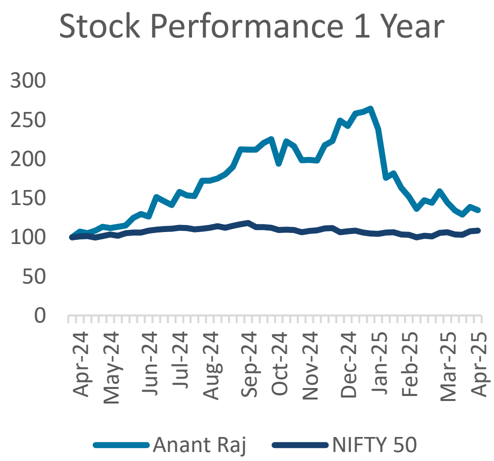
Management Meet Update

Anant Raj Limited

Reco: Unrated CMP: 461 TP: N/A

Key Market Indicators (Consolidated)	
Latest Price (Rs)	438.55
Previous Close (Rs)	449.2
52 Week High (Rs)	947.25
52 Week Low (Rs)	318.6
5Y Beta	1.22
Face Value (Rs)	2
Industry PE	71.3
Industry BV	3.76
TTM EPS(Rs)	12.4
TTM PE (x)	35.38
Price/BV(x)	3.62
Number of Shares (In Cr)	34.33
MCap/TTM Sales(x)	7.31
Latest Book Value (Rs)	121.21
Market Cap (Rs. In Crores)	15053.69
EV (Rs. In Crores)	15174.22



On May 7, 2025, we engaged with Anant Raj Limited's management team, including Mr. Amit Sarin, Managing Director, and Mr. Manoj Goyal, Chief Business Officer. During our visit, the company outlined its strategic direction, focusing on future growth through data center business, strategic tie-ups, and updates on fund raising via QIP.

Data Center

The real estate company is capitalizing on the increasing demand for data centers, utilizing its early-mover advantage with lower capital expenditure due to land ownership and existing infrastructure.

As on 7 May 2025, the company has 6 MW operationalised out of the planned 307 MW. The break-up of the 6 MW is as follows – 5.5 MW is for colocation and the balance 0.5MW is for cloud.

he company had guided that they would have 28 MW up and running by Q4FY25, which has been delayed by a quarter and revised to Q1FY26. The reason for this is the enforcement of GRAP (Graded Response Action Plan), a set of emergency measures implemented to address air pollution in the Delhi-NCR region, which involves halting construction and demolition activities to reduce dust and particulate matter.

From the 28 MW, 24MW will be for colocation, 2 MW for cloud and the balance 2MW will be kept empty which will be ready to be converted to cloud once there is an inflow of cash. The revenue from the existing data center business is ~45 Cr for FY25.

The revenue and profit to be expected from 28 MW for FY26 is around 450 Cr and 130 Cr based on the breakup between colocation and cloud, *based on estimates given by management.*

Infrastructure Advantage

Data centers require specialized buildings with high structural strength — approximately **1,500 kg/m²**, compared to **400 kg/m²** for conventional buildings. Anant Raj's buildings, though mandated under **Seismic Zone 4** norms in Delhi, are constructed to **Seismic Zone 5 standards** with a structural strength of **750 kg/m²**, enabling faster and more cost-efficient conversion to data centers.

This makes brownfield expansion far more economical for Anant Raj compared to peers, who would need more time and cost to retrofit or construct from scratch.

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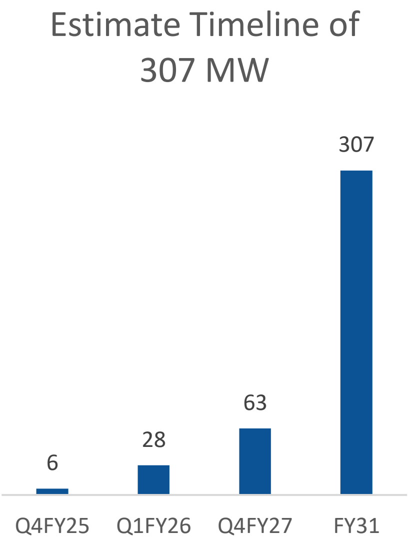
Unit Economics of Anant Raj's Data Center: Colocation vs. Cloud

Anant Raj Ltd. offers a cost advantage in both colocation and cloud data center models due to its superior infrastructure and strategic location.



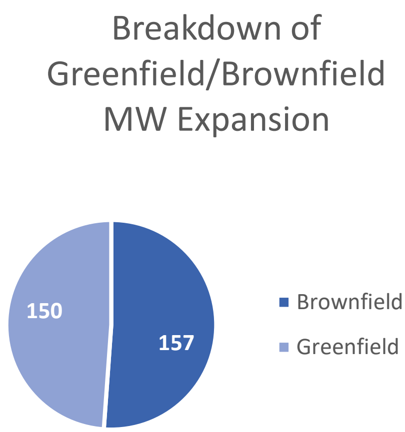
Cost Structure

Colocation Setup: The capital expenditure (CapEx) required for colocation is approximately ₹26 crore per megawatt (MW).

Cloud Setup: Transitioning from colocation to cloud requires an additional investment of ₹100 crore per MW, bringing the total CapEx for a cloud-ready MW to ₹126 crore.

Expansion Capability

Anant Raj has a significant cost and execution advantage when it comes to data center expansion. For **brownfield expansion**, the company incurs a capital cost of just ₹26 crore per MW. This is possible because many of its existing buildings are already constructed to robust specifications — far exceeding the minimum seismic and structural requirements — which makes them suitable for quick and economical conversion into data centers. Anant Raj currently has the capacity to undertake brownfield expansion of up to **157 MW**.



In comparison, **greenfield expansion** — where new infrastructure is built from scratch — typically costs competitors around ₹55–60 crore per MW, *according to management estimate.* However, Anant Raj is able to execute greenfield projects at a much lower cost of approximately ₹34 crore per MW. This cost efficiency is primarily due to the company's access to freehold land that has been in its possession for a long time, eliminating significant land acquisition costs and delays.

Revenue and Profitability

Anant Raj generates strong unit-level economics from both its colocation and cloud data center offerings. In the **colocation model**, the company earns approximately ₹90 lakh per MW per month, translating to an annual revenue of ₹10.8 crore per MW. Operating expenses for this setup are around ₹15 lakh per month per MW, or ₹1.8 crore annually. This results in an EBIT of roughly ₹75 lakh per month, or about ₹9 crore per MW annually. The revenue in this model is linked to inflation, ensuring a steady year-on-year increase.

In the **cloud model**, the revenue potential is significantly higher. For every 1 MW of cloud infrastructure, Anant Raj can generate around ₹150 crore in annual revenue. The capital expenditure for this setup is ₹126 crore per MW — comprising ₹26 crore for the base colocation infrastructure and an additional ₹100 crore for cloud-specific systems. Operating expenses are about ₹2 crore per month per MW, totaling ₹24 crore annually. While clients are typically offered a free ramp-up period of 4 to 8 weeks at the start, the overall economics remain compelling. With annual revenue of ₹150 crore and operating costs of ₹24 crore, the resulting EBIT is around ₹126 crore per MW. The model achieves full payback within the first year, making it highly profitable from the second year onward.

Category	Revenue	Capex	OPEX	EBIT	Payback Period(Years)
Cloud	150	126	24	126	1
Colocation	10.8	26	1.8	9	~3

All figures are per 1 MW leased per year, in ₹ Crore

Real Estate

On its real estate side, it has potential revenue flowing in from mainly two categories: Sector 63A where the focus is going to be for the next 5 years and the rest of NCR where Anant Raj has 83 Acres of Land available which they are holding onto in hopes that Delhi rolls out the master plan.

They are expected revenues of around 22000 Cr flowing in from Sector 63A from various planned and ongoing projects in the next 4-5 years.

The JV with Birla Estates, which saw the formation of Avarna Projects LLP, was established in 2019 as a 50:50 partnership between Anant Raj Limited and Birla Estates. The Birla Navya project, developed under this JV, by Anant Raj Ltd with Birla Estate Private Limited for development of residential units. Phase IV of this project has successfully been launched. Anant Raj Limited is expected to receive about a total of 800-1000 Cr from this project by the end of FY 27.

Joint Development

As suggested by the management, given the current elevated land prices, outright land acquisition may not be a capital-efficient strategy for Anant Raj right now. Instead, adopting a Joint Development (JD) model offers a prudent alternative in the near term. Through JD arrangements, Anant Raj can partner with landowners or local developers who possess strategic land parcels but lack the financial bandwidth or execution capabilities to monetize them.

This model is particularly attractive in the present environment where many regional developers are facing liquidity challenges. Anant Raj can leverage its brand, execution track record, and financial stability to strike favourable JD deals—typically structured as a revenue or area-sharing model—without upfront land costs. This approach allows the company to expand its project pipeline, maintain capital discipline, and scale operations without significant balance sheet stress.

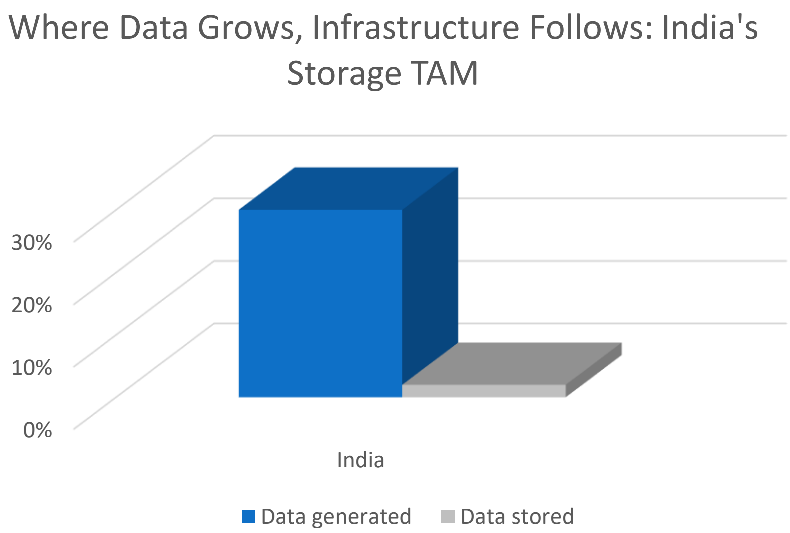
Market and Competition

The Indian real estate sector has maintained a positive trajectory, supported by steady residential demand, formalization of the sector post-RERA, and a shift toward branded developers. However, elevated land prices and input costs continue to pose challenges for margin sustainability, especially in new project launches. Competitive intensity remains high, particularly in key urban markets like NCR, where several large players are actively expanding their portfolios. In this context, Anant Raj operates with a relatively clean balance sheet and has focused on capital-light strategies such as joint development.

India, despite accounting for only 2–3% of global data storage, is responsible for generating nearly 20% of the world's data, highlighting a significant supply gap. This creates a strong long-term opportunity for data center infrastructure development in the country.

India's total addressable market for data centers is projected to reach ~$8-10 billion by 2030, with key demand drivers including data localisation policies, hyperscaler expansion and a growing digital economy. Tier-1 cities like Mumbai and Chennai are currently dominating in terms of capacity, while newer clusters like Hyderabad and Noida are rapidly emerging.

In this context, Anant Raj has made early inroads into the data center space, leveraging its land bank in NCR and Gurgaon to enter a capital-intensive but structurally attractive segment. While still in the initial stages compared to specialized operators, the company's strategy revolves around monetizing its strategic land parcels through partnerships or build-to-suit models. This allows it to participate in a high-growth market without overextending its balance sheet. Execution capability, anchor tenant acquisition, and scalability will be key to how Anant Raj is able to carve out a niche in the evolving data center landscape



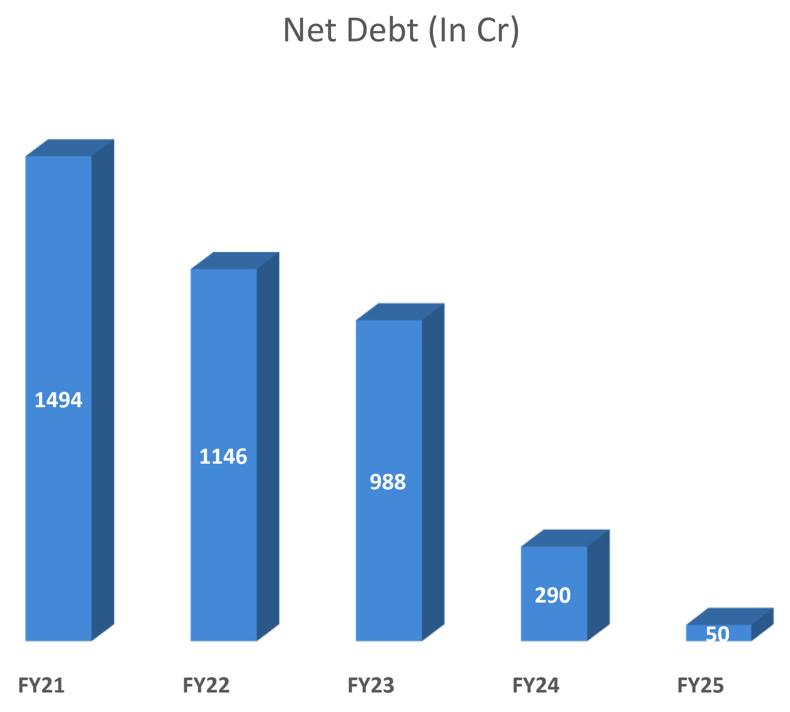
Fund Raising and QIP

In October 2024, the Board of Directors of Anant Raj Ltd. approved a fund-raising plan of INR 2,100 Crore through promoter warrants and a Qualified Institutional Placement (QIP). A roadshow was conducted, but in January 2025, the QIP was shelved following a sharp stock price decline triggered by market uncertainty surrounding the entry of Deepseek. Despite management's clarification that Deepseek posed no threat to its business, investor sentiment was impacted.

Nevertheless, the promoters proceeded to exercise warrants, subscribing to equity worth INR 730 Crore at ₹400 per share—providing a strong capital infusion and signaling continued promoter confidence.

To support the expansion from 28 MW to 63 MW, the company will now rely on internal accruals, primarily from real estate revenue. As a result, the operational target for 63 MW has been shifted from March to September 2026.

Additionally, as part of its contingency planning, the management has secured a backup financing option. A debt line of INR 400 Crore has been arranged through an identified institution, structured as a securitization against real estate and data center assets.



Income Statement

Particulars	FY 21	FY22	FY23	FY 24	FY 25
Total income	**270**	**501**	**1005**	**1521**	**2100**
Changes(%)	*-2.4%*	*85.9%*	*100.5%*	*51.3%*	*38.1%*
Operating Expenses (Pre-D&A)	**214**	**386**	**760**	**1149**	**1568**
As a % of Sales	*79.5%*	*77.0%*	*75.6%*	*75.6%*	*74.7%*
EBITDA	**55**	**115**	**245**	**371**	**532**
EBITDA Margin(%)	*20.5%*	*23.0%*	*24.4%*	*24.4%*	*25.3%*
Depreciation and Amortisation	17	17	17	18	30
EBIT	**38**	**99**	**228**	**353**	**502**
EBIT Margin(%)	*14.2%*	*19.7%*	*22.7%*	*23.2%*	*23.9%*
Finance costs	31	27	32	35	11
Profit Before Tax	**8**	**72**	**197**	**319**	**491**
PBT Margin(%)	*2.8%*	*14.3%*	*19.6%*	*20.9%*	*23.4%*
Tax	7	23	52	54	69
Profit for the year before share of profit of associates & NCI	**0**	**48**	**144**	**265**	**422**
Profit in associates and jointly controlled entities (net)	10	6	7	1	4
Profit for the year	**11**	**55**	**151**	**266**	**426**
PAT Margins(%)	*3.9%*	*11.0%*	*15.0%*	*17.5%*	*20.3%*
EPS	0.43	1.92	4.73	7.96	12.43

CashFlow	FY22	FY23	FY24	FY25
Profit Before Tax	72	197	319	491
Adjustment	13	4.4	18	5.1
Changes In working Capital	362	-186	-258	-330
Cash Flow after changes in Working Capital	446	15	78	166
Cash From Operating Activities	**423**	**-37**	**24**	**97**
Cash Flow from Investing Activities	**31**	**50**	**132**	**-72**
Cash Flow from Financing Activities	**-461**	**2**	**115**	**1**
Net Cash Inflow / Outflow	**-7.4**	**15**	**271**	**25**

Balance Sheet	FY22	FY23	FY24	FY25
ASSETS Non- current assets				
property, plant and equipment	40	49	71	105
Capital work-in-progress	48	19	22	36
Investment property	1270	1256	1243	1252
Right to Use	0	0	0	11
Investments	460	460	302	311
Trade receivables	20	23	23	23
Loans	69	22	52	127
Other financial assets	63	97	154	364
Other non-current assets	261	254	265	345
Total Non-current Assets	**2231**	**2179**	**2130**	**2573**
Current assets				
Inventories	1135	1197	1416	1151
Trade receivables	22	51	100	126
Cash and cash equivalents	19	34	305	330
Other bank balances	11	35	16	16
Other Financial Assets	798	746	775	949
Other Current assets	169	115	127	90
Total Current Assets	**2154**	**2177**	**2738**	**2662**
TOTAL ASSETS	**4385**	**4358**	**4868**	**5235**
EQUITY AND LIABILITIES Equity				
Equity share capital	59	65	68	69
Other equity + NCI	2615	2794	3616	4120
Total Equity	**2674**	**2858**	**3685**	**4189**
Non-current liabilities				
Borrowings	900	874	467	389
Other Financial Liabilities	0	22	20	14
Lease Liability	0	0	0	14
Provisions	2	2	3	3
Deferred tax liabilities (net)	25	37	51	38
Other non current Liabilities	168	183	178	97
Total Non Current Liabilities	**1095**	**1118**	**720**	**556**
Current liabilities				
Borrowings	68	37	159	78
Lease Liability	0	0	0	1
Trade Payables	6	14	19	20
Other Financial Liabilities	7	5	6	9
Other current liabilities	521	295	278	346
Provisions	1	1	1	1
Current tax liabilities	12	30	1	35
Total Current Liabilities	**616**	**382**	**464**	**490**
TOTAL LIABILITIES	**1711**	**1500**	**1184**	**1046**
Total Equity and Liabilities	**4385**	**4358**	**4868**	**5235**

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