

Anant Raj Limited

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Sub: Transcript of Earnings Call for the quarter and half year ended September 30, 2023

Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir,

In continuation to our intimation dated October 18, 2023, please find enclosed a transcript of the Earnings Call held on October 23, 2023 for the quarter and half year ended September 30, 2023.

The transcript is also available on the Company's website at www.anantrajlimited.com.

Kindly take the above intimation on your records.

Thanking you.

For Anant Raj Limited

Manoj Pahwa
Company Secretary
A7812

Encl: as above



“Anant Raj Limited Q2 FY '24 Earnings Conference Call”

October 23, 2023



MANAGEMENT: MR. AMIT SARIN - MANAGING DIRECTOR - ANANT RAJ LIMITED
MR. PANKAJ GUPTA - CHIEF FINANCIAL OFFICER - ANANT RAJ LIMITED

MODERATOR: MS. DEVYANSHI DAVE – GO INDIA ADVISORS



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Moderator: Ladies and gentlemen, good day, and welcome to Anant Raj Limited Q2 FY '24 Earnings Conference Call hosted by Go India Advisors.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Devyanshi Dave from Go India Advisors. Thank you, and over to you, ma'am.

Devyanshi Dave: Good afternoon, everyone. Welcome to Anant Raj Limited Q2-FY24 Earnings Conference Call. We have with us on the call today, Mr. Amit Sarin – Managing Director and Mr. Pankaj Gupta – Chief Financial Officer.

We must remind you that the discussion on today's call may include certain forward-looking statements and must be, therefore, viewed in conjunction with the risks that the Company may face.

I now request Mr. Pankaj Gupta to take us through the Company's financial highlights. Thank you, and over to you, sir.

Pankaj Gupta: Thank you, Devyanshi, and good evening, everyone and thanks for joining us the Earning Call today. I am pleased to say that we have delivered a strong financial performance in this quarter. Mr. Amit Sarin will discuss the strategic update. We are giving you the financials update.

During H1, FY '24, our revenue from operations was almost 1.5x to 667 crores. Our PAT has almost doubled to 107 crores on account of a strong operating performance and debt reduction.

During Q2, FY '24, our revenue from operations was up by 28% year-to-year to Rs. 341 crores. EBITDA to the quarter stood to 88 crores with EBITDA margin at 26%. PAT for the quarter grew 80% year-to-year and stood at Rs. 59 crores.

On the operating side, we have officially received the RERA approval for Tirupati Affordable Housing Project, which will be launched in Q3 FY '24. We have also received RERA approval for Anant Raj Center in South Delhi comprising hotel, service apartment and commercials. The construction for the same has already been commenced in full swing.

Lastly, on residential project update, Ashok Estate has successfully sold 80% of its inventory. Total monetization from the project is expected more than Rs. 1,000 crores. The Company is gearing up to introduce a luxury residential project with a sellable area of 1.1 million square feet



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during Quarter 3 FY '24. Anant Raj Estate residential township is being extended by additional 7,20,000 square feet contributing to an increase in inventory of Rs. 1,000 crores.

The Company is also in the process to obtain a license for new luxury group housing project. This project is in addition to one set of launch of group housing Q3 FY '24. This is to be constructed on the land Company has already acquired and offers roughly 1.1 million square feet of salable area.

In conclusion, Anant Raj Limited is committed to delivering strong results and continuing growth. Now we are handing over the call to Mr. Amit Sarin Sir to give the strategy update.

Amit Sarin:

Thank you, Pankaj. Good evening to everyone, and thanks everyone for joining us on this call taking out your time. It really means a lot.

As Pankaj ji just briefed us, the main contributor for this quarter, again, like the previous quarters has been the star project of the Company so far which is 63A, which started with Anant Raj Estate and then it had Navya Birla come in and then the latest addition to this was Ashok Estate.

The main contributor for the first two quarters as we are doing, this is a half yearly call, so the main contributor for the first two quarter has primarily been Ashok Estate, which was launched last year on our Founder Chairman's birthday on the 21st of July '22 and so far, the Company sold about 80% of this. 20% is yet to go and the Company is seeing a good robust demand.

From where we launched this project to now, there has been an increase of almost 30 to 35% in the selling price as we had previously pointed out in our earlier call. In this right now, what we are doing, the Company is doing, is mainly selling plots only. Anant Raj Estate, the Company is doing plots. The Company is doing villas. The Company is doing floors as well. But right now, the Company is as of now selling plots only.

In Sector 63A, the Company is still sitting on an inventory for which the land is already owned by the Company is approximately about 10,000 crores of further top line which is going to be monetized from 63A alone. The first two phases have already been delivered and now there are people living in the Anant Raj Estate already.

Birla Navya is also fully on track and as planned, Birla Navya's possession will be starting from FY '23-'24 which is fully on track for its possession also.

The latest addition in Sector 63A is going to be a group housing project which is about 1 million square feet which is going to be launched in this quarter. The Company has already obtained its basic licenses, but the other formalities like RERA and sanction of plans is going on which is about a fortnight away, and we are definitely going to be launching it within this quarter three.



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Other than this, the Company has launched two more projects in the Quarter 3 which have already been launched. I am sure that most of you have been in touch with the updates the Company has been giving.

So, the first one is a hospitality cum service apartment and a commercial complex, all in the same land, for which all the approvals including the RERA approval has already been obtained and the Company is all set to launch it. We have all the formalities done.

The other one is the Affordable Housing Project. This is the first project of the Company which is outside our core area which is in Tirupati, but fortunately, the land was being given to us by the government, by the Tirupati Development Authority, and again for this, all the approvals including RERA have already been obtained. This is a development of about 1.2 million square feet of affordable housing. So, this again will be launched in Q3.

Q3 is going to be a quarter which is going to be full of lot of action for the Company because prior to this, the main focus was always 63A, but now in Q3, we will have two more projects contributing to the growth of the Company. You know, other than Ashok Estate or Anant Raj Estate, we will have the South Delhi commercial project, then service apartments, hospitality, and the Tirupati project.

Other than this, the main focus of the Company in the past two years has been mainly the data center thing, and we are very pleased to announce that the revenue from data center has already started to come in. The first 3-Megawatt has started yielding results in its phases. The second 3-Megawatts is on the way, and it's going to be completed very soon. The Company is fully on track for completing its 21 Megawatt what the Company had planned is fully on track. The funding for that has also been obtained. So, we are fully on track. In fact, most of it is going to be funded from internal accruals only.

Other than this, the Company is yet to monetize or even start work on the 100 acres of land in the NCR, mainly in Delhi, which the Company is already there, but this is something which is just sitting in our balance sheet fully paid, all done, but may be two years from now, we will start monetizing of this land.

So, this is the basic synopsis of how we are taking things forward. I hope it's quite clear. Now we can open the floor for questions, if any. Thanks.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mr. Bhalchandra Vasant Shinde from Kotak Life. Please go ahead.

Bhalchandra Shinde:

Sir, regarding these data center additions, we have been slightly lagging the targets, like we were supposed to add a 3-Megawatt by September quarter end, and so why we are getting delayed on



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that? And we have a target of around achieving 300 Megawatt also. So, there also we see a slight delay on those additions and even on the 21 Megawatt, we were supposed to add up to March end. So, that also will see some delay?

Amit Sarin:

Mr. Shinde, thanks for your question, and thanks for all these questions. See, I will tell you the basic delay, of course, there is a delay which we agree, but this basic delay is because the lead time of the equipment which we are procuring has actually gone up and that has gone up by almost three to four weeks. So, that is the only cause of delay. Otherwise, we are fully on track. The 3-Megawatt is up and running. There is no problem with that.

The other 3-Megawatt, the lead time has actually gone up. So, that is the only reason for the delay. Otherwise, we are fully on track. And in fact, we are now looking at other suppliers. In fact, as data centers, not many things are available within the country. A lot of things are still imported into the country. Of course, the country is also gearing up its infrastructure for our people like us who need to buy these equipment's and all. So, the delay is only because of that. Otherwise, we are fully on track.

Bhalchandra Shinde:

And our long-term target for addition of 300 Megawatt, for that customer additions wise, are we looking anywhere to add more customers, like apart from this TCIL I think, Yes, TCIL and one more customer you were supposed to?

Amit Sarin:

Yes. You are absolutely right. Of course, see, today, fortunately after as we are speaking, last call when we did, at that time this Law of Data Protection Bill was under consideration. Now, fortunately, the Data Protection Bill has been passed by The Honorable Parliament and now the Act is already in force. So, demand-wise, there is no problem at all.

As of now, whatever supply we are able to create, it's already booked, and that is what is causing a delay in terms of getting the equipment because the equipment is today very scarce. But now we have, in fact, tapped three more sources for our equipment's, and in the next say one or one-and-a-half month that those tie ups will be complete. We are fully on track and committed to the 300 Megawatt.

And as you know that we are one fortunate Company in this case which is sitting on ready land, ready buildings, and these buildings are already certified to be data centers. So, this edge of three to four years which the Company has, the Company is fully geared up to encash on this edge because whatever supply of data centers would come in people who are now procuring land will make their buildings, will get equipment and all, so they are at least three to four years away from us, and we feel that we are fully geared up to reach our target of 300 within these three to four years.



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Bhalchandra Shinde: But how much funding requirement will be required to implement 300 Megawatt according to you?

Amit Sarin: Mr. Shinde, the funding requirement in our case which, of course, is one of the lowest in the industry. We are completing a Megawatt in about 25 crores to 26 crores per Megawatt is the additional cost for us. Our land and building is already invested. So, when we talk about 300, we are talking about an investment of 7,500 crores, sir. Of course, we don't have that kind of money, and as you know, at Anant Raj, we are very clear that we are not going to be taking on debt.

But rent, this receivable securitization or you may call it rent securitization also is one aspect which we are seriously looking at, and these are, as you know, as of now the clients we have are all blue-chip clients and banks are very comfortable discounting these rentals. So, the Company has already set the ball rolling, and that is how we plan to fund this as of now.

Bhalchandra Shinde: And sir, regarding this recent announcement for affordable housing, relatively, what is our experience is that most of the companies operating in affordable housing have been showing a negative cash flow. What kind of IRR you are expecting to generate and what is the potential total cash flows you expect to generate in this and which you are also confident in?

Amit Sarin: So, Mr. Shinde, this is not a very big project we are doing this is about 2,000 houses. And as you know, we are one of the few companies in India and especially in North India who successfully completed low-cost housing in Neemrana, Rajasthan. That was a very successful project for the Company. In fact it completely came out. The Company actually never had to invest any money in it. All we did was pay for the land to the Rajasthan government authorities. We got the land. We made the houses, and everything was pre-sold, and it was a self-funded project.

Again, in this case, the land has come to us from the Government of Andhra Pradesh, and it is right next to the Tirupati Airport. As you know, Tirupati has basically two good points about itself. A, Tirupati is an industrial town. B, Tirupati is also a pilgrimage town where people go to Lord Balaji. So, these two aspects create a lot of demand in this area, and this land came to us from the government itself.

In fact, the government saw the project which we had done in Neemrana. Representatives of the government came, they saw, and they invited, virtually invited us to come and do the same thing there. So, these projects are not very big. The total top line from this project is going to be about 340 crores.

So, it's not a very big project for the Company, but as you know, it is a pilgrimage town, and the Company and the Founder Chairman were a very big disciple of Lord Balaji, and we thought that the government has invited us. So, it was a very prestigious thing and plus the Company is



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going to make decent money out of it. Also, to answer your questions, the margin would be at least 30%.

Moderator: Thank you. The next question is from the line of Mr. Rashith Shah from Nuvama Wealth Management. Please go ahead, sir.

Rashith Shah: So, actually a couple of questions. First, regarding the Anant Raj Center, we are seeing we have a developable area of 7 lakh square feet, which would be a mixed use. So, if you can just give us a split about what would go into office and what would go into service apartments and hospitality?

Amit Sarin: So, 20% would go into the office. So, that will be about 1.2 lakh square feet. That will go into an office. That is going to be a commercial block. In fact, that is the one we have initially started, and the other two will be 50% service apartment and 50% hotel. For the hotel, we already have the existing operator.

Fortunately, we have not closed on the hotel and we don't even plan to. So, this hotel will actually become bigger and the same person will be running it, but of course at a higher rental, and the service apartment is going to be the third block, which we will be doing in the third phase. So, first phase commercial, then expanding the hotel, and then the service apartments. 20% commercial, 40% hotel, and 40% service apartment.

Rashith Shah: And if you can just kind of help us with the expected rental, so 1.2 lakh square feet of the office space that we are developing, so what kind of rentals we are expecting over there?

Amit Sarin: Sir, office space, I guess, we would sell. So, as of now, we are focusing, we already have the RERA approval, all the approvals like we just mentioned on the call. So, office place we would sell, and this office place we feel that would comfortably give a cash flow of 250 plus, 250 crores plus to the Company.

In fact, that is how this is going to be a self-funding project. So, 7 lakh square feet total construction is going to be outer limit 180 to 200 crores. So, this 250 will fund the complete construction, and the rental income average one can take per square foot wise, the hotel these are, in fact, for the commercial which we are selling. So, we don't need to go per square feet wise, but anything between Rs. 90 to Rs. 100 is the rental in that area, sir.

Rashith Shah: And the hospitality part, so we already said we have an operator. So, that operator we were dealing with on a.....

Amit Sarin: Rashith, we have been dealing with this operator for almost he has been running this hotel for the past seven years very successfully. So, the same guy is going to expand, and the rentals will



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go up, sir. As of now, the final rental figure has not been decided but, it will be even if you go pro-rata wise, it will at least going to go 2.5x.

Rashith Shah: Wow! That's great to know. So, the second part was on actually the data center. So, we said the 3-Megawatt is operational, and we have been kind of booking revenue from the same. So, if you can just let us know from when we have been booking and what kind of rentals as well as operating costs we are incurring over there?

Amit Sarin: The rental is still the same, sir, it's about 90 lakhs per megawatt per month, and the operational cost is close to about 15 lakhs per month per megawatt.

Rashith Shah: And third, last question from my side on the margins.

Amit Sarin: Given you just about two months back. So, the revenue is close to about 2, 2.5 months back. So, the revenue is about close to 2 crores, two point some crores, but the good part is that the revenue started to come in and it's going to grow from here, sir.

Rashith Shah: And lastly on the margin side, so we have been seeing an improving trajectory that would be mostly because one, we are recognizing revenue from the data centers as well as secondly, we are selling plots. So, basically higher margin segment. So, going forward with more of group housing coming in, how do you see the trajectory moving?

Amit Sarin: Sir, we feel that the margins with the group housing coming in will go further go up, sir, because it's very simple, sir. The land is already paid for as you know, and the land is definitely more than 10 years, 8 to 10 years old. So, that's already done. The construction cost outer limit for 1 million square foot will not be more than 500, sir. And the selling cost today is about 18,000 per square feet, and it's a 1 million square feet project, sir. So, we feel that the margins from here when the group housing comes, starts contributing, which is going to be from next year, is going to be further will further improve, sir.

Moderator: Thank you. The next question is from the line of Mr. Piyush Mehta from Caprize Investments. Please go ahead, sir.

Piyush Mehta: So, a few questions quickly in terms of so I was going to ask you about the revenue breakup of the different segments. So, you mentioned that 2 crores came from the data center. So, is it fair to assume that a typical 3-Megawatt data center will give us close to what? What would be the annual yield on 3-Megawatt data center?

What I was trying to ask is on a typical 3-Megawatt data center, what would be a typical annual realization?



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Amit Sarin: Sir, like we just mentioned, 90 lakhs per megawatt per month, sir, and 15 is the cost which we incur. This is in terms of electricity, air conditioning and all these variable cost. So, 75 into 12 per Megawatt into 3, sir. So, once this megawatt runs for the full year, that is what we get, sir.

Piyush Mehta: And in terms of say we planning, so this 21 Megawatt which you said the funding is in place and largely internal. So, again the math will largely remain the same as we keep adding?

Amit Sarin: Definitely, sir. Math will absolutely be the same. We are doing a tire three and tire three is eligible for 90 lakhs per month. Of course, as of now it is costing us 15 lakhs, which we feel that we will be able to get down by another 15% in the long run. So, maybe four, five months from now, we are trying to work on economizing our costs and all. So, this 15 will maybe come down and the margins will increase, sir.

Piyush Mehta: And recently, there were two articles in the newspaper. One was that investments in data centers to rise close to \$10 billion over the next three years and other was government planning close to 25,000 GPU clusters, which would again be close to 8 to 10,000 crores of investments. Now, considering we are already associated with these government companies that we have as clients; how do you think this in terms of going through 300 Megawatts in 3, 4 years, do you think that is optimistic or that is pretty realistic in your view?

Amit Sarin: So, that is pretty realistic, sir. I will tell you, sir, today, let me give you an overall picture. So, today data centers are, as of now, the whole country is sitting on a capacity of 640 Megawatts, and this capacity unfortunately after the Honorable Parliament notifying the law of the Data Protection Bill, data cannot go outside the country. It has to be stored within the country, and as of now they have allowed non-financial to go out, which eventually will also have to be housed in the country. So, this demand, I am sure we have also Googled, and we have some experts also who have been guiding us. This demand in the next three to four years is expected to comfortably go beyond 3,500 Megawatts, sir.

Piyush Mehta: There is a report that I read that at present the industry capacity of DC stands at close to 1 Gigawatt and over the next five years, we should easily expect this to go towards 8 Gigawatts. So, that seems like a fair estimate?

Amit Sarin: Definitely. And sir, whatever demand you have here is into two, because there has to be a disaster recovery also. So, demand is going and like we just mentioned on this call earlier, we are one fortunate Company which is sitting on ready land and building. So, we feel that with this we have that edge.

And of course, this edge gives us two plus points. One is the cost-plus point. We are able to do the same for other people, it might cost anything between 50 to 55 crores. We are doing the same thing in 25. That's number one.



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Number two, the biggest factor is the time element. We save so much on time because our buildings are ready. So, right now we are going into full swing, and we are executing this. Of course, the Company, as you know, is quite averse to debt, and the debt is only getting reduced.

So, we don't want to take on debt to complete this, but our finances are pretty well worked out, and as soon as we get the first 21 rolled out, then we are on our own, sir. Then the rent discounting, I mean, the income discounting is an automatic thing which will help to get to 300 very fast.

Piyush Mehta: So, in this segment, particularly, we are competing with the likes of LTT and other key guys. Who are the large three players here whom we are competing with? And of course, as you said we are blessed with the land bank.

Amit Sarin: We have CtrlS. We have Sify. We have CtrlS. There is decent competition, but as of now everybody is good. Everybody is happy because there is so much demand coming in. So, everybody has their handfull.

Piyush Mehta: So, no one is trying to undercut or more?

Amit Sarin: No, no. So, as of now, there is no undercutting. It's a pretty healthy situation. Everybody is quite because whatever capacity is there is completely leased out. So, there is no undercutting as of now. This undercutting might start, sir, which we are not sure, but it might start after four, five years, but shifting a data center as it is not a very easy job. So, whoever gets in this first mover advantage is going to have this long-term advantage, sir.

Piyush Mehta: But in terms of IRR, won't our IRR or payback period will be far, far, far better than the likes of say Sify, CtrlS because we have the land?

Amit Sarin: Definitely, sir, definitely. Sir, god forbid, if there is undercutting in future, we are still much better off. We have that capacity also to undercut, but we don't for the next three, four years, we don't see that happening, sir.

Piyush Mehta: When you say the revenue would be 90 lakhs per megawatt per month, is it what competition is charging similar pricing?

Amit Sarin: Yes, sir, competition also more or less the same, sir. More or less the same.

Piyush Mehta: But they do not have the benefit of the land which will, of course, they will lease out and, you know.

Amit Sarin: No.



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Piyush Mehta: And in terms of over a two-year period, in terms of the revenue contributions from different segments say FY '26, how do you see the Company shape and whether it is the Ashok Estate or Anant Raj Center, so how could the Company look like? Because the group housing project is being launched this year, the revenue contribution starts next year.

Amit Sarin: We can't talk about future numbers like this, but I can tell you, we can assure you one thing, sir. If you see, if you go 2.5 years back, the revenue of the Company in 2021 was 250. Then the Company doubled it in '21-'22, and then doubled it further in '22-'23. Last year we closed at 104, and this year in the first two quarters, we have already comfortably crossed 650. It's 666 to be exact. So, Company this is a very valid question, sir, especially for a real estate Company. Sir, in real estate this is one very important thing one has to keep your top lines very well planned.

So, when we were doing a synopsis of our quarters, as we pointed out that today with 63 alone, 63A alone, our main sector, we are today sitting on an inventory of close to 10,000. For the next four five years, we are pretty well-planned, sir, and with our cash flows, we are now focusing on replacing our land bank. Of course, in 63A, we still see another 50 to 60 acres of further land which we can get. So, we will talk about it when we get there, but we are pretty much well-planned for the next four, five years, sir.

Piyush Mehta: The last issue always has been with the real estate Company is the profitability in terms of PAT might look very different to the cash flow. So, if you could tell me what is the operating cash flow growth Y-o-Y, Q-o-Q for this quarter?

Amit Sarin: Sir, our operating cash flow growths are pretty, as you know, if you see the last result also, it's only improving, and our operating profit today is to the tune of, I will just tell you.

Piyush Mehta: The OCF growth Y-o-Y and Q-o-Q, if you could tell? The OCF growth Y-o-Y and Q-o-Q, please?

Pankaj Gupta: Y-o-Y is 25.33. And earlier it was 19.35%.

Amit Sarin: As you know, we all know the scenario is going up, sir. In our business the good part is when prices go up, the selling price also goes up in terms of when we deliver a finished product. By when we make villas, when we make flats, and when we make floors, the effect of land is going up is also taken into that. So, that's how our margins from 19 have jumped to 25.

Piyush Mehta: And you think for the next two, three years we will be at or higher than what we have already done based on the existing....

Amit Sarin: This could this time we are seeing after a gap of 10 years. So, we feel that in the next two, three years that this is going to go on. So, it is going to be good for people like us, sir.



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Piyush Mehta: So, the trend in real estate you believe will continue last for at least for the next 24 to 36 months.

Amit Sarin: So, definitely, sir, definitely. This is come back and the one good thing Piyush ji now is that you see a lot of end user demand. 10 years back when we used to have booms and all, of course, for 10 years, nobody talks about a boom, especially in our sector. That time you would see investors and all those things, but this time this is real demand, sir, because almost 75% of our sale is now to end users. So, this really helps.

Moderator: Thank you. The next question is from the line of Mr. Vignesh Iyer from Sequent Investments. Please go ahead, sir.

Vignesh Iyer: I just have the question on the real estate side of the business, I mean, except data center that what is the booking or the pre-sale number that we are eyeing for this FY '24, if you have got some internal estimates on?

Amit Sarin: Sir, again like future numbers we can't give, but if you see the 666, the Company has already obtained in terms of top line and the main contributor like we pointed out is the Ashok Estate followed by then Anant Raj Estate. Then even the Navya Birla project is doing pretty well. So, it's a combination of everything.

As of now, sir, with the sense we are getting from the market as we just mentioned that the Company is now getting all set in this quarter to launch the group housing project, which is about 250 flats, and as of now, we see very robust demand.

Some of our competitors without taking any names, but very specifically, a competitor of our in the same area launched about 350 flats and they got 3,700 checks number of bookings for it, and they had to appoint one of the outside auditors to basically take out a lottery system.

So, as of now, the demand in this area is very robust, and we see no problem in selling whatever we are launching. In fact, we are doing a group housing project this quarter, and then we have one already planned for the next one. So, as of now, we don't see any problem with the demand at all, sir.

Vignesh Iyer: But sir, the number you are quoting of 666, that is a revenue that you are going to actually recognize, right?

Amit Sarin: 666 we have already recognized, sir. Sir, I can't give you, we can't give you future numbers, right? 666 is what we have already done in two quarters. But we can assure, we can, of course, discuss the scenario. And the scenario as of now is especially where we are, 63A, this is one segment which is seeing a lot of good demand. And you know, our sector today, all the sector roads, all the new roads which had to come up are all, the infrastructure is all there.



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So, we feel that today launching and execution and fortunately, Anant Raj today has no negative baggage. Anant Raj Limited as their brand has no negative baggage. In fact, in the last few years, we have been able to establish this very well, and this is helping us grow in sales and all. So, as of now, the 250 flats which we are talking about, of course, right now we have not launched it, but we talk in broker circles and all. In fact, broker circles feel that the day we launch in the next and immediately two or three days we should be able to sell everything.

Vignesh Iyer: I get it. So, the overall scenario is quite positive.

Amit Sarin: Yes.

Vignesh Iyer: And for achieving this 300 Megawatt of data center in next three, four years, but you can at least let us know, right? What is the internal estimate of what you will be achieving by the end of this year or '24, '25, '26 that way? If you could just give us a ballpark number for that?

Amit Sarin: Vignesh ji, like we just discussed today, as of now, we are doing this in phases. So, the first what we have in hand is the 21 Megawatt. So, as of now, we are fully focused on the 21 Megawatt. The 21 Megawatt is a total investment of close to 450 crores, out of which we have already spent close to 200 from our internal accruals, and the balance is also what we have which we know that from 63A and our ongoing projects, we will be able to generate enough to execute this comfortably.

The moment we do this, we have a regular rental stream. If we take out the expenses of 15 lakhs per month per megawatt, we still have 75 lakhs per megawatt per month coming to us. So, this is going to give us a regular rental stream and that rental stream is going to basically help us in executing, in fact, discounting this. So, that time we will be sitting on almost 180, 190 odd crores of cash coming to the Company every year from data center. So, we discount this, and we take this in phases and execute the balance to get to the 300 mark. The Company will not take on any balance sheet debt, sir. No project debt, no balance sheet debt at all to execute this, sir.

Vignesh Iyer: And for this Manesar, 50 Megawatt, have we got the approval?

Amit Sarin: Yes, all approvals, everything, sir. Yes.

Vignesh Iyer: It is a 50-Megawatt project, right?

Amit Sarin: Manesar total will go to 50 Megawatts. We have all the approvals required. They are all done, and now as for our cash flows, as of now we have full clarity on the 21 Megawatt with our internal cash flows, and then we take it to 50.

Moderator: The next question is from the line of Mr. Avinash Gorakshakar from Profitmart Securities. Please go ahead, sir.



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- Avinash Gorakshakar:** Just one small question because most of the questions have been answered. I just wanted to know now our net debt is 770 crores. So, basically, can we assume that by FY '25, we could get it down by another say 50 to 100 crores? Because that is something the markets would be quite positive about if this debt comes down and growth continue, that is definitely going to be extremely positive for your earnings growth trajectory going ahead. So, any at least color on this, even if you cannot comment on a number, Amit ji?
- Amit Sarin:** Avinash ji, as you know, that the starting of 2.5 years back like January '21, this was about 1650. Touch wood, by the grace of God, this is already 770. At this run rate, FY '24-'25, we should substantially get rid of debt, sir. As we can't talk about exact numbers, but substantially, not 100, sir, substantially down.
- Avinash Gorakshakar:** So, basically, that means that there would be a lot of interest cost savings because last year I was seeing your interest outgo was about 30 crores. So, that means incrementally the Company will have further cash flow for obvious expansion when it saves on the interest cost, right?
- Amit Sarin:** Fairly, sir, that's the whole plan, sir. And like we just mentioned on the call, sir, at all we don't need all our projects today to be completely funded with our internal accruals. All we need money is for the data center and data center also we will only discount the receivables, not take on any further debt, sir.
- Avinash Gorakshakar:** I think that's all, Amit ji. All the best and we do hope future also numbers will also come in very strong.
- Moderator:** Thank you. The next question is from the line of Mr. Amresh Kumar from Geosphere Capital. Please go ahead, sir.
- Amresh Kumar:** So, 100 crores of cash generation you did this in the first half six months, and you paid back like 68 crores of debt. Correct? And CAPEX was done to the tune of only about 10 crores. CAPEX for the first six months was less than 10 crores.
- Pankaj Gupta:** Yes.
- Amresh Kumar:** So, I mean, you said that you have spent almost 200 crores on the data center. So, you are not spending any more or what is happening there?
- Amit Sarin:** I said 200 we spend like till now we spent, sir. We have been working on data center for the past two years, sir. So, till now this includes the strengthening of complete 21 Megawatts and then further getting the equipment for the 3-Megawatts. The strengthening for the complete 21 has already been done, sir. So, no more strengthening required, sir.



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Amresh Kumar: So, when will we see next round of CAPEX in this investment? When will we see the next round of CAPEX in data centers?

Pankaj Gupta: Sir, we are doing regularly the development process on data center, and we are doing it for up to 21 Megawatt. Total requirement for the development of data center 21 Megawatt is Rs. 550 crores, and we are incurring at present, we are doing on six, three we have already completed, and three we are in process. So, in totality, we will see for six, it will be around 160 plus strengthening cost.

Amit Sarin: We will just break it up into two, sir, this data center expenses in two ways. A, we had to strengthen the building; and B, we spent on the equipment and all. So, comprehensively, it is today the 21 Megawatt is going to cost the Company 25 to 26 crores per megawatt. The strengthening work in the 200 which we have already spent, the strengthening work is already completed, sir. That's all done. Now the equipment is coming in for three, we have already received the equipment. It is today all installed and done.

Now the balance three, the equipment is coming in which got delayed. Actually, the lead time of the equipment today has gone up. You know suddenly the Honorable Parliament notified the Data Protection Bill and all. So, the demand for the equipment actually within the country went up and the lead time increased. So, that is what has caused this small delay, but now things are on track. In fact, we are looking at other sources also. So, within this quarter, we will see the next three also up and running.

Amresh Kumar: Sir, I was just arriving at the point that at this rate, your debt should start decreasing even more rapidly going forward.

Amit Sarin: It is decreasing, sir, but at the same time we are spending money on the data center as well, and this is all being done with internal accruals. The Company is not taking on any debt for data center at all. It's all from our internal accrual. So, just have a look, sir. We have spent 200 from our internal accrual. So, these 770 figures which actually if you reduce 200 more, this would have actually gone down to 570, sir. But at the same time, we have to keep a balance.

So, data center is one very important thing which the Company started, and we have this first mover advantage, number one. Then we have the cost advantage because our land and building is already ready. So, we feel that, and of course, by the Honorable Parliament notifying the Data Protection Act is further increasing demand, and the country very soon is going to be self-sufficient in terms of data storage within the country.

Tell about few years back, sir, all the data of our country used to be stored outside which is a big, big negative for any country. I am sure that the latest the war when it happened between Russia and Ukraine, the first thing Russia, they lost all their data because all their data was



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outside the country. So, this is a good thing that our country realized, and we made the law at the right time. So, going forward, we feel that this law along with the buildings which are already ready is really going to help the Company get to the 300 mark as fast as possible.

Amresh Kumar: And sir, just one more thing. How much money is still left to be spent on this 21 Megawatt? You said that you have spent close to 260 crores.

Amit Sarin: 21, about another 300, sir. Close to about 300 more.

Amresh Kumar: 300 crores you need to spend in next two years?

Amit Sarin: No, no, sir, within '24, sir.

Amresh Kumar: Within '24.

Amit Sarin: Yes, sir. We are sorted, sir. We are completely sorted. You will still see the debt go down, sir.

Amresh Kumar: No, so that we understand that you can do it all from your internal accruals. We are just trying to arrive at how much more debt can you reduce from this?

Amit Sarin: Yes, sir, as you know, this, the new project which the Company is all set to launch in this quarter is going to give a top line of almost 1,800 crores to the Company, 1,800. The total outer limit of the cost to be incurred is going to be 500, sir. This is an outer limit. So, the rest is all cash flows for the Company which will help us reduce the debt and our data center plus the cash flow from Ashok Estate, from Anant Raj Estate, and from Birla is already on its way. That is already started accruing and coming to the Company.

Amresh Kumar: And sir, you said that within days of your launch you can finish off your inventory. So, when do you think that the next launch date will be there?

Amit Sarin: Within this quarter, sir.

Amresh Kumar: And what is the work left to be done for that?

Amit Sarin: We had to get our RERA and all. So, we can't give dates, but within this quarter, sir.

Amresh Kumar: Within this quarter.

Amit Sarin: Yes.

Moderator: Thank you. The next question is from the line of Mr. Pavan from Renaissance Investments. Please go ahead, sir.



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Pavan: Sir, most of the questions have been answered. Just a couple of things. One, in terms of this realization of 90 lakhs per megawatt, generally, what is the tenure of this agreement? And what is the escalation clause built into this agreement?

Amit Sarin: So, this escalation clause is directly linked to the inflation index which the country comes out from time to time, sir. And the duration of these contracts is anything between 10 to 15 years. As you know, this is fairly a brand-new business for the whole country. So, these things are now coming in place.

But shifting a data center, sir, one thing we have been working on this for four years now and two years of actual on ground execution and prior to that, two years of planning. One thing we can tell you for sure, sir, shifting a data center is not an easy task for anyone. So, the tenure is definitely 10 to 15 years. Maybe more in certain cases.

Pavan: So, this is linked to like WPI. So, you get an escalation every year then.

Amit Sarin: Sir, you get it every year or of course, sir, not every year. I guess this is going to be every three years, but of course, if there is a drastic change in fuel prices then it might affect that, and you can maybe opt for it in between also. But, I guess, the increase in all should be planned for every 3 years. That's how it works for normal rental buildings also.

Pavan: And given that whatever 3, 4 weeks delay we have seen so far, are we still committed to the 21 Megawatt by the end of this financial year?

Amit Sarin: Sir, definitely we are trying our best, but these leads and all, so definitely in '24 we will be done with it. Maybe a quarter plus.

Pavan: And how big will be phase two?

Amit Sarin: Phase two, sir, as soon as the 21 is done, then see, I will tell you the lead time is whether you order for three or whether you order for 10, sir, lead time is more or less the same. Maybe 10 15% plus or minus. So, the moment we see the visibility of our cash flows and sir, we have all come out of a recession after 10 years. So, one is pretty conservative, and you take a backup for the backup. So, as soon as the 21 Megawatts starts earning, then we can very aggressively go and get the balance, and so the time taken will be much less because whether you order for three or whether you order for 10, time is more or less the same.

Pavan: And one last thing. As you are trying to refill your land bank on the development side, are you also looking at refilling your land bank on the data center side, say, as you...

Amit Sarin: No, we are good. Sir, frankly, data center, we get to 300, and we don't see that refilling there is as of now required because even after 21, 300 is pretty a decent number for which we already



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have the land bank. So, we don't need to refill that at all right now, sir. Maybe two years, three years down the line, but as of now we are completely sorted in that. In fact, these assets today are worth at least 3,000, if not more, which are today fully committed for data centers in the Company.

Moderator: The next question is from the line of Mr. Darshil from Crown Capital. Please go ahead, sir.

Darshil: And so just want to give you props on fantastic commentary and your style and great results, sir. Most of my questions have been answered. Sir, just two clarifications may be. Sir, do you mean 21 Megawatt by 2024, that means calendar year '24 or FY '24? That's just a small clarification.

Amit Sarin: Sir, our intent was to do it in FY '24, but because of the lead time and all getting increased, so we are just, like we just mentioned, maybe a quarter more to achieve that, sir.

Darshil: Yes, on a conservative basis, the first half of FY '25 will be.....

Amit Sarin: Yes, Mid '24, we should be done with it, sir.

Darshil: And sir, just another question. Sir, in terms of the current inventory in our real estate development side, how much we would have sold out? How much would be left? And maybe in terms of percentage, how much are we launching right now?

Amit Sarin: Like we just mentioned, sir, today after what all we have achieved, we are still sitting on a top line of close to 10,000 crores from 63A alone, right. Sir, for this we already own the land. Other than this, the Company just launched two projects, one in Delhi and one in Tirupati which is not directly connected to 63A, the star project of the Company as of now. Other than that, the Company today is sitting on almost 100 acres of land in Delhi. So, this is going to be monetized later, sir.

So, see, it will not be fair to put a percentage because if you put a percentage because Delhi land is far more valuable, as you know, than anything else. But in terms of if you see the road map for the next 10 years, we are pretty much sorted. Of course, we will be, we are still looking at new projects and whatever like within 63A, 63A for us is a no-brainer. Whatever land we can add in 63A, we always do because we are now today almost 200 acres of this sector.

So, we can even afford to buy half an acre or one or two or three whatever is connected to us and then get permissions for it. So, that way, we are still, like we just said for the next 8 to 10 years, today, we are sitting on very comfortable inventory. Of course, we will be adding on to this inventory as and when our cash flows permit that.

Darshil: No, I meant, sir, in terms of like our existing projects we have sold out a lot of inventory. So, in the existing projects, how much percentage maybe if we have done 80% we sold out or because



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the new launches we are expecting it to become 100% sold out. So, that way I was just asking in existing our inventory, how much part we would have still left to be pushed out or is it nearly completely sold already?

Amit Sarin: We will go step by step, sir. Like Ashok Estate, we have sold 80% of Ashok Estate and collected almost 60% to 70% of the money which is due to us. The balance is yet to come. That's one. Sir, Anant Raj Estate is pretty huge. So, within Anant Raj Estate, if you put a number, even if you include Birla which we have sold to them, but of course, we are a part of 50% owner of that project. So, that money will come to us through that. So, we are sitting on in terms of that, Anant Raj Estate we have sold close to about say 50%. We are still sitting on the balance 50% with us which is with us which is going to be launched in different phases in the next one or two years. So, this is how it is right now.

Moderator: Ladies and gentlemen, that was the last question. I would now like to hand over the conference to the management for closing comments. Please go ahead, sir.

Amit Sarin: Thank you everyone. We really appreciate you taking out the time and trying to understand the Company even better. In future also, we are always open. One can even contact go or the CFO's office for any queries. We will be more than happy to answer every question. Thank you very much for your interest in the Company. We really appreciate that. Thank you.

Moderator: On behalf of Go India Advisors, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.