting in a negative EBITDA Margin of -14.41%.
- **Finance Cost** reported on the P&L (₹62.00 Cr) significantly understates the actual debt burden, as Gross Finance Costs reached ₹309.34 Cr, of which ₹173.30 Cr was capitalized into Inventory and Fixed Assets, artificially cushioning the PAT loss of -₹77.00 Cr.
- **Inventory** surged by ₹278.43 Cr to ₹1,385.00 Cr, reflecting intensive construction work-in-progress, which acted as a major ₹204.00 Cr drain on CFO; however, this was offset by a massive ₹351.76 Cr increase in Advance from Customers, leading to a positive CFO of ₹158.00 Cr.
- **Total Debt** remains elevated at ₹1,393.00 Cr with a Debt/Equity of 1.09, characterized by high-cost NCDs carrying an IRR of 18.20% to 28.20%; a critical liquidity risk exists as ₹400.45 Cr of debt is due within one year against a Cash Equivalents balance of only ₹67.00 Cr.
- **Working Capital Days** deteriorated sharply from 760 to 1,218 days, as cash is increasingly trapped in Other Assets, including a ₹293.60 Cr receivable from HSIIDC under litigation and ₹171.55 Cr in land compensation receivables, which together represent 36% of Net Worth.
- **Fixed Assets** increased to ₹1,107.00 Cr following ₹40.98 Cr in Capex, while Depreciation remained stable at ₹6.00 Cr; however, the lack of revenue growth relative to the expanding asset base resulted in a negative ROCE of -1.00%.
- **Trade Receivables** ageing shows a concerning trend with Receivables over 6m rising from ₹0.39 Cr to ₹4.04 Cr, necessitating a sharp increase in Provision for Doubtful Debt to ₹3.08 Cr, further impacting PAT.
- **Free Cash Flow** turned positive at ₹117.00 Cr due to the surge in customer advances, yet the company remains dependent on external financing as Interest paid fin (₹171.00 Cr) exceeded the total CFO generated.
- **Other Assets** and Other Liabilities analysis reveals that ₹465.15 Cr (38% of Net Worth) is tied up in government receivables or litigation, while Statutory Dues Payable spiked 345% to ₹23.36 Cr, signaling potential liquidity stress.
- **Other Expenses** were impacted by a 94x jump in Provision for Doubtful Debt/Advances (₹10.43 Cr), suggesting an aggressive clean-up of demerger-related balances or deteriorating asset quality.
- The dominant financial theme of the year is a high-stakes race where the company is using strong customer collections (**Advance from Customers**) to fund an intensive construction phase, while the true economic cost of its 18-28% IRR debt is being deferred through aggressive interest capitalization and bullet repayment structures.

3.3 Contingent liabilities & commitments

- **Claims not acknowledged as debt:** ₹66.62 Cr (increased from ₹45.08 Cr).
- **Income Tax Demands:** New demand of ₹25.66 Cr for AY 19-20 and 20-21; adds to existing ₹6.79 Cr disputed GST/Service Tax.
- **HSIIDC Litigation:** ₹293.60 Cr receivable regarding the 'Madelia' project currently in arbitration; an adverse ruling would wipe out ~24% of Net Worth.
- **Guarantees:** ₹9.44 Cr provided to Town & Country Planning for operational requirements.
- **Capital Commitments:** Management admits several financial assets/liabilities from the demerger are "subject to confirmation and reconciliation," posing a risk of future write-offs.

3.9 Earnings quality & forensic checks

#	Check	Impact	Status	Notes detail
1	PAT vs CFO trend	Profit ↑ — cash flow exceeds earnings; □360 Cr customer advance surge drives CFO despite loss.	—	Note 20.1: Contract liabilities (advances) rose from □166.7 Cr to □526.8 Cr, providing liquidity.
2	Receivables & channel-stuffing signal	Revenue ↑↓ — inventory build-up; □278 Cr inventory rise vs 70% revenue drop suggests project gestation.	—	Note 10: Inventory growth driven by WIP (□1,067 Cr), signaling transition to active construction phase.
3	Revenue timing	Revenue ↓ — lagging recognition; "Point in Time" policy delays revenue until project handover/possession.	—	Note 23: Revenue recognized at handover; current drop reflects gap in project completions/deliveries.
4	Revenue from related parties %	Neutral — minimal P&L impact; related party transactions are low relative to total operations.	—	Note 36.2: Unsecured loans from related parties are interest-free with no fixed repayment schedule.
5	Inventory vs revenue growth	Profit ↓ — high carrying costs; inventory rose 25% while revenue fell 70% during FY24.	—	Note 10.1: WIP increased significantly; auditor concerned about NRV of slow-moving land parcels.
6	Inventory valuation method change	Neutral — consistent policy; valued at lower of cost or NRV as per Ind AS.	—	Note 10.1: Management states no write-down needed, though auditor flags slow-moving parcel risks.
7	Exceptional items in operating profit	Profit ↓ — non-recurring losses; exceptional items of □5.78 Cr further depress the operating loss.	—	P&L: Exceptional items relate to one-time adjustments; core operating profit is already negative.
8	Depreciation rate vs useful life policy	Profit ↑ — low depreciation; □6 Cr charge on □1,194 Cr gross block suggests long lives.	—	Fixed Assets: Depreciation is minimal as a % of assets; most value sits in Land/ Intangibles.
9	Provision reversals boosting PAT	Profit ↑ — lack of impairment; failure to provide for □293 Cr HSIIDC receivable inflates PAT.	—	Note 7.1: □293.6 Cr stuck in HSIIDC litigation; no impairment taken despite arbitration uncertainty.
10	Tax rate consistency + cash tax vs P&L tax	Profit ↑ — tax credit; negative tax rate of 10% on losses reduces the reported net loss.	—	P&L: Tax credit of ~□9 Cr recognized on losses; cash tax paid was □7 Cr.
11	CWIP age and stalled projects	Profit ↑ — avoided write-downs; stalled project costs carried as financial assets rather than inventory.	—	Note 7.1: HSIIDC 'Madelia' project (□293.6 Cr) is stalled/under litigation but not written down.
12	Deferred tax asset recognition adequacy	Profit ↑ — DTA recognition; tax benefits recognized on losses despite history of volatile earnings.	—	Note 31: Contingent liabilities (□25.6 Cr tax demand) may offset future deferred tax benefits.
13	RPT quantum and trend	Neutral — low risk; related party transactions are stable and primarily involve interest-free funding.	—	Note 36.2: RPTs include KMP remuneration and minor lease rents; no aggressive siphoning detected.
14	Dividend paid vs FCF adequacy	Neutral — no outflow; company conserved cash by not declaring dividends during a loss year.	—	Cash Flow: FCF is positive due to customer advances, but used for debt/ interest servicing.
15	Interest Capitalization Aggression	Profit ↑ — 56% of total interest (□173.30 Cr) capitalized into inventory, masking true debt servicing cost.	—	Note 27: Capitalization prevents the full impact of 18-28% IRR debt from hitting the P&L.
16	Non-Core Revenue Reliance		—	

#	Check	Impact	Status	Notes detail
		Revenue ↑ — 36% of operating revenue derived from one-time government land acquisition gains.		Note 23: High reliance on non-core gains to support the top line amid core real estate decline.
17	Auditor Reconciliation Warning	Neutral — potential future adjustments; auditor noted assets/liabilities from demerger subject to confirmation.	—	Note 33: Signals risk of future write-offs or adjustments once reconciliations are complete.

4. Management & governance

A. Auditor Report & Key Audit Matters * **Audit Opinion:** Unqualified. * **KAM 1: Recoverability of HSIIDC Claim:** Auditor flagged □293.60 Cr recoverable from HSIIDC regarding the 'Madelia' project, currently under arbitration. Concern: Significant judgment required regarding timing and certainty. Management asserted certainty based on legal advice; no impairment provided. * **KAM 2: Inventory Valuation:** Auditor focused on NRV of slow-moving land parcels in Manesar/Gurgaon. Concern: Market volatility could necessitate write-downs. Management response: Valuations based on internal estimates and circle rates. * **KAM 3: Revenue Recognition:** Focused on transition to "Point in Time" recognition under Ind AS 115 and verification of completion milestones. * **Material Weaknesses:** Auditor noted financial assets/liabilities from demerger are "subject to confirmation and reconciliation," signaling potential future adjustments. * **Going Concern:** Financials prepared on going concern basis, but auditor notes high-cost NCD structure and liquidity requirements for redemptions.

B. Related Party Transactions | Party | Relationship | Nature | Amount (□Cr) | Concern | | ------- | ---------- | -------- | ---------- | --------- | | Anil Sarin | Promoter/Chairman | Lease Rent | 0.5940 Cr | Potential tunneling via personal asset leasing | | Related Parties | KMP Controlled | Unsecured Loans | 9.78 Cr | **Positive:** Interest-free liquidity cushion | | Amar Sarin | MD & CEO | Remuneration | 1.20 Cr | 100% YoY increase despite negative Operating Profit | | Related Parties | KMP Controlled | Lease Rent | 1.18 Cr | Recurring operational cash outflow to promoters |

C. Shareholding | Category | Mar 2024 | Mar 2023 | | :-- | --: | --: | | Promoter | 64.96% | 64.96% | | FII | 2.40% | 1.01% | | DII | 1.29% | 0.00% | | Public | 31.35% | 34.03% |

- **Promoter Pledge:** 0.00%

D. Board Composition + KMP Compensation * **Total Directors:** 7 | **Independent %:** 57.14% | **Women Directors:** 2 (Muskaan Sarin, Bindu Acharya). * **KMP Compensation:** * ***Amar Sarin (MD):*** □1.20 Cr (100% YoY growth; son of Chairman). * **Muskaan Sarin (WTD):** *0.00 Cr. * Nitin Kumar Goel (CFO):* **□0.2892 Cr (70.12% YoY growth). *** Analysis:** Aggregate KMP pay rose significantly while Operating Profit swung to a loss. MD pay doubled (justified as full-year vs partial), but absolute quantum is high given the □77 Cr Net Loss. The Sarin family controls executive and board leadership.

F. Capital Allocation & Capex | Action | FY current (□Cr) | FY prior (□Cr) | % of CFO | Signal | | -------- | ------------------ | ----------------- | ---------- | -------- | | Capex | 40.98 Cr | 6.59 Cr | 25.94% | — | | Interest Payments | 171.00 Cr | 110.00 Cr | 108.23% | — | | Net Debt Change | 7.00 Cr | 207.00 Cr | 4.43% | — | | Working Capital Inv. | 206.00 Cr | -61.00 Cr | 130.38% | **Positive** | | Provision for Doubtful Debt | 10.43 Cr | 0.11 Cr | 6.60% | — |

Capex analytical notes: * **CFO Coverage of Capex:** CFO (□158.00 Cr) covers Capex (□40.98 Cr) by 3.85x, but this is driven by a **□351 Cr surge in Customer Advances**, not operating profits. * **Nature of Capex:** Primarily fixed assets; however, the most significant shift is the **□278.43 Cr increase in Inventory**, signaling a transition into intensive construction. * **Deployment Efficiency:** Revenue fell 70% while Capex rose 521%. This decoupling increases execution risk. * **Key Takeaways:** The program is aggressive and debt-funded, with **□173.30 Cr of interest capitalized into inventory**, inflating asset values and deferring P&L pain.

H. Risks * ***Litigation (High):*** HSIIDC claim of □293.60 Cr. Adverse ruling would wipe out 24% of Net Worth. * ***High Debt Cost (High):*** NCDs carry IRR of 18.20% to 28.20%. Massive "bullet" repayment obligations via redemption premiums. * ***Refinancing Risk (High):*** □400.45 Cr debt due within 12 months vs □58.84 Cr cash balance. * ***Inventory NRV (Medium):*** Slow-moving land parcels in Manesar/Gurgaon may require write-downs if prices soften. * ***Concentration (Medium):*** 100% focus on Delhi-NCR luxury segment; vulnerable to regional regulatory shifts. * ***Tax Demands (Medium):*** New Income Tax demand of □25.66 Cr adds to liquidity pressure.

5. Scorecard & verdict

Part a: scorecard

Dimension	Rating (1–5)	Delta	Key evidence	One-line rationale
Business quality	3	→	500+ acre land bank; □1,612 Cr bookings	Strong asset base and sales momentum offset by extreme regional concentration and cyclicality.
Financial health	1	↓	D/E 1.09x; Interest > CFO; 28% IRR debt	Debt costs are value-destructive and interest obligations exceed organic operating cash flow.
Earnings quality	2	↓	56% Interest Capitalized; 36% Non-core Rev	P&L losses are masked by aggressive capitalization and reliance on one-time land acquisition gains.
Management & governance	3	→	57% Independent Board; 100% MD pay hike	Adequate board structure but high family concentration and executive pay disconnected from P&L performance.
Capital allocation & visibility	2	↓	ROCE -1.00%; □400 Cr current debt	Reinvesting heavily with negative returns; high-cost debt creates a mathematical trap for future equity.

Business positives (for this company this year) * **Strong Sales Momentum:** Reported □1,612 Cr in sales bookings, indicating strong market demand for the new luxury project launches. * **Robust Customer Collections:** Advance from Customers surged by □351.76 Cr, providing critical liquidity to fund construction. * **Operational Pivot:** Successfully transitioned 3.6 million sq. ft. of the land bank into active construction work-in-progress. * **Interest-Free Support:** Received □9.78 Cr in interest-free unsecured loans from related parties, providing a minor liquidity cushion.

Business negatives / concerns (for this company this year) * **Value-Destructive Debt:** NCD structure with IRR up to 28.20% vastly exceeds the negative ROCE of -1.00%. * **Severe Revenue Decline:** Core real estate revenue dropped 68% YoY, leading to an operating loss of □22 Cr. * **Liquidity Mismatch:** □400.45 Cr of debt maturing within 12 months against a cash balance of only □67 Cr. * **Aggressive Accounting:** Capitalizing 56% of interest (□173.30 Cr) and relying on non-core land gains (36% of revenue) masks the true P&L stress. * **Litigation Overhang:** □293.60 Cr (24% of Net Worth) remains stuck in a long-standing HSIIDC legal dispute with no impairment taken.

OVERALL SCORECARD SUMMARY TARC Ltd is in a high-stakes transition, showing impressive operational sales velocity but remains shackled by a precarious financial structure. While customer advances are currently funding construction, the company's 18-28% IRR debt is a "ticking time bomb" that consumes more cash than the business organically generates. Governance is adequate in form but shows signs of misalignment in executive compensation. The business is on a **stable but high-risk** trajectory where the success of the equity depends entirely on flawless execution and rapid refinancing of expensive debt.

Part b: governance check matrix

#	Check	Status
1	Audit opinion clean?	—
2	Promoter pledge = 0?	—
3	KMP pay < 5% of PAT?	—
4	RPT quantum < 5% of revenue?	—
5	Board > 50% independent?	—
6	At least 1 woman director?	—
7	No statutory dues outstanding?	—
8	No fraud reported?	—
9	Audit trail enabled?	—
10	Frequent Auditor change	—

Total: 8/10 — Governance Rating: 3

Part c: investor verdict

Thesis: TARC is a high-beta play on NCR luxury real estate, attempting to outrun 28% IRR debt through aggressive project monetization. **Overall stance:** Watch **Rationale:** Operational momentum is strong, but the financial "burn rate" from interest and looming repayments creates a high risk of equity dilution or insolvency if sales slow. **Re-evaluate when:** Net Debt/EBITDA falls below 4x or the HSIIDC litigation is settled. **BULL CASE:** Successful delivery of Kailasa/Tripundra leads to a massive cash windfall, allowing full repayment of high-cost NCDs and a re-rating to a 2.0x P/B. **BEAR CASE:** A slowdown in NCR luxury demand or an adverse HSIIDC ruling triggers a liquidity crisis, forcing a distressed fire sale of land assets. **Key monitorable:** Customer Collections: ₹158 Cr → Watch for drop below ₹100 Cr/quarter.

7. Year-over-year analysis

7.1 Changes

Metric / theme	Summary a status	Summary b status	Forensic takeaway
Cost of Debt	18.20% IRR on NCDs.	18.20% to 28.20% IRR on NCDs.	The cost of capital has escalated to predatory levels that mathematically challenge the long-term viability of the equity.
CFO Generation	Negative CFO (-□81 Cr).	Positive CFO (□158 Cr).	Liquidity has improved superficially, but it is driven entirely by customer advances rather than profitable operations.
Interest Accounting	□69.10 Cr capitalized into inventory.	□173.30 Cr (56% of total interest) capitalized.	Management is using aggressive interest capitalization to mask the true extent of P&L erosion and debt servicing stress.
Revenue Trajectory	□369 Cr (47% growth).	□111 Cr (70% contraction).	Core revenue has collapsed as the company transitions between project recognition cycles, increasing reliance on non-core gains.
Management Tone	Defensive and focused on restructuring.	Aggressive, "poised," and high-confidence.	There is a widening disconnect between management's optimistic growth narrative and the deteriorating financial health of the balance sheet.
Short-term Solvency	Debt maturity profile improved via NCDs.	□400.45 Cr debt due within 12 months.	The company has moved from a stable debt position back into a high-pressure refinancing cycle with inadequate cash coverage.
Executive Pay	MD pay at □0.60 Cr.	MD pay doubled to □1.20 Cr.	Management compensation has decoupled from financial performance, increasing significantly despite a swing to a heavy net loss.

7.2 Persistent patterns

- **The HSIIDC litigation involving □293.60 Cr remains unresolved and unprovided for, representing a persistent "black swan" risk that could wipe out ~24% of Net Worth.**
- **The company continues to destroy shareholder value as its Return on Capital Employed (ROCE) remains consistently and significantly below its double-digit cost of debt.**
- **A massive portion of the balance sheet remains locked in slow-moving inventory and land parcels, resulting in structural capital stagnation and high carrying costs.**
- **Earnings quality remains poor due to a recurring reliance on non-operational government land acquisition gains to support the top line.**
- **Executive and board leadership remains heavily concentrated within the Sarin family, maintaining a high degree of promoter control over strategic and financial decisions.**
- **Auditor warnings regarding unreconciled statutory balances and demerger-related accounts suggest persistent weaknesses in the internal financial control environment.**
- **The business maintains a 100% geographic concentration in the Delhi-NCR luxury market, leaving it perpetually vulnerable to regional regulatory shifts.**