Anant Raj Ltd — Jul 2024 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

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

Result: Strong Performance / Thesis Strengthening **One-line:** Anant Raj is successfully transitioning from a traditional residential developer into a high-margin data center operator and luxury housing player, with the 100% sell-out of 'The Estate Residences' and the operationalization of the first 6MW of data center capacity validating the pivot.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat (Operational)	100% sell-out of GH-1 (1 msf) at ₹18,000/sqft realization.	□
Earnings Quality	High (Core driven)	Driven by residential pre-sales and commencement of DC rentals.	□
Guidance Confidence	Strong	Clear timelines for DC Phase 1 (21MW by Q3 FY25).	□
Management Credibility	Strong	Delivering on the 6MW IT load operationalization at Manesar.	□
Business Quality Signal	Improving	Shift toward high-yield recurring rental income (Data Centers).	□
Key Q&A Exchange	Section not applicable — PPT_ONLY	Not applicable	□
The Street's Primary Anxiety	Execution of Data Center scaling	Mgmt detailed ₹26 Cr/MW cost within existing structures.	□
Capital Cycle Stage	Investment / Harvesting	Investing in DC; Harvesting Sector 63A residential.	□
Margin / Return Ratio Trajectory	Improving	Residential realization at ₹18,000/sqft is a significant jump.	□
Pricing Power	Expanding	Luxury floor appreciation of 60% since July 2022.	□
FCF Conversion & Quality	Strong	Pre-sales of ₹1,800 Cr+ from single project (GH-1).	□
Competitive Moat Signals	Widening	Strategic alliances with RailTel/TCIL for DC services.	□
Balance Sheet Strength	Adequate	Leveraging existing structures for DC reduces capex intensity.	□
Working Capital Efficiency	Improving	High absorption in NCR (1.6 YTS) reducing inventory risk.	□
Mgmt Guidance Track Record	Reliable	Project milestones for Manesar DC being met.	□
Key Vulnerability / Red Flag	Geographic Concentration	Heavily reliant on Sector 63A, Gurugram for growth.	□
Management Tone	Confident (based on PPT)	Focused on aggressive scaling of DC and Luxury Housing.	□

Key Takeaways (Positives & Negatives): * **Positives:** The 100% sell-out of "The Estate Residences" (1 msf) at ₹18,000/sqft provides massive revenue visibility of ~₹1,800 Cr from a single project. The Data Center (DC) vertical is no longer "proposed," with 6MW already operational and a clear path to 21MW by Q3 FY25. The use of existing building structures for DCs keeps development costs low at ₹26 Cr/MW vs. industry averages that are often higher. * **Negatives:** The business remains highly concentrated in Sector 63A, Gurugram; any micro-market slowdown would be material. While DC rentals are attractive (₹190 Cr/MW/month), the conversion of the full 200MW potential will require significant power procurement and technical execution over several years. * **Forward Watchpoint:** Monitoring the launch and absorption of Group Housing-2 (GH-2) in FY25, which has a target revenue of ₹2,100 Cr.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — commentary absent.

Metric	Current Qtr (Q1 FY25)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Presales (₹Cr)	~1,800 (GH-1 only)	First entry	First entry	↑	Realization at ₹18,000/sqft; project fully sold out.
Eq. Area Constructed (msf)	Not in document	First entry	First entry	→	Multiple projects in peak construction (Ashok/Estate).
Pre-tax Operating Cash Flow	Not in document	First entry	First entry	→	Expected high based on GH-1 sales collection cycle.
Realization/sqft (₹)	18,000	First entry	First entry	↑	Significant jump from prior project averages.
Revenue Potential Locked (₹Cr)	8,235	First entry	First entry	↑	Sum of GH-1,2,3, Ashok Estate, and Tirupati projects.
Revenue (₹Cr)	Not in document	First entry	First entry	→	Revenue recognition follows CCM/OCM.
PAT (₹Cr)	Not in document	First entry	First entry	→	Birla Navya JV profit share estimated at ₹1,000 Cr.
Land Bank (acres)	44.92 (Warehousing)	First entry	First entry	→	Excludes core township land in Gurugram.
D/E Ratio	Not in document	First entry	First entry	→	PPT emphasizes development on owned land.
DC Operational Capacity (MW)	6	First entry	First entry	↑	Incremental 3MW operationalized during Q1 FY25.
DC Target Capacity (MW)	200	First entry	First entry	↑	Total potential across Manesar, Rai, and Panchkula.

2B. SEGMENT BREAKDOWN

Segment	Revenue Potential (□ Cr)	Target Margin / Profit	Trend	vs Co. Avg	Key Development
Residential	~7,785 (Pipeline)	High (Luxury focus)	↑	Above Avg	Sector 63A projects (GH-1 to GH-3) driving value.
Data Center	3,300 (Rentals)	High (Recurring)	↑	Above Avg	6MW operational; Partnership with RailTel/ TCIL.
Commercial	Not quantified	□1.3 Cr/mo (Sec 44)	→	In-line	Sec 44 Gurugram 100% leased; Panchkula at 28%.
Hospitality	Not quantified	□1.24 Cr/mo (Total)	→	Below Avg	Increasing FSI from 0.15 to 1.75 for Delhi assets.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Data Center Capacity	21 MW by Q3 FY25	Requires 15 MW addition in 6 months.	Delivered 3MW in Q1.	Moderate
Guidance	DC Revenue	□3,300 Cr rentals (Full)	Based on □0.90 Cr/MW/month for 300MW total.	6MW operational.	Execution
Guidance	Residential Launch	GH-2 Launch in FY25	Target Revenue □2,100 Cr (1.1 msf).	GH-1 fully sold.	Low
Guidance	Residential Completion	Dec 2025 (Ashok Estate)	Construction ongoing (Launched July 2022).	On track.	Low
Strategy	Data Center Strategy	□26 Cr/MW development cost	Leveraging existing building structures.	6MW operational.	Technical
Strategy	Asset Monetization	Repurposing Delhi Hotels	Increasing FSI to 1.75 for 11.5 lakh sqft dev.	Approvals received.	Approval
Balance	Debt Management	Not explicitly stated	N/A	Not in document.	Moderate

4. ANALYST Q&A

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

5. WHAT CHANGED vs PRIOR QUARTER

First entry — no prior quarter to compare.

What Changed	Prior Quarter	This Quarter	Direction
Data Center Operations	First entry	6MW Operational (up from 3MW)	↑
Residential Sales Status	First entry	GH-1 "The Estate Residences" 100% Sold	↑
Realization Benchmarks	First entry	□18,000/sqft established in Sec 63A	↑
Strategic Alliances	First entry	TCIL alliance for Cloud/Colocation	↑
DC Capacity Roadmap	First entry	Detailed timeline: 21MW by Q3 FY25	↑

STOP HERE.