

Ashiana Housing Ltd — Feb 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Beat (Operational) | Inline (Financials) **One-line:** The thesis remains firmly intact as AHL successfully pivots from Gurgaon-heavy dependence to a secular sales mix, while robust operating cash flows (11x PAT) continue to mask the lumpy accounting recognition of its high-margin transition.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline / Operational Beat	9M Presales at ₹1,362 Cr (68% of FY25 target); OCF strength.	☐
Earnings Quality	High (CFO driven) / Low (GST one-off)	Pre-tax OCF of ₹120.42 Cr vs PAT of ₹10.89 Cr; ₹5 Cr GST hit.	☐
Guidance Confidence	Neutral	₹2,000 Cr sales target maintained but contingent on Amarah Ph-5.	☐
Management Credibility	Strong	Transparent about NCR construction delays and low-margin legacy.	☐
Business Quality Signal	Improving	Secular sales outside Gurgaon; pricing power in Senior Living.	☐
Key Q&A Exchange	Q# 2 + BD Strategy	New 20-acre Jaipur parcel agreement adds 3 years of visibility.	☐
The Street's Primary Anxiety	Margin Timing	Concern over "muted" FY25 margins; Mgmt pointed to FY26 pivot.	☐
Capital Cycle Stage	Reinvesting	Converting robust OCF into new land parcels (Jaipur/Bangalore).	☐
Margin / Return Ratio Trajectory	Stable (Core) / Improving (FY26+)	Muted FY25 due to legacy; high-margin Advik slipped to Q1FY26.	☐
Pricing Power	Expanding	Senior Living (Advik/Amodh) commanding premium realizations.	☐
FCF Conversion & Quality	Strong	Customer advances fueling growth without debt spikes.	☐
Competitive Moat Signals	Widening	#1 Senior Living brand; Swarang launch adds to South exposure.	☐
Balance Sheet Strength	Strong	Low debt/equity; ₹2,098.8 Cr future collections locked in.	☐
Working Capital Efficiency	Improving	Ashiana Town (Bhiwadi) inventory cleared; Surbhi is next.	☐
Mgmt Guidance Track Record	Reliable	Consistent execution despite external GRAP constraints.	☐
Key Vulnerability / Red Flag	Regulatory/Climate	GRAP construction bans in NCR now a predictable annual drag.	☐
Management Tone	Disciplined & Realistic	Candid about Gurgaon "normalization" and legacy margin drags.	☐

Key Takeaways: * **Positives:** Pre-sales momentum is now secular, with non-Gurgaon projects contributing 81% of Q3 volumes (vs 60% in Q2), reducing geographic concentration risk. Pre-tax Operating Cash Flow remains the best proxy for business health, rising 54% QoQ to ₹120.42 Cr. The "Bhiwadi cleanup" is progressing rapidly, with the heavy Ashiana Town inventory finally exhausted. * **Negatives:** P&L recognition remains "noisy" due to a ₹5 Cr one-time GST payout and the slippage of the high-margin Advik Ph-1 delivery from Q4FY25 to Q1FY26 due to NCR pollution-related construction bans (GRAP). * **Street Concern:** Analysts are focused on the "when" of the 20% PAT margin guide. Management clarified that Q4FY25 will remain muted due to low-margin legacy deliveries (Anmol Ph-2, Amantran Ph-3), with the structural margin breakout pushed to FY26. * **Forward Watchpoint:** The launch velocity of Amarah Phase-5 in February 2025 is the singular gatekeeper for achieving the ₹2,000 Cr FY25 sales guidance.

2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT figures primary source. Concall used for commentary and unlisted specifics.

Metric	Current Qtr (Q3FY25)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Presales (₹Cr)	454.16	↑ 161.2%	↓ 32.5%	↓	Mix Shift: Q2 had the Amarah Ph-4 launch; Q3 reflects sustenance sales.
Equiv. Area Constructed (L-sqft)	5.19	↑ 8.8%	↓ 13.6%	↓	External Drag: Decline due to GRAP restrictions in Delhi-NCR (pollution).
Pre-tax Operating CF (₹Cr)	120.42	↑ 123.7%	↑ 54.0%	↑	High Quality: Healthy collections driven by robust sales across all cities.
Realization/sqft (₹)	6,705	↑ 29.2%	↓ 27.3%	↓	Mix Effect: Lower Gurgaon contribution vs Q2; core pricing remains stable.
Revenue Potential Locked (₹Cr)	2,098.80	N/A	↑ 2.1%	→	Visibility on future cash inflows from already booked area.
Revenue (₹Cr)	139.93	↓ 26.1%	↑ 135.1%	↑	Driven by deliveries in Tarang Ph-4A and Umang Ph-6.
PAT (₹Cr)	10.89	↓ 60.8%	↑ 244.2%	↑	Normalised PAT would be ~₹16 Cr excluding GST one-time payout.
Land Bank (L-sqft)	104.10	N/A	↓ 4.1%	→	47.50 L-sqft Future + 56.60 L-sqft Land available for development.
D/E Ratio	0.17	→	→	→	Maintained conservative leverage; strong internal accruals.

2B. SEGMENT BREAKDOWN

Segment (Geography)	Presales (L-sqft)	% of Mix	Realization (₹ psf)	Trend	vs Co. Avg	Key Development
Jaipur	2.25	33%	6,564 (est)	↑	-2.1%	Ekansh Ph-4 and Amantran driving volume.
Gurugram	0.57	8%	21,343 (est)	↓	+218.3%	Muted volume due to Ph-4 depletion; Ph-5 launch imminent.
Bhiwadi	1.03	15%	5,665 (est)	↑	-15.5%	Advik Senior Living continues to pull higher pricing.
Pune	1.12	17%	6,852 (est)	↑	+2.2%	Amodh Ph-2 and Malhar sustaining momentum.
Chennai	1.04	15%	6,432 (est)	↑	-4.1%	Swarang launch adds significantly to South volume.
Others	0.76	12%	N/A	→	N/A	Jodhpur and Jamshedpur providing steady base.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Presales	₹2,000 Cr for FY25	Needs ₹638 Cr in Q4. High feasibility IF Amarah Ph-5 velocity mirrors Ph-4.	Met FY24 targets.	Moderate
Guidance	Margins (PAT)	18-19% (Avg over 5 yrs)	Needs structural delivery of high-margin Ph-3/4. Feasible via operating leverage.	Historically low.	Low
Guidance	Deliveries (FY25)	₹576 Cr Value	Needs ~₹248 Cr in Q4. Feasible via Anmol and Amantran handovers.	Inline.	Low
Strategy	Land Acquisition	Refilling 7-8 Mn sqft	Needs 1.5 Mn sqft/yr. Jaipur agreement (2 Mn) and Bangalore (1.2 Mn) show progress.	Good track record.	Low
Strategy	Project Launch	Aaroham (Q2/Q3 FY26)	Delayed from Q1 due to design regulation changes.	Mixed.	Moderate
Macro	Market Conditions	Gurgaon "Normalized"	Move from "Exuberance" to "Normal" implies slower price appreciation.	Accurate.	Low
Balance	Cash Management	Internal Accrual focus	CFO/PAT ratio of 11x supports land buys without dilution.	Strong.	Low

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	4.5	Rohit / ithought PMS	Business Expansion	Capex and Allocation	Any update on potential land use somewhere in Bangalore?	Management confirmed the Bangalore deal is moving forward pending land approval CPs, with a likely conclusion this or next quarter. A successful entry into Bangalore diversifies AHL's geographic risk and provides a fresh runway for the Senior Living brand.	None	4.0	Specific timeline given
2	4.0	Rohit / ithought PMS	Land Inventory	Business Overview	Are there any new parcels to refill the depleting land bank?	Management executed an agreement for a 20-acre Jaipur parcel (20 lakh sq ft) and is in early talks for a 7-8 lakh sq ft senior living project elsewhere. This addresses land depletion concerns, ensuring a 3-year inventory buffer despite robust sales velocity.	None	4.5	Quantified and verified
3	3.5	Rohit / ithought PMS	Gurgaon Outlook	Management Outlook	What are you hearing on the ground in the	Management described Gurgaon as "normalizing" after	None	4.0	Directional with evidence

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					micro-market in Gurgaon?	extraordinary exuberance 9 months ago, with slightly lower visit and closing rates. Investors should expect more stable pricing rather than the hyper-growth seen in 2023-24.			
4	5.0	Himanshu / BugleRock	Profitability	Financials	How realistic are the 18-19% PAT margin targets in the Annual Report?	Management attributed the margin expansion to operating leverage on fixed costs and the delivery of high-margin projects acquired in 2021-22. This confirms that the P&L is entering a multi-year re-rating cycle as legacy drags exit the system.	None	5.0	Clear and quantified
5	3.5	Himanshu / BugleRock	Project Timing	Management Outlook	Can we expect Ashiana Aaroham launch in Q1 FY'26?	Management pushed the launch to Q2/ Q3 FY26 due to building plan revisions following regulatory changes. This delay pushes the recognition of Gurgaon Kid-Centric revenue	None	4.5	Honest on delays

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						slightly further into the future.			
6	4.0	Saket Shah / RBS	Recognition	Financials	What revenue numbers can we foresee for the March 2025 quarter?	Management expects to report ~₹300 Cr in Q4 FY25, driven by OCs for Anmol (Gurgaon) and Amantran (Jaipur). While revenue spikes, margins will be "muted" as these are lower-margin legacy phases.	None	4.0	Specific revenue guide
7	4.5	Rohit / ithought PMS	Margin Drag	Financials	Why would profitability be similar to last year despite higher sales?	Management explained that the high-margin Advik Ph-1 delivery slipped to Q1FY26 due to GRAP construction restrictions in NCR. This creates a margin "coiled spring" effect for FY26 as high-margin senior living revenue bunches up.	None	4.5	Forensic cause identified
8	3.0	Rohit / ithought PMS	Legacy Cleanup	Business Overview	By when do you think unsold legacy inventory in Surbhi will get over?	Management is deploying a "crack team" that recently cleared Ashiana Town to	None	3.5	Vague but consistent

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						Surbhi, with results expected in Q1FY26. Clearing legacy stock is a significant ROCE booster and frees up management bandwidth for new launches.			

PATTERN FLAGS & SENTIMENT * Theme 1: The "Invisible" Margin Expansion. Analysts (Himanshu, Rohit) are intensely focused on the disconnect between high-velocity sales and "muted" reported margins. Management's posture was one of disciplined patience, repeatedly pointing to the delivery of high-margin inventory (Amarah, Advik) starting FY26. The slippage of Advik Ph-1 is a key signal that FY26 will be the genuine P&L breakout year. * **Theme 2: Land Bank Depletion vs. Capital Discipline.** The anxiety regarding AHL running out of "engine" (land) is being addressed through secondary markets (Jaipur, Bangalore) rather than overpaying in Gurgaon auctions. Management is successfully shifting the narrative to a "value" play where IRR/ROE is protected over vanity pre-sales targets.

Analyst Sentiment Verdict: **Positive.** Skepticism regarding land inventory has been largely neutralized by the 20-acre Jaipur deal and Bangalore progress. The divergence between cash flow (strong) and P&L (muted) is well-understood, and management's candor regarding the GRAP-related Advik slippage has preserved their credibility.

GUIDANCE GAPS REVEALED IN Q&A | Topic | What Mgmt Claimed (Opening / Prior Q) | What Q&A Revealed | Gap / Walk-back | Risk to Thesis |

|-----|-----|-----|-----|-----| | Advik Delivery | Expected in Q4FY25 | Pushed to Q1FY26 | 1-quarter delay due to GRAP construction ban. | Low; revenue is locked, only timing shift. | | Aaroham Launch | Potential H1FY26 | Q2/Q3FY26 | Delayed due to building plan redesign. | Moderate; delay in Gurgaon pipeline replenishment. |

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q2FY25)	This Quarter (Q3FY25)	Direction
Sales Mix	Gurgaon-dominant (Ph-4 launch)	Secular (Jaipur/Chennai/Pune)	↑ (Reduced Risk)
Realization/sqft	₹9,223	₹6,705	↓ (Mix shift)
P&L Status	₹7.55 Cr Loss	₹10.89 Cr Profit	↑
Operating CF	₹8.18 Cr	₹120.42 Cr	↑
Jaipur Pipeline	11.24 Acres	~31 Acres (Agreement for 20 addl)	↑
Margins	Forward looking	Explicit Q4FY25 "muted" warning	↓ (P&L Timing)
Construction Velocity	6.01 Lakh sq ft	5.19 Lakh sq ft	↓ (GRAP drag)

Investor Notes: * **CFO/PAT Divergence:** The 11x divergence (₹120.42 Cr vs ₹10.89 Cr) is the thesis anchor. It confirms that AHL is a cash-generating machine, but its revenue recognition policy (delivery-based) makes it look less profitable than it economically is. * **One-time Drag:** Normalised PAT for Q3 was ~₹1.6 Cr (before GST one-time payout). * **The "Coiled Spring":** With Advik Ph-1 slipping to FY26, the next financial year is set for a massive margin jump as high-margin Senior Living meets a lower base. * **Gurgaon Pivot:** Management is no longer chasing "exuberant" Gurgaon land, opting for JVs and secondary cities to protect long-term ROE. This is a vital signal for long-term fundamental investors who value capital preservation.