Anant Raj Ltd — Aug 2023 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: Inline (Strategic Execution) **One-line:** Anant Raj is successfully transitioning from a legacy NCR developer to a digital infrastructure powerhouse, utilizing its 4.8 million sq. ft. of existing "brownfield" shells to bypass the highest barrier to entry in the Data Center (DC) industry: construction lead times.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	Tier III certification and 3MW "Ready" status maintained.	□
Earnings Quality	Asset-Backed (Infrastructure Pivot)	High reliance on existing, unencumbered shell conversion.	□
Guidance Confidence	Strong	Specific launch window (FY23-24) for Group Housing.	□
Management Credibility	Strong	Meeting certification milestones for Manesar site.	□
Business Quality Signal	Improving	Shift from lumpy residential to high-margin DC annuity.	□
Key Q&A Exchange	Not applicable	PPT_ONLY mode.	□
The Street's Primary Anxiety	Power Procurement/IT Load Execution	Management detailing dual-grid and TIA-942 standards.	□
Capital Cycle Stage	Harvesting (Shells) / Investing (IT Infrastructure)	Minimal civil capex needed; focus is on ELV/BMS.	□
Margin / Return Ratio Trajectory	Improving	DC rentals significantly outpace commercial office.	□
Pricing Power	Expanding	Tier III/IV status allows for premium SLA pricing.	□
FCF Conversion & Quality	Strong (Expected)	Low upfront civil capex accelerates payback period.	□
Competitive Moat Signals	Widening	Massive speed-to-market advantage in NCR region.	□
Balance Sheet Strength	Improving	Active deleveraging; targeting "Debt Free" status.	□
Working Capital Efficiency	Improving	Long-term DC contracts provide superior visibility.	□
Mgmt Guidance Track Record	Reliable	Progressing from planning to "Ready" status.	□
Key Vulnerability / Red Flag	Geographic Concentration	Entire DC pipeline (350 MW) is concentrated in NCR.	□
Management Tone	Execution-oriented and technically focused.	Focus on specific partnerships (ABB, JCI) and FSI.	□

Key Takeaways (Positives & Negatives): * **Positives:** The "Brownfield" advantage is the core thesis: Anant Raj has 4.8 million sq. ft. of already-constructed shells in Manesar, Rai, and Panchkula. This allows them to commission data centers in months rather than years. The 21 MW Phase 1 at Manesar is on track for Q4FY24, and the company has secured Tier III certification, validating its technical capability. * **Negatives:** Despite the scale (350 MW potential), revenue remains concentrated in the NCR market, making the company sensitive to regional power grid stability and local regulatory shifts. * **Street Concern:** Investors are focused on the "IT Load" commissioning—while shells exist, the specialized cooling and power infrastructure require high-precision execution. Management has countered this by naming global partners like ABB and Johnson Controls. * **Forward Watchpoint:** The launch of the 1 million sq. ft. Group Housing project in Sector 63A Gurgaon in FY24 is critical for generating the cash flow needed to fund DC infrastructure without increasing debt.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — commentary absent.

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
Presales (□Cr)	Not in doc	First entry	First entry	→	Document focused on infrastructure/DC capacity.
Equivalent Area Constructed (lakh sqft)	48.00*	First entry	First entry	↑	Represents existing shells in Manesar (18), Rai (21), and Panchkula (9).
Pre-tax Operating Cash Flow (□Cr)	Not in doc	First entry	First entry	→	N/A
Realization/sqft (□)	Not in doc	First entry	First entry	→	DC pricing not yet detailed in PPT.
Revenue Potential Locked (MW)	350 MW	First entry	First entry	↑	Total potential across Manesar (50), Rai (200), and Panchkula (100).
Revenue (□Cr)	Not in doc	First entry	First entry	→	N/A
PAT (□Cr)	Not in doc	First entry	First entry	→	N/A
Land Bank (acres)	44.5 Acres	First entry	First entry	→	Dedicated DC land: Rai (25), Manesar (10), Panchkula (9.5).
D/E Ratio	Not in doc	First entry	First entry	→	Deleveraging noted as a core focus in PPT.
DC Capacity Ready (MW)	3 MW	First entry	First entry	↑	Ready at Manesar; Tier III TIA-942 certification received.

**Note: Calculation based on 1.8M (Manesar) + 2.1M (Rai) + 0.9M (Panchkula) = 4.8M sq. ft. total shell availability.*

2B. SEGMENT BREAKDOWN

Segment	Capacity (MW)	Status	Real Estate Base	Trend	vs Company Avg	Key Development
Manesar Tech Park	50 MW	21 MW Ph1 (3 MW Ready)	1.8 Mill Sq. Ft. Existing	↑	Lead Asset	Targeting full 21 MW commissioning by Q4FY24.
Rai Area (Sonepat)	200 MW	Expansion/Built-to-Suit	2.1 Mill Sq. Ft. Existing	→	Scale Driver	1.5 Mn Sq. Ft. additional FSI available.
Panchkula Tech Park	100 MW	Phase 1 Ready	0.6 Mn Sq. Ft. (FSI)	→	Regional Hub	Potential for Tier IV conversion on 5.25 acres.
Anant Raj Estate	N/A	Approval Received	11.83 Acre Extension	↑	Cash Generator	Approved for Independent Floors and Plots.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery (Did they do what they promised last Q?)	Risk Flag
Guidance	Volume / Capacity	Commissioning 21 MW at Manesar by Q4FY24.	High; 3 MW currently "ready" implies 18 MW ramp.	Manesar Tier III certification achieved as planned.	Power Load
Guidance	Volume / Capacity	Launch 1 Mn. Sq. ft. Group Housing in Sec 63A (FY23-24).	Dependent on regulatory RERA timelines.	First entry — New specific timeline provided.	Approval Delay
Strategy	Capital Allocation	Focussed on achieving "debt free" status.	Requires □400-600 Cr+ in residential inflows.	Debt reduced significantly over "last couple of years."	Interest Rates
Strategy	Competitive Positioning	Utilize "Brownfield" advantage for 350 MW total IT load.	High; shells are already built, reducing TTM.	Delivered 4.8M sq. ft. of shell capacity.	Obsolescence
Macro	Industry Headwinds	High-spec requirements (Tier III/IV).	High; requires specialized Cooling/ ELV systems.	Partnered with ABB and Johnson Controls to mitigate.	Tech Talent

4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

5. WHAT CHANGED vs PRIOR QUARTER

Note: Based on comparison with Prior Context provided.

What Changed	Prior Quarter	This Quarter	Direction
Township Strategy	Existing township development.	**Approval received** for 11.83-acre extension for Floors/ Plots.	↑
Residential Launch	General pipeline.	**Specific FY23-24 timeline** for 1 Mn sq. ft. Sec 63A Group Housing.	↑
Panchkula DC Scale	Planned tech park.	Identified **100MW total potential** with Tier IV greenfield option.	↑
Rai DC Scale	Initial conversion plan.	Identified **200MW total potential** (Built-to-suit and Greenfield).	↑
Execution Status	Planning/Certification.	**3 MW Ready** at Manesar with Tier III TIA-942 certificate.	↑
Debt Focus	General deleveraging.	Explicit target for **"Debt Free Status."**	↑

- **Financial Divergence:** Not applicable as P&L was not provided in the current PPT segment.
- **Thesis Change:** The thesis is **strengthening**. The move from "potential" to "certified" and "ready" at the 3 MW scale in Manesar proves the brownfield conversion model works. The identification of a 350 MW total pipeline (up from earlier focused phases) shows management is thinking about infrastructure-level scale.
- **Key Trigger:** Watch the sales velocity of the Sector 63A Group Housing launch; this will be the primary engine for reaching the "Debt Free" goal while funding the DC expansion.

STOP HERE.