Anant Raj Ltd — Dec 2023 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline (Strategic Execution) **One-line:** Anant Raj is successfully weaponizing its legacy land bank and pre-existing "brownfield" commercial shells to capture the NCR data center boom, effectively bypassing the 2-3 year construction cycle that hampers competitors.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	Tier III certification confirmed for Manesar; residential price hikes sustained.	□
Earnings Quality	High (Asset-Backed)	Growth is driven by internal accruals and conversion of existing unencumbered shells.	□
Guidance Confidence	Strong	Specific launch dates provided for "The Estate Residences" (Jan-24) and Ashok Tower (Mar-24).	□
Management Credibility	Strong	Demonstrating progress on the "Debt Free" roadmap; D/E ratio down to 0.35x.	□
Business Quality Signal	Improving	Transitioning from a lumpy residential developer to a high-margin infra/annuity player.	□
Key Q&A Exchange	Not applicable	PPT_ONLY mode.	□
The Street's Primary Anxiety	Execution of IT Load	PPT highlights partnerships with government agencies and Tier III certification.	□
Capital Cycle Stage	Harvesting (Shells) / Investing (IT)	Utilizing existing structures for DC; minimal civil capex required.	□
Margin / Return Ratio Trajectory	Improving	DC rentals (est. $80-100/kW) far exceed traditional commercial office yields.	□
Pricing Power	Expanding	Ashok Estate plots rose from □1.75L to □2.50L/sq yard (+42%).	□
FCF Conversion & Quality	Strong	Accelerated payback on DC due to pre-built structures (Brownfield advantage).	□
Competitive Moat Signals	Widening	Massive speed-to-market advantage in Gurugram/ Manesar corridor.	□
Balance Sheet Strength	Strong	Net Debt significantly reduced; Debt/EBITDA improved from 23x (FY21) to 4.1x (H1FY24).	□
Working Capital Efficiency	Improving	High inventory absorption (90%+ in most launched projects) minimizes holding costs.	□
Mgmt Guidance Track Record	Reliable	Meeting technical milestones for Manesar (3 MW operational).	□
Key Vulnerability / Red Flag	Regional Concentration	100% of pipeline is concentrated in the Delhi-NCR micro-market.	□
Management Tone	Technically Focused	Documentation focuses on TIA-942 standards and specific DC capacities.	□

Key Takeaways (Positives & Negatives): * **Positives:** The "Brownfield" advantage is the core catalyst—Anant Raj has 5.66 msf of potential leasable area, with substantial shells already constructed, allowing for faster commissioning than greenfield peers. Residential absorption remains elite (Birla Navya Phase 1 & 2 at 97-100% sold), providing the necessary cash flow to fund the DC pivot without straining the balance sheet. * **Negatives:** While the potential is 300 MW, only 3 MW is currently operational, placing heavy weight on the execution of the next 12 MW at Manesar by FY25. Regional concentration in NCR makes the business sensitive to local regulatory and power-grid shifts. * **Street Concern:** Investors are wary of the transition from "Real Estate" to "Tech Infrastructure." Management has addressed this by securing Tier III TIA-942 certification and partnering with government agencies for DC services. * **Forward Watchpoint:** Monitor the launch of "The Estate Residences" (Group Housing) in Jan-24; the realization rates here will determine the pace of deleveraging toward the "Debt Free" goal.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS DATA SOURCE: Concall not available — commentary absent.

Metric	Current Qtr (H1FY24)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Presales (□Cr)	Not in doc	-	-	→	Sales status: Ashok Estate (82% sold), Birla Navya (Ph 1: 100%, Ph 2: 97%).
Equivalent Area Constructed (msf)	4.20	-	-	↑	Includes completed, near-completion, and ongoing commercial projects.
Pre-tax Operating Cash Flow (□Cr)	Not in doc	-	-	→	PPT focuses on Debt/EBITDA improvement.
Realization/sq yard (□)	2,50,000	+42.8%	-	↑	Pricing at Ashok Estate jumped from □1.75L at launch to □2.50L.
Revenue Potential Locked (MW)	300	-	-	↑	Total DC capacity across Manesar, Rai, and Panchkula.
Revenue (□Cr)	550-600*	-	-	↑	Based on H1FY24 bar chart vs FY23's □1,165 Cr.
PAT (□Cr)	Not in doc	-	-	↑	PAT CAGR (FY21-23) is 272%.
Land Bank (acres)	312.20	-	-	→	Includes 167 acres in Gurugram Sec 63A and 88 acres in Delhi.
D/E Ratio	0.35x	-	-	↑	Improved from 0.61x in FY21.
DC Capacity Ready (MW)	3	-	-	↑	Manesar Phase 1 commissioned; another 3 MW by FY24.

**Estimated from visual representation in PPT charts.*

2B. SEGMENT BREAKDOWN

Segment	Revenue Potential	Status	Margin Profile	Trend	vs Co. Avg	Key Development
Residential (Gurugram)	High (1.47 msf pipeline)	Ongoing	Premium	↑	Above	Ashok Estate price appreciation (+42%).
Data Centers (Manesar)	50 MW Total	3 MW Ops	High Yield	↑	Above	Tier III certification received; 3 MW add-on by FY24.
Data Centers (Rai)	200 MW Total	Planned	High Yield	→	Above	100 MW planned in existing building; 100 MW greenfield.
Commercial/ Hotels	4.20 msf total	Operational	Stable Rental	→	Baseline	Stellar Resorts & Bel-La Monde providing rental stability.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Volume / Capacity	Commission additional 3 MW DC at Manesar by FY24.	High; Q4 must deliver the full extension.	Delivered Phase 1 (3 MW) on time.	Power Load
Guidance	Volume / Capacity	Launch "Estate Residences" (1.00 msf) in Jan-24.	Immediate; project launch imminent.	First Entry.	RERA Timing
Guidance	Volume / Capacity	Complete 1.47 msf residential projects by FY27-28.	0.37 msf/year avg.	Consistent delivery of 4.72 msf historically.	Labor/Costs
Strategy	Capital Allocation	Achieve "Debt Free" status.	Requires liquidation of current 1.34 msf inventory.	Total Debt reduced from ₹1,521 Cr (FY22) to ₹1,005 Cr.	Interest Rates
Strategy	Competitive Pos.	Target $80-100/kW/ month rental for DC.	Market standard for Tier III in NCR.	Secured TIA-942 Tier III Certificate.	Tech Obsolescence
Balance	Debt/ Leverage	Maintain Total Debt/ Equity below 0.35x.	Current trend is downward; feasible.	Improved significantly from 0.61x (FY21).	Capex Spikes

4. ANALYST Q&A

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

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter	This Quarter	Direction
DC Pipeline Scale	Not explicitly 300 MW	**300 MW Potential** clearly articulated (Rai: 200, Manesar: 50, Panchkula: 50).	↑
Residential Pricing	Standard Market Rates	**Ashok Estate (+42.8%)** price hike from launch levels.	↑
Project Specificity	Planned Group Housing	**"The Estate Residences" (Jan-24)** launch date formalized.	↑
Leverage Status	General deleveraging	**Total Debt/EBITDA at 4.1x** (Down from 6.3x in FY23).	↑
Manesar Status	Under commissioning	**3 MW Operational & Certified** (Tier III TIA-942).	↑
Commercial Pipeline	Focus on Office/Retail	**Conversion to DC** now the primary focus for Tech Parks.	↑

Investor Notes: * **The Pivot is Validated:** The achievement of the Tier III TIA-942 certification is a critical technical "pass-fail" milestone that validates Anant Raj's ability to convert real estate into data infrastructure. * **Cash Flow Bridge:** The rapid absorption of Birla Navya (JV) and Ashok Estate provides the bridge financing needed for the DC business, reducing reliance on external debt. * **Pricing Power:** Realization growth in Sector 63A (from □17.5k to □22k/sqft market-wide) indicates the company is operating in one of the most buoyant micro-markets in India. * **Thesis Verdict:** Strengthening. The business is successfully transitioning from a asset-heavy developer to an infrastructure-led growth story with superior pricing power and a unique speed-to-market advantage.

STOP HERE.