Ashiana Housing Ltd — Nov 2023 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Beat (Execution driven) **One-line:** AHL has successfully pivoted from "Gurgaon euphoria" in Q1 to "Operational delivery" in Q2, recording its highest-ever quarterly revenue (□351 Cr) and validating its Senior Living brand portability through the Pune launch.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Beat	Revenue of □351.02 Cr (up 171% QoQ); PAT up 151% QoQ due to handover peak.	□
Earnings Quality	High (Core driven)	OCF of □75.29 Cr is 2.7x PAT; collections remain robust despite lower launch volume vs Q1.	□
Guidance Confidence	Strong	Reiterated □1,500 Cr FY24 presales target; H1 achieved □761.8 Cr (51%).	□
Management Credibility	Strong	Successfully launched Pune Amodh (7th Senior Living project); clear 5-year pipeline visibility.	□
Business Quality Signal	Improving	Transition from volume-chasing to high-realization premium niche (Senior/Kid-centric) is sticking.	□
Key Q&A Exchange	Q5 - Plotted Development	Mgmt firmly rejected horizontal plotted dev, prioritizing "Home Builder" identity over quick-flip EBITDA.	□
The Street's Primary Anxiety	Execution Lag	Concerns that sales outpace construction; Mgmt targetted 2.0-2.2 mn sqft construction for FY24.	□
Capital Cycle Stage	Harvesting & Reinvesting	Collecting from legacy handovers to fund Jaipur (Jaisinghpura) and Gurgaon (HSIIDC) acquisitions.	□
Margin / Return Ratio Trajectory	Improving	Targeting >15% Economic ROE; Q2 PAT margins (7.79%) improved on operating leverage.	□
Pricing Power	Expanding	Senior Living realizations proving resilient; prices in some micro-markets up 6x over 20 years.	□
FCF Conversion & Quality	Strong	Pre-tax OCF (□75.29 Cr) remains high; maiden buyback (□55 Cr) completed from internal accruals.	□
Competitive Moat Signals	Widening	Pune Amodh success proves brand "Senior Living" is location-agnostic; high site-visit conversion (22%).	□
Balance Sheet Strength	Adequate	D/E at 0.22; cash flows sufficient to fund HSIIDC land payments (~75% remaining).	□
Working Capital Efficiency	Improving	Customer receipts financing construction; pre-sales lead area construction by healthy margin.	□
Mgmt Guidance Track Record	Reliable	Consistent delivery on launch timelines; Q2 launches in Pune, Jamshedpur, and Chennai on track.	□
Key Vulnerability / Red Flag	Pollution Bans	NCR (Gurgaon/Bhiwadi) construction bans are the primary risk to FY24 handover guidance.	□
Management Tone	Disciplined & Selective	Varun Gupta sounded firm on avoiding luxury and plotted dev, focusing on "Home Builder" moat.	□

Key Takeaways (Positives & Negatives):

Positives: * **Execution Inflection:** Highest ever quarterly revenue (₹351 Cr) driven by massive handovers across Jaipur, Jamshedpur, and Bhiwadi, proving the "completion method" accounting is finally catching up to sales. * **Geographic De-risking:** After a Gurgaon-heavy Q1, bookings are now more balanced (Jaipur 28%, Jamshedpur 21%, Pune 16%), reducing single-market dependency. * **Senior Living Validation:** Pune Amodh (Talegaon) launch services the Mumbai-Pune corridor, confirming AHL's dominance in the active senior niche. * **ROA/ROE Focus:** Management reiterated a shift from volume-at-any-cost to a strict 15% ROE threshold, with high-teens Economic ROE expected for FY24.

Negatives: * **Realization Mean Reversion:** Average realization softened to ₹5,498/sqft (vs ₹6,684 in Q1) as the mix shifted from Gurgaon Amarah to Tier-2 projects. * **Pollution Headwinds:** Construction bans in NCR (Gurgaon/Bhiwadi) pose a material risk to the 2.0-2.2 million sqft construction target. * **Inventory Depletion:** Ongoing projects are 79.5% booked; AHL needs the six fresh greenfield projects (Jaipur, Gurgaon, Chennai) to launch on time in H2FY24/FY25 to avoid a sales vacuum.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

Metric	Current Qtr (Q2FY24)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Presales (₹Cr)	325.60	↑ 35.6%	↓ 25.4%	↓	Lower QoQ as Q1 had the massive Amarah Ph 2 launch.
Equivalent Area Constructed (lakh sqft)	4.59	↑ 4.8%	↑ 5.5%	↑	Steady execution; aiming for 2.0-2.2 mn sqft in FY24.
Pre-tax Operating Cash Flow (₹Cr)	75.29	↑ 7,270%	↓ 9.5%	→	Strong collections on handovers; YoY jump vs ₹(1.05) Cr.
Realization/sqft (₹)	5,498	↑ 12.1%	↓ 17.7%	↓	Mix change; Q1 was Gurgaon-heavy, Q2 is more Jaipur/Jamshedpur.
Area Booked (lakh sqft)	5.92	↑ 20.8%	↓ 9.3%	→	Consistent run-rate; Gurgaon Ph 3 launch key for H2.
Revenue (₹Cr)	351.02	↑ 282.7%	↑ 171.5%	↑	Record revenue on the back of high deliveries/handovers.
PAT (₹Cr)	27.35	↑ 1,611%	↑ 151.6%	↑	Operating leverage kicking in as handovers peak.
Future Saleable Area (lakh sqft)	150.94	↑ 2.9%	↑ 7.3%	↑	Added 11 lakh sqft Jaipur land (Jaisinghpura).
D/E Ratio	0.22	→	→	→	Maintained despite buyback; strong OCF funding growth.

2B. SEGMENT BREAKDOWN

Segment (Geog)	Area Booked (L sqft)	% of Bookings	Realization (Implied)	Trend	vs Company Avg	Key Development
Jaipur	1.66	28%	~₹4,500	↑	Below	Main engine this qtr (Umang/ Amantran); 11L sqft land added.
Jamshedpur	1.24	21%	~₹6,200	↑	Above	Strong launch of Prakriti Ph 2; Aditya Ph 1 handover started.
Pune	0.95	16%	~₹4,900	↑	Below	Amodh (Senior Living) launch; high confidence in Mumbai-Pune.
Gurgaon	0.41	7%	~₹8,000	↓	Well Above	Lower volume due to no new launch; realizations remain peak.
Chennai	0.77	13%	~₹5,800	↑	Above	Shubham Ph 5 launch; core Senior Living market.
Bhiwadi	0.77	13%	~₹3,900	→	Below	Slow/Steady; Tarang Ph 3 handover started.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Presales (Value)	₹1,500 Cr for FY24.	Needs ₹738.2 Cr in H2. Feasible if Amarah Ph 3 (Gurgaon) launches in Q4.	Achieved ₹1,313 Cr in FY23.	Moderate
Guidance	Construction	2.0 – 2.2 million sqft for FY24.	Needs 1.1 - 1.3 mn sqft in H2. YTD is 8.94 lakh. High hurdle.	FY23 was 1.67 mn sqft.	High (NCR ban)
Guidance	Revenue	~₹3,000 Cr cumulative FY25-27.	Implies ~₹1,000 Cr/year. FY24 is already tracking high.	Volatile due to completion accounting.	Low
Strategy	Senior Living	To become 50% of total profit share (up from 30-35%).	Reallocating capital to Pune/ Chennai/Panvel. High feasibility.	6x brand growth in Track2Realty rankings.	Low
Strategy	Product Mix	Entering "Bigger Units" in Jaipur (Project 144).	Testing upper-end gentry capability in Q4.	New territory for AHL.	Moderate
Balance	ROE	15% Economic ROE threshold.	Currently in high-teens on economic basis per mgmt.	Historically sub-5%.	Moderate

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	4.0	Harsh Beria, Ind.	Pipeline	Business Overview	How long will the current 1.17 Cr sqft pipeline last?	Management noted the 1.20 Cr sqft pipeline (excluding Milakpur/ Kolkata) represents about 5 years of sales at current run-rates. This provides long-term terminal value visibility for the stock.	None	5.0	Specific inventory data
2	4.5	Harsh Beria, Ind.	Launches	Management Outlook	How many greenfield launches are scheduled for FY25?	Management plans 6 fresh project launches by the end of FY25, including three in Jaipur, one in Gurgaon, and two in Chennai. This ensures the presales run-rate can potentially scale to 30-35 lakh sqft.	None	5.0	Clear launch map
3	4.0	Harsh Beria, Ind.	Realizations	Management Outlook	Will the presales run-rate improve further with these launches?	Management expects to exceed the 25 lakh sqft run-rate but emphasized a shift in focus from "volume to value," particularly in Senior Living. This confirms a margin-led growth	None	4.0	Strategic clarity

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						strategy over pure top-line expansion.			
5	5.0	Harsh Beria, Ind.	Strategy	Business Overview	Why not pursue horizontal plotted development like competitors?	Management rejected the model, stating they are "home builders" who create value through design and services, not land-flippers. This protects the brand's premium maintenance moat but limits quick cash-turnaround gains.	None	5.0	Firm strategic moat
6	4.5	Himanshu, O3 Capital	Execution	Financials	Why is booked area significantly ahead of area constructed?	Management aims for construction to follow sales to optimize financing through customer receipts, targeting 2.0-2.2 mn sqft construction this year. This "asset-light" approach reduces capital cost but increases handover delay risk.	Exact H2 construction split	3.5	Directional target
8	3.5	Himanshu, O3 Capital	Sales Efficiency	Business Overview	What is the current lead-to-visit conversion ratio?	Management cited ~22% site visit conversion, though noted	Historical 5-yr data trend	3.0	Narrative-heavy

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						this is skewed high by successful launches like Amarah. Sustained double-digit conversion indicates high brand pull vs the industry trough of 2-3%.			
10	4.0	Himanshu, O3 Capital	New Segments	Business Overview	What are the challenges of the "Bigger Units" project (144) in Jaipur?	Management admitted this targets a higher-end gentry and ticket size than AHL's traditional base, requiring significant preparation. This is a crucial test of AHL's brand elasticity beyond middle-income housing.	None	4.0	Candid on risk
12	4.5	Piyush Goel, India Cap	Supply	Management Outlook	How have supply dynamics changed in Gurgaon and Jaipur?	Management is more comfortable with Jaipur's dynamics, noting Gurgaon launches are increasing faster than Jaipur, though demand still outpaces supply. Gurgaon remains a "higher risk,	None	4.5	Market insight

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						higher reward" market for AHL.			
13	4.0	Piyush Goel, India Cap	Channels	Business Overview	What is the experience with Channel Partners (CPs)?	CPs are used in "complex" markets like Gurgaon/ Pune where consumers need navigation, but not in Jaipur or Senior Living. This targeted CP spend protects margins in high-brand-equity segments.	None	5.0	Logical allocation
14	4.5	Piyush Goel, India Cap	Senior Living	Business Overview	Can Senior Living become 50% of the business?	Management confirmed they are deploying a larger share of capital into Senior Living (SL), with SL prices proving less cyclical than traditional residential. This transition should lead to lower earnings volatility over a full cycle.	None	5.0	Quantified pivot
16	3.5	Abhishek, Deloitte	Inflation	Financials	Are cement price hikes and building material costs causing margin pressure?	Management noted costs rose 20-30% over 18 months but have now plateaued to mimic general	None	4.0	Reassuring on costs

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
						inflation. This suggests margins should expand if realizations continue to rise.			
17	4.0	Abhishek, Deloitte	JV/JDA	Capex/ Allocation	Are soaring land prices forcing more JVs?	AHL continues to prefer revenue-share JVs (especially in Jaipur/Pune) as land appreciation is viewed as lower than the cost of capital. This reinforces the "Land is Raw Material" philosophy.	None	5.0	Consistent model
21	4.0	VP Rajesh, Banyan	ROE	Management Outlook	Where are we on the journey to 15% ROE?	Management believes they are well on track to cross 15% on an economic basis this year. This is the single most important re-rating metric for the company.	None	4.5	Confident target
23	4.5	Shivam, Individual	Presales	Management Outlook	What is the FY24/25 pre-sales guidance?	Management is confident of ₹1,500 Cr for FY24 if Amarah Ph 3 launches in Q4, otherwise ₹1,250-1,300 Cr. The ₹200-250 Cr delta	None	4.5	Specific caveat

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						depends entirely on Gurgaon approvals.			

PATTERN FLAGS & SENTIMENT

Analysts were intensely focused on the **Execution vs. Booking Gap**, questioning if AHL can build fast enough to meet its massive sales success. Management's posture was one of disciplined growth—refusing to adopt the "easy" plotted development model and doubling down on their identity as a service-oriented "Home Builder." The recurring theme of **Senior Living as a stabilizer** was well-received, as management provided data showing SL is less cyclical and carries better pricing power during residential downturns.

Analyst Sentiment Verdict: Broadly positive, especially regarding the record delivery quarter and the clear 5-year pipeline. There was mild friction regarding the "bigger unit" strategy in Jaipur, with analysts probing if AHL is moving too far from its core competency. However, management’s transparency about "making mistakes" in the past cycle and their current ROE-first discipline has significantly bolstered credibility. The primary unresolved risk remains the **NCR pollution-related construction bans**, which could defer handovers.

GUIDANCE GAPS REVEALED IN Q&A

Topic	What Mgmt Claimed (Opening)	What Q&A Revealed	Gap / Walk-back	Risk to Thesis
FY24 Presales	Target: □1,500 Cr.	High dependency on Amarah Ph 3 (Gurgaon) launch.	If approvals slip to Q1FY25, the target drops to □1,250 Cr (17% miss).	Moderate (Timing issue)
Construction	"Steady progress" on all sites.	Dependent on length of pollution bans in NCR.	External factors could prevent hitting the 2.0-2.2 mn sqft target.	High (Delivery lag)
Pune Margins	Pune is a "core market."	Early projects (Malhar) have lower margins to establish brand.	ROE in new cities will take 2-3 years to hit Gurgaon levels.	Low (Standard gestation)

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q1FY24)	This Quarter (Q2FY24)	Direction
Revenue Recognition	□129.29 Cr	□351.02 Cr	↑ Significant (Record)
Average Realization	□6,684 / sqft	□5,498 / sqft	↓ (Product Mix Shift)
Pre-sales Composition	67% Gurgaon	7% Gurgaon	↓ (Normalization)
Execution Pace	4.35 Lakh sqft EAC	4.59 Lakh sqft EAC	↑ (Improving)
Land Bank	67.18 Lakh sqft	83.76 + 67.18 Lakh sqft	↑ (Jaipur acquisition)
Capital Allocation	Cash Accumulation	Completed □55 Cr Buyback	→ (Cash returned)
Senior Living Realizations	NCR focused	Proof of concept in Pune/Bombay	↑ (Brand portability)

Investor Note: Q2 confirms that AHL is no longer just a "Gurgaon recovery story." The massive delivery volume and successful Senior Living launch in Pune indicate the business is firing on all operational cylinders. While realizations dropped QoQ, this was a planned mix shift. The core thesis—that AHL can generate high ROEs by dominating the Senior and Kid-centric niches—is now backed by record-high quarterly profits and a solid 5-year land pipeline. **Thesis remains firmly on track.**

STOP HERE.