Ashiana Housing Ltd — Feb 2023 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Beat **One-line:** A record-breaking sales quarter (□485 Cr) driven by Gurugram outperformance and peak realizations (□5,373/sqft) confirms the thesis that Ashiana's shift toward premium/niche segments is reaching an earnings inflection point.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	Area booked (9.03L sqft) nearly doubled QoQ; Presales value grew 102% QoQ.	□
Earnings Quality	High (Core driven)	CFO-to-PAT ratio of 3.9x; margin expansion driven by price hikes and product mix.	□
Guidance Confidence	Strong	Management clear on 30L sqft launch pipeline for FY24; backlog visibility remains high.	□
Management Credibility	Strong	Early delivery of Daksh Phase 1; proactive disclosure on construction delays (pollution bans).	□
Business Quality Signal	Improving	Shift to higher-ticket Gurugram projects and Senior Living is structurally raising ASPs.	□
Key Q&A Exchange	Q15 — Scaling	Management intends to expand the Senior Living profit pool to reduce cyclicality.	□
The Street's Primary Anxiety	Land Pricing	"Frothy" land markets in Jaipur/NCR; mgmt signaled they are waiting for a correction.	□
Capital Cycle Stage	Investment / Growth	Significant front-loading of construction for 5 new project launches in FY24.	□
Margin / Return Ratio Trajectory	Improving	Gross profit margins in new phases trending toward >30% vs legacy 27%.	□
Pricing Power	Expanding	ASPs up 9.5% QoQ and 33% YoY; Amarah (Gurugram) sold out instantly.	□
FCF Conversion & Quality	Strong	Pre-tax OCF of □35.59 Cr proves high collection efficiency despite construction bans.	□
Competitive Moat Signals	Widening	Track2Realty #1 Senior Living brand for 5th year; in-house execution is a cost hedge.	□
Balance Sheet Strength	Adequate	D/E at 0.21; net debt manageable given the □832 Cr receivable backlog.	□
Working Capital Efficiency	Stable	Inventory in completed projects is minimal (3.32L sqft).	□
Mgmt Guidance Track Record	Reliable	Consistent history of phase-wise launches; conservative on land acquisition.	□
Key Vulnerability / Red Flag	Regulatory Risk	NCR construction bans during winter remain a structural hurdle for EAC targets.	□
Management Tone	Confident	Tone focused on "excitement" regarding the current sales momentum and realization levels.	□

Key Takeaways (Positives & Negatives): * **Positives:** The pivot to Gurugram is a "game-changer"—Amarah's sell-out demonstrates Ashiana can compete and win in higher-value markets, decoupling from the low-margin

Bhiwadi legacy. Realizations at ₹5,373/sqft represent a historical peak, suggesting significant brand equity in Senior Living and Kid-Centric niches. Operating cash flow remains robust (₹35.6 Cr), providing internal accruals for the 30L sqft FY24 launch plan. * **Negatives:** Regional construction bans in NCR hit construction volumes (EAC down 21.9% QoQ), which will delay revenue recognition for future quarters. Land acquisition has slowed as management finds the current market "frothy," creating a potential gap in inventory replenishment if land prices don't plateau as management expects. * **The Street's Concern:** Analysts remain focused on the sustainability of the ₹1,000 Cr+ presales run-rate. Management's response—targeting a larger Senior Living base and Jaipur expansion—suggests a focus on expanding the "base" recurring sales level. * **Watchpoint:** Execution of the 14L sqft launches in Q4FY23 and the ability to maintain the >₹5,000/sqft realization level in new markets like Pune (Amodh).

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2. BUSINESS PERFORMANCE

2B. KEY METRICS *Data Source: PPT primary; Concall for Mgmt Commentary.*

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
Presales (₹Cr)	485.29	↑ 185.9%	↑ 102.1%	↑	Driven by Gurugram sell-out and record ASPs.
Area Booked (Lakh sqft)	9.03	↑ 114.5%	↑ 84.3%	↑	Volume surge due to high-demand phase launches.
Equivalent Area Const. (Lakh sqft)	3.42	↓ 8.3%	↓ 21.9%	↓	Impacted by construction bans in NCR.
Realization/sqft (₹)	5,373	↑ 33.4%	↑ 9.6%	↑	Higher realization projects (Gurgaon/ Senior Living).
Revenue Potential Locked (₹Cr)	832.35	First entry	↑ 13.6%	↑	Backlog of future receivables from ongoing projects.
Revenue (₹Cr)	135.31	↑ 149.7%	↑ 47.5%	↑	Higher recognition from Jaipur Daksh deliveries.
PAT (₹Cr)	9.05	Turnaround	Turnaround	↑	Positive vs loss in Q2; reflects completion accounting.
Land Bank (Lakh sqft)	149.11	First entry	↓ 9.1%	↓	Combined Future + Land Available (excl. ongoing).
D/E Ratio	0.21	→	→	→	Management keeping leverage stable during growth.

2B. SEGMENT BREAKDOWN

Segment (Location)	Area Booked (Lakh sqft)	Presales Value (□Cr)	% of Total	Trend	vs Company Avg	Key Development
Gurugram	5.24	284.50	58%	↑	High	Amarah sell-out; Anmol Ph 3 launched.
Jaipur	1.45	77.91	16%	↓	Average	Steady demand; Umang Ph 6 launched.
Bhiwadi	1.51	81.13	17%	↑	Lower	Advik (Senior Living) launch saw 7-8% price hike.
Pune	0.26	13.97	3%	↓	High	Malhar Ph 1 performing well; Amodh pending RERA.
Others	0.57	27.78	6%	→	Mixed	Jodhpur, Jamshedpur, Chennai.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Volume / Capacity	Launch 30L sqft in FY24 (15L New Projects, 15L New Phases).	Requires ~7.5L sqft launch per quarter; feasible given 149L sqft land bank.	Consistent on phase launches.	Low
Guidance	Construction	Target 20-25L sqft construction annually from FY24.	Needs 50%+ jump from current TTM EAC of ~14.7L sqft.	Historical EAC volatile due to bans.	Moderate
Strategy	Profitability	Gross Profit margin target >30% for new launches.	Currently 27-29% in older phases; price hikes of 10%+ support expansion.	Improving trend visible.	Low
Balance	Debt	Maintain low D/E; focus on OCF.	Current OCF (□35.6 Cr) covers interest and small capex.	High credibility on leverage.	Low
Execution	Completion	Delivery of Aditya/Sehar (Jamshedpur) in Q4FY23.	Aditya pending OC; risk of slipping to Q1FY24 (April).	Track record of on-time RERA handover.	Moderate

4. ANALYST Q&A

Q#	Relevance (1–5)	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility (1–5)	Verdict
1	4.0	Ankit Shah / White Equity	Construction	Business Overview	"Hurdles that are coming on the way of picking up construction?"	Management identified NCR construction bans and delayed launches as primary Q3 bottlenecks. EAC volumes will likely normalize in FY24 as 5 new projects hit the execution phase.	None	4.5	Clear/ Quantified
2	3.5	Himanshu / O3 Capital	Project Size	Management Commentary	"Why not slightly larger phase of the launches [in Gurugram]?"	Management is avoiding large phases to prevent holding "unsold built inventory" if the market cools. This confirms a conservative capital-preservation approach that protects ROE.	None	4.0	Conservati Evidence
4	4.5	Himanshu / O3 Capital	Land Markets	Management Commentary	"What are we doing right now [on Business Development]?"	Management is cautious on BD as land markets are "frothy," but they see signs of plateauing in Gurugram plotting. A pause in BD may slow inventory growth but prevents overpaying at the peak.	None	4.0	Vague but consistent
10	4.5		Financials	Financials			None	5.0	

Q#	Relevance (1–5)	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility (1–5)	Verdict
		Ankur Kumar / Alpha Capital			"What are the key projects that we have handed over... Daksh was supposed to be Q1 FY24?"	Management entregued Daksh Phase 1 early in Q3FY23, triggering the revenue jump. Early deliveries suggest high execution efficiency and pull forward accounting profits.			Specific/ Verifiable
12	4.0	Ankur Kumar / Alpha Capital	Margins	Financials	"What kind of margins should we expect?"	Management expects to break the 30% Gross Profit barrier in 2-3 years as new, higher-priced phases get delivered. This confirms a structural margin expansion trajectory from the current high-20s.	None	4.0	Directional/ Evidence
15	5.0	Harsh Beria	Scaling	Strategy	"Do we see a scope for expansion of [presales] by 20%-25% each year?"	Management intends to scale via Senior Living expansion and deepening the Gurugram/ Jaipur footprint. This is the central thesis—moving from a small-cap builder to a scalable niche leader.	None	3.5	Vague/ Consistent

Q#	Relevance (1–5)	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility (1–5)	Verdict
16	4.5	Harsh Beria	Senior Living	Strategy	"What is the current proportion of our business coming from senior living?"	Senior Living currently contributes ~₹150 Cr in sales; target is to reach ₹300-400 Cr in 3-4 years. Expanding the Senior Living profit pool is key to stabilizing cash flows and raising blended margins.	None	4.0	Specific target

PATTERN FLAGS & SENTIMENT Analyst questioning was dominated by two themes: **execution capacity** and **margin sustainability**. Analysts were curious why the company isn't being more aggressive in Gurugram given the sell-out response. Management's posture was steadfastly conservative—they are prioritizing inventory turnover and avoiding the "built-but-unsold" trap of 2013-16. This "Quality over Volume" stance was well-received by long-term oriented analysts.

Analyst Sentiment Verdict: Analysts were largely convinced, particularly by the realization levels and the early delivery of Daksh. The friction point remains the land acquisition strategy; analysts want growth, but management is waiting for price corrections. Management credibility improved this quarter as the Gurugram pivot moved from "story" to "data."

5. WHAT CHANGED vs PRIOR QUARTER

Comparison vs Q2 FY23.

What Changed	Prior Quarter	This Quarter	Direction
Presales Value	₹240.19 Cr	₹485.29 Cr	↑ 102.1%
Realization/sqft	₹4,904	₹5,373	↑ 9.6%
Area Booked	4.90 Lakhs sq. ft.	9.03 Lakhs sq. ft.	↑ 84.3%
Pre-tax OCF	(₹1.05 Cr)	₹35.59 Cr	↑ Turnaround
Consolidated PAT	(₹1.81 Cr)	₹9.05 Cr	↑ Turnaround
Senior Living Strategy	Niche segment	Defined target: ₹400 Cr sales in 4 yrs	↑ Quantified Strategy
Execution Tone	Cautious	Confident on FY24 launch ramp-up	↑ Improving Sentiment

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