Anant Raj Ltd — Feb 2024 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline (Strategic Execution) **One-line:** Anant Raj is successfully transitioning from a legacy residential developer into a high-margin data center infrastructure player by utilizing its "brownfield" advantage—pre-existing commercial shells that allow for faster commissioning than greenfield competitors.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	Met 3MW commissioning target at Manesar; Residential launches on track for Q4FY24.	□
Earnings Quality	High (Asset-backed)	Growth is driven by the monetization of zero-cost legacy land and existing building shells.	□
Guidance Confidence	Strong	Specific launch dates provided for "The Estate Residences" (Jan-24) and Group Housing 2 (Jul-24).	□
Management Credibility	Strong	Successfully closed QIP on Jan 18, 2024; reduced D/E to 0.35x toward "Debt Free" goal.	□
Business Quality Signal	Improving	Pivot to Data Centers (DC) provides high-yield annuity income (est. □9,000/KW/month).	□
Key Q&A Exchange	Not applicable	PPT_ONLY mode.	□
The Street's Primary Anxiety	Execution of IT Load	Management secured Tier III TIA-942 certification to validate technical capability.	□
Capital Cycle Stage	Harvesting / Reinvesting	Harvesting residential cash flows to fund the DC infra build-out.	□
Margin / Return Ratio Trajectory	Improving	Residential realizations at Ashok Estate surged 42.8% since launch.	□
Pricing Power	Expanding	Prices at Ashok Estate moved from □1.75L to □2.50L per sq yard.	□
FCF Conversion & Quality	Strong	Accelerated payback on DC due to pre-built structures (Minimal civil capex).	□
Competitive Moat Signals	Widening	Massive speed-to-market advantage in Gurugram/Manesar corridor via existing shells.	□
Balance Sheet Strength	Strong	Net Debt continues to fall; QIP infusion bolsters liquidity for DC expansion.	□
Working Capital Efficiency	Improving	Inventory absorption remains high (Birla Navya Phase 1: 100%, Phase 2: 97%).	□
Mgmt Guidance Track Record	Reliable	Meeting technical milestones for Manesar; 6MW operational target by FY24 end.	□
Key Vulnerability / Red Flag	Regional Concentration	100% of pipeline is concentrated in the Delhi-NCR micro-market.	□
Management Tone	Technically Focused	Emphasis on certification (TIA-942) and government empanelments (RailTel, TCIL).	□

Key Takeaways (Positives & Negatives): * **Positives:** The core investment thesis—the **"Brownfield Advantage"**—is being realized. By converting existing office shells into Data Centers, Anant Raj avoids the

24-36 month civil construction lead time. The 3MW Phase 1 at Manesar is operational and Tier III certified, providing a proof-of-concept for the 300MW long-term target. Residential cash flows are exceptionally strong, with Ashok Estate witnessing a 42.8% price appreciation, providing the "internal accrual engine" to fund tech expansion without high-cost debt. * **Negatives:** Regional concentration remains the primary risk; any regulatory shift in the NCR power grid or Haryana land laws could impact the entire portfolio. While 3MW is operational, the leap to 300MW requires massive power-load approvals and cooling infrastructure that is yet to be tested at scale. * **Street Concern:** Investors were skeptical about a developer's ability to manage high-tech DC assets. Management has addressed this by partnering with RailTel and TCIL and obtaining TIA-942 Tier III certification. * **Forward Watchpoint:** The launch of **"The Estate Residences" (1.0 msf)** in Q4FY24 is the critical liquidity event for the next 12 months; success here guarantees the "Debt Free by Dec 2024" target.

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2. BUSINESS PERFORMANCE

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

Metric	Current Qtr (Q3FY24/Jan-24)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Presales (□Cr)	Not in document	-	-	→	PPT notes 82% of Ashok Estate and 97-100% of Birla Navya Ph 1/2 sold.
Equiv. Area Constructed (msf)	4.20	-	-	↑	Includes 1.7msf at Manesar, 0.44msf Panchkula, and ongoing residential.
Pre-tax Operating Cash Flow (□Cr)	Not in document	-	-	→	Strategy focused on reinvesting residential gains into DC load.
Realization/sq yard (□)	2,50,000	+42.8%	-	↑	Pricing at Ashok Estate rose from □1.75L/ sq yard at launch to □2.50L.
Revenue Potential Locked (□Cr)	1,800	-	-	↑	Estimated from "The Estate Residences" (GH-1) launch alone.
Revenue (□Cr)	550 - 600*	-	-	↑	*Estimated H1 run-rate suggests upward trajectory vs FY23.
PAT (□Cr)	Not in document	-	-	↑	Prior Context notes 272% PAT CAGR (FY21-23).
Land Bank (acres)	312.20	-	-	→	Core holdings in Gurugram Sec 63A (167 ac) and Delhi (88 ac).
D/E Ratio	0.35x	-	-	↑	Significant improvement from 0.61x in FY21.
DC Capacity Ready (MW)	3	-	-	↑	3MW operational at Manesar; Tier III TIA-942 certified.

2B. SEGMENT BREAKDOWN

Segment	Revenue Potential	Status	Margin Profile	Trend	vs Co. Avg	Key Development
Residential (Gurugram)	~₹3,900 Cr (Upcoming)	Active	Premium	↑	Above	"The Estate Residences" launch (1msf) scheduled for Jan-24.
Data Centers (Manesar)	50 MW Total	3 MW Ops	Annuity/ High	↑	Above	Rentals of ₹9,000/KW/month; targeting 21MW by FY25.
Data Centers (Rai)	200 MW Total	Planning	Annuity/ High	→	Above	100MW in existing building; 100MW greenfield potential.
Commercial/ Hotels	0.56 msf (Anant Raj Center 1)	Ongoing	Stable Yield	→	Baseline	Approval for increased FSI of 1.75 received.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Volume / Capacity	Commission 6MW DC total by end of FY24.	Needs 3MW addition in Q4; feasible given brownfield status.	Delivered initial 3MW on time.	Power Grid Load
Guidance	Volume / Capacity	Launch "The Estate Residences" (1 msf) in Q4FY24.	Launch imminent (Jan-24 target).	First entry for this specific project.	RERA Timelines
Guidance	Debt	Achieve "Debt Free" status by December 2024.	Requires liquidating ~₹1,000 Cr debt via residential sales.	Debt reduced from ₹1,521 Cr to ~₹1,000 Cr since FY22.	Interest Rates
Strategy	Capital Allocation	Target 21 MW DC load by FY25.	Requires average 4.5MW addition per quarter in FY25.	TIA-942 certification builds technical base.	Capex Spikes
Strategy	Competitive Pos.	Monetize Rai Tech Center (200MW potential).	Long-term target; requires significant power infrastructure.	Existing 2.1 msf structure provides base.	Tenant Tie-ups
Balance	Leverage	Maintain D/E ratio at current low levels post-QIP.	Post-QIP Promoters hold 63.3%; indicates skin in game.	Improved from 0.61x to 0.35x.	Working Cap

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 Technical Maturity	Commissioning phase	**Tier III TIA-942 Certified**; validates technical capability for hyperscalers.	↑
Shareholding Structure	60.16% Promoter Holding	**63.30% Promoter Holding** (Post-QIP on Jan 18, 2024).	↑
Project Specificity	General "Group Housing"	**"The Estate Residences"** branded with specific Jan-24 launch date.	↑
Asset Utilization	Standard FSI	**Increased FSI of 1.75** for Anant Raj Center 1 (Hotel/ Commercial).	↑
Data Center Potential	Focus on Manesar	**300 MW Pipeline** clearly articulated across Rai, Manesar, and Panchkula.	↑
Deleveraging Path	General intent	**Target Dec 2024 for Debt Free status** formalized in PPT.	↑

Investor Notes: * **The Valuation Bridge:** The business is successfully moving from a NAV-based valuation (Real Estate) to an EV/EBITDA or Yield-based valuation (Data Centers). The operational 3MW is the proof-of-concept that justifies a higher multiple. * **Liquidity Infusion:** The Jan 2024 QIP infusion provides the necessary growth capital to fund the high-value IT equipment for the DC business without reverting to high-cost bank debt. * **Real Estate Tailwinds:** Realization at Ashok Estate (+42.8%) suggests Anant Raj is capturing the peak of the Gurugram residential cycle, which provides a significant margin of safety for their infrastructure pivot. * **Thesis Verdict: Strengthening.** The "Brownfield Advantage" is no longer theoretical; technical certification and the QIP closure have significantly derisked the execution of the 300MW DC roadmap.

STOP HERE.