

# Anant Raj Limited

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**ARL/CS/13385**

**April 29, 2024**

<p>The Secretary, <b>The National Stock Exchange of India Limited,</b> "Exchange Plaza", 5th Floor, Plot No. C/1, G-Block, Bandra – Kurla Complex, Bandra (E), Mumbai-400051</p> <p><b>Scrip code: ANANTRAJ</b></p>	<p>The Manager Listing Department <b>The BSE Limited,</b> Phiroze Jee Bhoy Towers, Dalal Street, Mumbai – 400001</p> <p><b>Scrip code: 515055</b></p>
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**Sub: Transcript of Earnings Call for the quarter and year ended March 31, 2024**

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

Dear Sir,

In continuation to our intimation dated April 22, 2024, please find enclosed a transcript of the Earnings Call held on April 25, 2024 for the quarter and year ended March 31, 2024.

The transcript is also available on the Company's website at [www.anantrajlimited.com](http://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  
Q4 FY '24 Earnings Conference Call”  
April 25, 2024



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

**MODERATOR:** **MR. PRATEEK SINGH – DAM CAPITAL ADVISORS**



**Moderator:** Ladies and gentlemen, good day and welcome to the Anant Raj Q4 FY24 Earnings Conference Call hosted by DAM Capital Advisors Limited. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Prateek Singh from DAM Capital Advisors. Thank you and over to you, sir.

**Prateek Singh:** Thanks, Dorwin. Good evening, everyone. On behalf of DAM Capital Advisors, I welcome you all to Anant Raj Limited Q4 FY24 Earnings Conference Call.

We have with us on the call today the Management of Anant Raj, Mr. Amit Sarin, Managing Director, and Mr. Pankaj Gupta, CFO. Before we begin, we must remind you that the discussion on today's call may include certain forward-looking statements and hence should be viewed in conjunction with the risks that the company may face. Without any further ado, I now request Mr. Sarin to take us through the strategic highlights of the business. Thank you and over to you, sir.

**Amit Sarin:** Thank you, Prateek. Namaskar, everyone. Thank you very much for joining and taking out the time to listen to us and clarify whatever questions you have after that. Just to give you a synopsis, as you must have gone through the numbers, this year has been one of the best years of the company so far. The company comfortably crossed a top line of INR1,500 crores, in fact, to be exact, INR1521 crores and got a PAT of INR265 crores, which so far has been the highest the company has ever achieved. We are still pretty bullish on the company and the ongoing projects.

As you know, in the last year, the company basically focused on three projects in the real estate segment. We did group housing. We did villas, fully furnished. We did floors by way of making G plus 3 and G plus 2 structures, which was again pretty successful in the market. All the three projects were received very well by the market. We got very robust demands, and we were able to realize a better price than what we had projected also.

This is thanks to the tailwinds in our sector and thanks to RERA and other regulations and all, which have given a lot of clarity in our sector. So going forward, we are still focusing on 63A in the coming years, but just to complete the synopsis of the last year, these three projects were launched, received very well by the market, number one. The company in January this year completed its QIP, in which the company raised about exactly INR500 crores and that money was used basically to retire debt and the other purposes of the company, general corporate purposes of the company, which is all done and the company going forward is pretty comfortable and executing its projects in the real estate sector as well as in the data center.



*Anant Raj Limited*  
*April 25, 2024*

The next is the debt. The debt of the company has substantially come down. As you are all aware that in the previous call, we had projected that we are by December 24, the company will be a net debt-free company.

The company is fully on the lines for achieving that. The debt has substantially come down. It is now the net debt on the company is INR290 crores, which is a substantial reduction in the debt. The cost of borrowing also of the company has now come down below 10%. So, this is the real estate part and the money which we generated from there. As you all know that Anant Raj in data center has also become a major player in North India.

We already started three megawatts. The balance fee is also ready and is in the handing over stage. We are doing that, and we are also very happy to announce that in the previous year, technically in the previous year itself, in March, Anant Raj also entered into a fresh agreement with TCIL, one of our partners for data centers, for providing cloud services also.

So this is an add-on, which the company has now started doing on a basis of trials. With this co-location, which the company is already doing, we are very confident that the project which we are delivering in the market is one of the best. And we understand this project very well.

Both cost-wise and quality-wise, we are one of the best in the country, as well as we are easily competing with data centers even outside India. So, taking this forward, when we got this opportunity through TCIL, we thought that on a trial basis, we will do this also. And we've already started working on it.

The agreement has already been signed and done. And the work for this has already started. Going forward with our real estate, the company is now fully paused. The company already has the land. All the basic permissions are there. And in the coming year, the company is going to launch another group housing.

The company will launch about 4 lakhs into 2. Two projects of 4 lakhs each, totaling to 8 lakhs for independent floors, and another project of housing in 63 itself of 6.5 lakhs. So, for this, the land is already done.

And the company is fully poised to launch these projects. Vis-a-vis data centers, as you know that our initial thing was 21 megawatts, which the company is fully poised as per the projection and the commitments which we made. We are going to have this operational by 21 megawatts, would be operational by December 24. In addition, we have also started work at our Panchkula site, where we are going to have another 7. So fortunately, we will have 21 plus 7 by December 24. So, this is the basic synopsis of what we have done in the previous year.

I'll now hand over the thing to Mr. Pankaj, our CFO, to give you a synopsis of the previous year. Pankaj, please.

**Pankaj Gupta:**

Thank you very much, sir. Good evening, everyone. And thank you for joining us for Earning Call today.



Firstly, I want to express my gratitude for your presence and delighted to report that our performance this quarter has once again demonstrated our commitment to a strong financial growth of the company. Moving on to our financial highlight for the quarter and full fiscal year FY24, I am happy to announce that our revenue from operation has grown 51% year-on-year, reaching INR1,521 crores FY24.

Additionally, in quarter 4 FY24, we sustained a momentum with 56% year-over-year growth in the revenue, which is INR453 crores. During this quarter, our EBITDA reached INR115 crores, making a 39% year-on-year growth. The EBITDA achieved in Q4 FY24 surpassed the complete total EBITDA for the entire fiscal year of 2022, showcasing our focused effort and growth aligned with the strategic objective. Moreover, our EBITDA margin remained reversed to at 24.4% in Q4 FY24.

Looking at the full fiscal year FY24, we achieved a 51% growth in EBITDA, totaling INR371 crores. Our PAT during Q4 grew to 67% to INR84 crores on account of strong operating performance and debt reduction. For FY '24, we saw PAT growth of 75% and achieved INR266 crores of PAT during the year versus INR151 crores achieved during FY '23. I am very pleased to share that this is the company's best profit so far, which we have achieved over the last 15 years. The company has made a remarkable stride in debt reduction and anticipates achieving a net debt-free status by December 2024. Additionally, we have managed to reduce the overall borrowing cost by below 10%.

The net debt for FY '24 is INR290 crores versus INR988 crores in FY '23. We continue to generate improved operational cash flow quarter-on-quarter and expect the trend to continue further. In FY '24, collection yields as an impressive overall cash flow inflow in FY '24 is INR1,260 crores. This is an update of Finance. Thank you. Now I am passing the call over to the operator to open the floor for Q&A.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. We have the first question from the line of Bhalchandra Vasant Shinde from Kotak Life. Please go ahead.

**Bhalchandra Shinde:** Sir, regarding clouds, as you mentioned, if you can provide how the revenue booking will happen and what kind of profitability we will be able to generate? And also on the 3 megawatt which additional come into operational, from when we can expect revenue contribution and EBITDA contribution from that?

**Amit Sarin:** Mr. Bala, the three additional megawatt is already in the stage of handing over, so maximum another one month we will start recognizing revenue from there. It will start accruing. That's number one. Regarding the cloud services thing, this is a brand-new thing, sir, and this is something which came to us from the client itself.

The co-location facility which we have created, like you just said, is one of the best. So, we got this offer that if you can provide the server for which they will give us all the details because we do not have a lot of expertise in this segment. But the revenue, sir, with the server coming in can actually go up almost five times.



So, like four years back, we started this data centre thing and now today it is practically happening on ground. So, let's start this. But this one is not going to take four years. God willing, if it works out well, you will see substantial increase in revenues by the end of this year itself.

**Bhalchandra Shinde:** So instead of 90 lakhs per megawatt, you are saying we will receive somewhere in the range of INR4 crores to INR4.5 crores per megawatt.

**Amit Sarin:** Sir, 90 is all sorted. Yes, very right, sir. 90 is all sorted. That is something which we understand very well, and we are now in the multiplying stage, and we go on multiplying. Like we just mentioned that instead of 21 by the end of this year, we are now aiming to get to 28. 21 in money, sir.

**Bhalchandra Shinde:** Yes, but the part will increase because servers are relatively...

**Amit Sarin:** 21 plus seven is co-location as of now. And in this seven, the additional seven which we are getting, we will now partly start using this for server as well. So, 90 is definitely sorted, sir. And like we just said that this revenue when the server is in, of course, it is not going to be in for the whole 28, but as we are going to test this, maybe with 0.5 megawatt or we do not want to give the exact number. Right now, we are in the stage of planning it. So, this revenue from this aspect can multiply. 90 is definitely there, sir, but this can then multiply by 4x to 5x.

**Bhalchandra Shinde:** Got it. And even on the profitability part, if you can provide some details, it will be great.

**Amit Sarin:** The server cost is not much, sir. On a trial basis, we are trying with -- I can just give you basic numbers as of now what we have been given to understand and we are now going to implement it. If we spend INR20 additional on the server, we are expecting a revenue in one year of close to INR120, sir, on that additional part. So that is the increase, because this is only, we are eligible for this because we are the only guys who are sitting with the infrastructure.

**Bhalchandra Shinde:** Got it. Thanks, sir. I will come back for further questions.

**Moderator:** Thank you. We have the next question from the line of Arpit Shah from Stallion Asset. Please go ahead.

**Arpit Shah:** We just wanted to understand the unit economics of the data center business. How much are we investing and what kind of returns can we expect from that and what kind of payback we would be seeing in this business? And the 300 megawatt which we are intending to roll out, what would be the timeline for that?

**Amit Sarin:** See, Arpit, right now we have already rolled out three plus three. Three is already there and the balance is now getting rolled out. What we are on an average, because in our case, the land and building is already invested and we are strengthening the building and then investing in the infrastructure, we are spending an additional cost of about INR26 crores.

And as we mentioned in the previous calls also, we get about INR90 lakhs per megawatt per month. We spend about INR15 on the maintenance on operations of this. So, INR75 is the



EBITDA which comes to us with every megawatt. So, our payback on the additional expense which we are spending is about three years.

**Arpit Shah:** Got it. It's because you own the land and the building, right?

**Amit Sarin:** Yes, that is the advantage. And it's all ready and non-encumbered, everything was ready. So, that's how we started doing this. We strengthened two towers first and then that is the two towers which are now going to give us 21 megawatts and then so on.

**Arpit Shah:** Got it. And how are you looking to roll out the 300 megawatts that you have planned? Like, what would be the timeline for that?

**Amit Sarin:** See, Arpit, right now, this 21 and plus seven, another seven gets operational by December. And as you know, simple math, 75 into 28 and so on. So, then we discount. We have good cash flows coming in from our real estate business. And whatever is the gap, we discount our rentals with this, and we get money and do it. See, Anant Raj, in principle, is going to be zero debt by the end of this year. But LRD is one aspect which we will use as and when we require it. But we will never go beyond LRD.

**Arpit Shah:** Got it. And any plans to de-merge or that's way too far?

**Amit Sarin:** Sorry, Arpit, can you repeat that, please?

**Arpit Shah:** Yes, any plan to de-merge the business or it's really very young business?

**Amit Sarin:** We are too soon to say anything on that. Let's focus on execution, Arpit. We are very clear, we have the assets, we have the buildings. Let's get to the 300 mark as soon as we can. And our internal planning, in fact, you had asked this question which I missed out, our internal planning is to get to this mark in the next four years.

**Arpit Shah:** Four years. And the EBITDA is INR75 lakhs per megawatt per month?

**Amit Sarin:** Yes.

**Arpit Shah:** Thank you so much.

**Amit Sarin:** Thank you.

**Moderator:** Thank you. The next question comes from the line of Upendra from Stockstar Consultancy. Please go ahead.

**Upendra:** Yes. Hi. Congratulations on the very good set of numbers.

**Amit Sarin:** Thank you, Upendraji. Thank you.

**Upendra:** Firstly, I wanted to know, since we have been stressing about the land, which is available with us, I want to know how much percentage of a megawatt cost does the land cost actually? Supposedly, we are telling the cost for setting up one megawatt of data center is say, INR25,



INR26 crores. What is the actual percentage of the land cost? And what advantage do we as Anant Raj have compared to others who are setting up data centers?

**Amit Sarin:** Yes. Obviously, land cost varies from location to location, right? So, the three locations where we are sitting on, we already have the land. More than the land, the biggest advantage we feel that we have is the timeline. Of course, land cost can vary for people, sir. But we know for sure that we are, other than the land cost which we already have and the building which we already have, we are incurring an additional expense of INR26 crores which we recover in three years.

And then our profits start to kick in. So that's the logic we are in this for. Land cost, sir, is a very variable thing. Land depends on where you have the land. If we talk about the three lands we are talking about, the land and the existing buildings which we are sitting on today are at a valuation of close to INR3,000 crores as per the present market value, sir.

**Upendra:** No, my question was, is it a substantial part of our data center cost, or it is a very minimal?

**Amit Sarin:** It is not a substantial part, sir. It is not a very substantial part.

**Upendra:** Yes. So that's what I wanted to understand.

**Amit Sarin:** It's not a very substantial part. The basic advantage which we feel, like we just told you, is the timeline. Anybody to be on the stage where we are would take at least three to four years to get to where we are right now.

**Upendra:** Okay. And secondly, I want to understand, you were telling about realizing 4x to 5x of revenue over the server or something. Can you just reiterate to what you were telling regarding the 4x to 5x revenue?

**Amit Sarin:** Upendraji, this is done in two parts. As of now, Anant Raj has fully understood and started executing the co-location. When we say co-location, we are providing the rack with all the infrastructure, which means the building, the power backups, the firefighting, the air conditioning, the batteries, the switches, everything is done by us.

So, this makes us a co-location player. What is remaining, sir, is the server. If we don't want to do it for the whole 300 megawatts. And if we are specifically talking, right now we are working on 28 megawatts, sir, 21 plus 7. So, the 21 is hardcore for meant for being a co-location only. But the additional 7 which we have created makes a match.

As of now, we are starting this as a pilot project. And this also because we were approached by one of our clients. And the client offered us that if you start putting in the servers, the revenue projections which we have seen on paper is almost four to five times higher than what we are presently getting, sir.

So, we want to do this as a pilot. And in this, the client who is coming in is going to be holding, doing a lot of handholding for us. And the agreement for that has already been signed. So, we are now, the first pilot project will kick off in the next maybe two or three months, sir.





- Upendra:** Lovely. So, is there any plan which you have for setting up the servers together, like any roadmap which you made? I know it is very early to ask you, but will you must have thought of something?
- Amit Sarin:** Sir, let's try this because this is something which came in. And it is our duty to inform the market also because we have already informed the market about the agreement which we have signed. This agreement which we have signed with TCIL, Government of India Undertaking.
- And together now, TCIL and us, we will be providing cloud services to various clients. And in this case, we will be putting in the server. So, the agreement for this has already been signed. So, let's try this, sir. Let's try this with maybe a few racks, like we just discussed, close to half or maybe a little less than half a megawatt. And then let's see how it works out.
- Upendra:** Lovely. Last question. The 300 megawatts which we are projecting to do, how first, what is the timeline which we have kept for that? And secondly, the revenues which we have thought that we will be getting around INR75 lakhs per month per megawatt, is it a fixed revenue or it might vary maybe in the coming years? Supposedly, there is a lot of supply of the demand in comparison to...
- Amit Sarin:** Revenue, sir this -- the 300 megawatts we will get in four years, sir. That's number one. Number two, this INR90 lakhs and the operating expenses of 15 and 75 coming into pocket as of now. So tomorrow, these revenues might change. They are somewhere they are linked to inflation where they will definitely change as per the inflation up or down, whatever the case may be. And of course, when the competition starts kicking in, then things will change.
- Let's see how they change. But at Anant Raj, the biggest benefit we have is the low cost because we are able to do this in INR26 crores, sir, whereas there are people who are spending almost double this amount. So, Anant Raj has that buffer that tomorrow if the revenues are revenue stream is definitely controlled by the market, sir.
- So, let's see how they shape up. But as of now, sir, thanks to the law already being notified by the government. And now it's very simple that Indian data has to stay within India, which is the case with every any big established country. So our country is also gone into that category. So, this law is here to stay, sir. So, demand here is only going to go up. Of course, supply will be there, but the demand is phenomenally going to increase, sir.
- Upendra:** Correct. So, if I'm right, 300 megawatts and INR75 lakhs of revenue will translate to somewhere around INR2,500 crores in the next four years, just from the data centers?
- Amit Sarin:** Sorry, you're saying in the reverse. Can you just repeat the last part?
- Upendra:** The INR75 lakhs for 300 megawatts should come somewhere around INR2,500 to INR3,000 crores.
- Amit Sarin:** Yes, sir. Yes, sir.
- Upendra:** That's correct.
- Amit Sarin:** Correct, sir.



- Moderator:** Lovely. Thank you so much. Thank you so much.
- Amit Sarin:** Thank you.
- Moderator:** Thank you. The next question is from the line of Pavas Pethia from Aditya Birla Mutual Fund. Please go ahead.
- Pavas Pethia:** Sir, on this server thing, you're saying the revenues are INR4 lakhs to INR5 lakhs of the rental which you are getting right now, so it becomes INR4 crores to INR5 crores per month per megawatt?
- Amit Sarin:** Yes, sir. Yes, sir. So, we can't give projected numbers like this because this is a trial case which we have started, but yes, sir, definitely.
- Pavas Pethia:** Okay. And since the client is providing the technical know-how, everything, so what's the incentive for clients when he already has a technical know-how, the margins are 80%, 90%?
- Amit Sarin:** His fees goes up because, we have a good arrangement with them which we can't disclose it like this, but then his fees goes up, sir, because he gets an X amount of fees on 90 and he gets, if the revenue is five times higher than his fees, it's also five times higher.
- Pavas Pethia:** Yes, I understand, but the only thing is, since you are a kind of a new player here, your knowledge about this server part is kind of quite limited, earning 80%, 90% margins, so what's in for the client?
- Amit Sarin:** The client is as it is paying this, sir. The client is as it is paying this elsewhere. Sir, as if you -- you can simply go on any website of any major cloud provider and you can see for yourself what are the rates? So, the rates we are talking about 4x to 5x is actually in line with that. In fact, maybe a little cheaper.
- Pavas Pethia:** Okay. And what kind of investment will you need from your side apart from the, say, the 20% of the operating cost?
- Amit Sarin:** We will actually be investing in the server and that's how we become eligible to earn the cloud money. So, server is what we are going to be investing in, but as of now we are going to do it as a pilot in a very, as a test case, not even 0.5 megawatt. Let's see how it pans out and then we take it further.
- Pavas Pethia:** In terms of costing of this server per megawatt, any ballpark numbers?
- Amit Sarin:** So, this is, again, we are now working on it and hopefully by the time we do our next call, the server will be in, and we can share the exact cost. But like we just said, as of now, we are going to do it like a pilot and with bare minimum investment. And let's see how the revenue shape up and then multiply this in future.
- Pavas Pethia:** Sure. And the target for this 28 megawatt by December is okay. But if I have to look at FY'26 and what kind of figures we are looking for data center?



- Amit Sarin:** We get to 28 and then the revenue which we generate from this 28 plus the real estate income, which is completely sorted because our 63A, as of now, for the next three to four years is completely sorted. We are sitting on 100 acres, which we are now executing. So, both these things put together, we get to the 28 mark, then we get to the 50 mark and then so on onwards from there.
- Pavas Pethia:** I understood.
- Amit Sarin:** We started working on two locations. We started working on the Manesar location, which is known to everyone. The additional seven is coming in from the Panchkula location. So, we started work there as well.
- Pavas Pethia:** I understand the 300 megawatt in four years, but what will be the second-year number, third year, any broader number?
- Amit Sarin:** The second-year number will be 50, definitely. And we are working on increasing this 50 to 75. As of now, this is a brand-new thing for the whole country, as you know. Data center business is a brand-new business for the whole country. So we are also learning as we are going on ground.
- Today, we feel that we have understood the co-location part very well, which we are doing as one of the best in the country. And now slowly, slowly, we want to do different things. So, we will start multiplying capacity as well as add-on services along with this as we go along.
- Pavas Pethia:** Sure. And on residential piece, you said 0.4 million square feet into 2 plus 0.65. Total launches are roughly around 1.45 million square feet.
- Amit Sarin:** 1.45 million square feet of group housing, sir.
- Pavas Pethia:** Okay. So, this year, you will have roughly around 2.5 million square feet launch?
- Amit Sarin:** Yes, sir.
- Pavas Pethia:** Okay. And post this, how much land parcel is available in 63A in terms of million square feet?
- Amit Sarin:** We have three more group housings. And we have another which we already own. We would have close to another 55 to 60 acres of land remaining with us, which is eligible for various licensing.
- Pavas Pethia:** But on current land bank, how much is left after this 2.5 million square feet?
- Amit Sarin:** Sir, after this 2.5 million square feet, the total is approximately -- with the present land bank, we are eligible for 9.07. So minus 2.5, balance is still there with us.
- Pavas Pethia:** Okay. Thanks. That's all from my side.
- Amit Sarin:** Thank you.



- Moderator:** Thank you. The next question is from the line of Akshat Shah from Niveshaay. Please go ahead. Akshat, the line for you has been unmuted. You may proceed with your question.
- Akshat Shah:** Hello. Thank you. Thank you for taking the question. I want to ask -- you said in previous meeting that data center will be funded through internal revenues. So how will it be done? Because it seems hard to generate 8,000 to 9,000 in the next three years?
- Amit Sarin:** Akshat, the present land bank which we have is eligible for 15,000 as of now in 63A alone. That is all on our website. You can go and see. You can have a look at the projects with all the numbers. It's all there, number one.
- Number two, as and when we require -- like we said in the beginning of this call, as and when we require, we have the option of using LRD. Because LRD has already started accruing. Of course, we are not using it because we don't need the money right now.
- But as and when we need a bridge to finance this gap, if there is any delay or maybe the market slows down with our real estate, then we have the option of LRD. So, with these two combinations, we are completely sorted for our 300 mark.
- Akshat Shah:** Okay. And the second question is what can be our net margins for data center services?
- Amit Sarin:** Akshat, as of now, we only discuss the co-location thing. The co-location net margin, the EBITDA is INR75 lakhs per month per megawatt as per the present going rates.
- Moderator:** Akshat, does that answer your question?
- Amit Sarin:** Akshat, anything else?
- Akshat Shah:** No.
- Moderator:** Thank you. The next question comes from the line of Rishith Shah from Nuvama Wealth. Please go ahead.
- Rishith Shah:** Hi, sir. Good evening. Thank you for the opportunity. Great set of numbers. Two questions from my end. So, one regarding -- so while we do not want to give out the exact numbers, but some idea regarding -- so when we say the revenue from the cloud can be potentially 4x to 5x of the co-location. A similar range or a ballpark figure you can give regarding opex, how much increase do we see over there?
- Amit Sarin:** Not much. Rishith, like we just said, we are doing this as a pilot because we had already informed the markets in March. So, we had to cover this in this call. As of now, this is going to be a pilot which is not even half a megawatt to start with. And the investment is very minimal in this. We are going to be getting servers as per the technical expertise of our client, which we have already signed the agreement with. And then we provide cloud services.
- So as of now, the expense is very minimal. As you know, we can't give future numbers like this. But as of now, we are talking about a basic expense which is may be INR20 crores-INR30 crores and then taking it from there.



- Rishith Shah:** Okay, got it. So that would be the capex part. But on the opex side, it would be similar to what we are doing in co-location.
- Amit Sarin:** It is not going to be a huge difference because as you know that the revenues go up almost 5x. The operational cost is not much. Maybe it will go up to -- the INR15 lakhs which is there, that can go to maybe INR25 lakhs-INR30 lakhs, not beyond that.
- Rishith Shah:** Okay. Great. And second question, on the bookkeeping side, in the fourth quarter, if you can just give me the number of -- the revenue that came from data centers in the revenue as well as the EBITDA in the fourth quarter?
- Amit Sarin:** Fourth quarter accrued revenues close to approximately INR3 crores. Because it has just started.
- Rishith Shah:** Okay. Sure. Thank you.
- Moderator:** Thank you. The next question is from the line of Prateek Bhandari from AART Ventures. Please go ahead.
- Prateek Bhandari:** Am I audible, sir?
- Amit Sarin:** Yes, you are. Can you be a little louder, Prateek?
- Prateek Bhandari:** Yes, sure. So just had a couple of questions from my end. Just wanted to understand as to what is the contract life of a data center if you can let me know as to...
- Amit Sarin:** So, this varies from 10 years to 15 years, sir.
- Prateek Bhandari:** 10 years to 15 years. And as you stated that this 21-megawatt will be operational along with the 7-megawatts which you are having in Panchkula by December FY24. So, if I have to understand about the total capex that you would be incurring on the data center for this current year that is FY25 would it be approx?
- Amit Sarin:** 500 sir.
- Prateek Bhandari:** And what would be the source of funding whether internal or...
- Amit Sarin:** As we just explained as of now the company is sitting on money -- cash money which is basically meant for executing data centers. And the launches which we've already done are generating enough money. So, all this 28 is completely done in-house.
- Prateek Bhandari:** And another question that I wanted to have was, wanted to understand as to what is the maintenance capex that we can look at in terms of the renters in the data center? I mean, regard to the renters what kind of maintenance capex can we expect?
- Pankaj Gupta:** So, this is the operational cost already we have explained around INR15 lakh per megawatt, but capital expenses -- operational capital expenses it will come after 10 years. Basically, all the equipment's we have incurred it is a very long process to get this capitalized because only battery is the case in which we have to do the capex replacement.



**Prateek Bhandari:** And what about the security systems?

**Pankaj Gupta:** Security system will come into the operational activity that we have already considered in opex. We are spending INR15 lakhs every month.

**Prateek Bhandari:** So just wanted to get a ballpark figure as to in terms of percentage?

**Pankaj Gupta:** See it will come near about 18% sir.

**Prateek Bhandari:** 18?

**Pankaj Gupta:** Yes, total 18%.

**Prateek Bhandari:** Total 18%. Okay. Thanks a lot sir. That answers my question and wish you all the best.

**Pankaj Gupta:** Thank you.

**Moderator:** Thank you. The next question is from the line of Sitaram Agarwal from Tree Line Investment Management. Please go ahead.

**Sitaram Agarwal:** Hi, Amit. How are you?

**Amit Sarin:** I am good, sir. How are you? All well?

**Sitaram Agarwal:** Yes. Amit, just a few questions. Did I get you correct in your statement that the capex for data center for you is about INR25 crores, INR26 crores versus for competition it will be double that amount?

**Amit Sarin:** Yes, sir. Definitely.

**Sitaram Agarwal:** So, is the difference primarily and the difference in this capex is primarily coming from the land and building investment? Is that correct?

**Amit Sarin:** I will tell you, sir. We have kept it very simple, sir. We already have the land and buildings. We are strengthening our building, number one. Number two, then we are spending on whatever money we are spending to be a co-location player and this we are getting a finished product in our hand at INR26 crores.

So, when you see numbers coming out in various reports and all, they are almost double when people are projecting that they will be making data centers. They are talking about a cost of INR55 crores to INR60 crores. So, we are taking it from there, sir.

We actually how -- from where, what their source is we don't know. But this is something which you can go and see on the website cost of 1-megawatt of data center, and you will come across these figures of INR55 crores to INR60 crores. In our case, we worked out very carefully that we have the land, we have the building we need to strengthen.



So, we know that we are spending about INR4 crores to INR5 crores per megawatt for the strengthening part and the balance is for the equipment. And then we compile the whole thing and in 26 we get a finished product which we have delivered, and it is visible on site.

**Sitaram Agarwal:** Right. Okay. Got it. So, this will make your overall economics much better compared to competition?

**Amit Sarin:** Definitely. See, Sitaramji, how we came into this was our buildings were there, they were vacant. Fortunately, there was no third-party right, no encumbrance on the buildings. And as soon as this data center things started coming into the country this is somewhere in 2019 when the government was serious about making a law and all these things we started working on this aspect.

We approached various expertise bodies who certify and rate data centers. They certified us, they rated us and yes, these buildings are eligible to be data centers and then we started our work and today, we have a finished product with us.

**Sitaram Agarwal:** Amit, another question is the INR15,000 crores that you talk about, this is entirely 63A that is 9 million square feet. Is my understanding correct or please correct me if I am wrong?

**Amit Sarin:** Yes, sir. This is only 63A and only 9 million square feet as of now. There are various other assets which we are not even touching right now.

**Sitaram Agarwal:** The other assets you mean the Delhi land parcel.

**Amit Sarin:** Delhi land parcel, there are various other miscellaneous land parcels. It is all there on our website, sir. If you have a look, you will see everything, but for the next four years our complete focus vis-a-vis it is registered a 63A.

**Sitaram Agarwal:** So, essentially whatever INR8,000 crores, INR10,000 crores capex is going to be needed in ramping up to 300 megawatts, you expect to source largely by monetizing 63A. And if there is a shortfall then you will go in for LRD of your existing rental?

**Amit Sarin:** Yes. Definitely. Yes.

**Sitaram Agarwal:** And how much is the existing rental annually?

**Amit Sarin:** We are already at about 90 sir. All rentals and other income.

**Amit Sarin:** Yes sir. This is nothing to do with data center. If a data center is very small as you know. This is majorly our other buildings, and all these are yielding and other things.

**Sitaram Agarwal:** So, this 90 crores annual rental is from your commercial properties?

**Amit Sarin:** Yes, sir commercial and other properties, yes. Retail, commercial, other things.



- Sitaram Agarwal:** Yes. So, this can potentially be about INR1,000 crores, INR1,100 funding at whatever 8% to 9% cap rate?
- Amit Sarin:** Yes. Some of this is already discounted.
- Sitaram Agarwal:** And Amit it may be a little too early, but do you sense that because your data centers are going to be long-term contracts of 10 years, 15 years, these are also essentially assets which you can avail LRD on?
- Amit Sarin:** Yes, definitely. Sir, that is what we are actually banking on if there is any shortfall. Sir, as you know, at Anant Raj we are very averse to debt and we will be out of debt by the end of this calendar year, number one.
- And the only debt which Anant Raj is open to taking is LRD and this is one of the best items for LRD because you have long-term leases and good clients. So, the rates here are even better than normal commercial building LRD rates.
- Sitaram Agarwal:** So, do we have – do the renters in data centers do they have any annual escalation or anything of that sort?
- Amit Sarin:** As of now sir this is linked to inflation.
- Sitaram Agarwal:** On the revenue side?
- Amit Sarin:** All these things go up. So, this is directly linked to inflation as of now, sir.
- Sitaram Agarwal:** Okay got it. All right. Thanks Amit.
- Amit Sarin:** Thank you. Bye.
- Moderator:** Thank you. We have the next question from the line of Vignesh Iyer from Sequent Investments. Please go ahead.
- Vignesh Iyer:** Am I audible, sir?
- Amit Sarin:** Yes, Vignesh yes tell us, please.
- Vignesh Iyer:** Thank you for the opportunity and congratulations on a great set of numbers.
- Amit Sarin:** Thank you, Vignesh.
- Vignesh Iyer:** Sir, on the data center side I just wanted to know if I heard it right by quarter 4 are we expecting the Punchkula INR7 million also to kick in?
- Amit Sarin:** Yes, sir. By quarter 4 definitely
- Vignesh Iyer:** So, the ramp up would be quite fast 3, 6 so the numbers would ramp up very fast to 28?





- Amit Sarin:** Yes, sir quarter 4 definitely, but because they are teething, they are handing over taking over situation's servers come in. So, it's a process. We'll be ready by December. So, by January, February, it will start kicking in. But by Q4, the revenue will start kicking in.
- Vignesh Iyer:** Okay. I mean, it is okay. Basically, the readiness would be there of the 28 megawatts, right?
- Amit Sarin:** Yes. It will start sooner or later. Like, we'll be ready. So, then we start handing over and they start taking it over. Servers start to come in, like we just told you.
- Vignesh Iyer:** Right. So, again, on the Panchkula part, where you said the server, the cloud server, the business you are eyeing as of now for 0.5 megawatts, you are trying to get into it. So, when you say that the server cost is around, you are going to spend around INR30 crores. For that INR30 crores, is it linked to 0.5 megawatts, 1 megawatt? Would the server cost be that much? I mean, the capex?
- Amit Sarin:** This is half a megawatt. This is 0.5 megawatt only. This is INR30 crores. And see, servers also, you know, vary. The cost of server also varies from server to server. But the one we are going to be providing for the pilot project is going to be within this limit.
- Vignesh Iyer:** Okay. So, this specific... Sorry.
- Amit Sarin:** Yes, tell us, please. No problems. Tell us.
- Vignesh Iyer:** So, basically, if I understand right, this customized server that is required for this specific line, so for that INR30 crores is for the 0.5-megawatt project, right?
- Amit Sarin:** Yes. So, let's do this as a pilot. So, we now, see, sir, we feel this is something if you take it very raw when we do deal with land, we start doing acres. Then, when we develop those acres, we try to come into square yards. Then, when we develop those square yards, we come into square feet.
- And then we start furnishing those square feet also, and then so on. So, this is something like that. We have understood co-location very well, and we are doing it, we are one of the best in the country now. So, this offer came to us from our clients that if you start putting in servers, so we wanted to very conservatively approach this. So, we picked up this as a pilot. We do this half a megawatt.
- And then, as of now, the projections as for this half a megawatt are close to four to five times of the investment which we are making. So, let's take it forward, and then try and multiply it.
- Vignesh Iyer:** Right. Absolutely. Thank you, sir. That's all from my side, and all the best.
- Amit Sarin:** Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Upendra from Stockstar Consultancy. Please go ahead.
- Upendra:** Yes. Thank you for coming back again with another question. So, the 0.5-megawatt pilot project which we are doing, you have told that we will be incurring around INR30 crores for the 0.5



megawatt. So, will the investments for the 5X revenue which we are projecting for the 7 megawatt, will it be in line with this, or will there be shifts?

**Amit Sarin:** Upendra let's start this. Let's start this first. For our co-location, we started with three, and now we are multiplying it. So, let's start this with half a megawatt and then take it forward. Let this get established. Let us start earning money from it. And if we understand it well, and our clients start approaching us by giving us technical backup also, then we start multiplying this.

**Upendra:** Okay. Understood. And secondly, I just wanted to ask, why our investor presentation is only about data centers and there's no mention about...

**Amit Sarin:** So, this is brand new. This happened in March. This is yet to start. But because we have already informed the stock exchange that we are going to be doing this, we covered that in the call.

**Upendra:** But there's no mention about the real estate on your investor presentation if I'm not wrong.

**Pankaj Gupta:** So, sir, the update you will get in this particular quarter investor presentation, which we are going to upload today or maximum by tomorrow. You will get all the details.

**Upendra:** Yes. Thank you. Thank you so much.

**Amit Sarin:** Thank you.

**Moderator:** Thank you. The next question is from the line of Arpit Shah from Stallion Asset. Please go ahead.

**Arpit Shah:** Yes, hi, Amit. I just wanted to understand..., I just wanted to understand the ramp-up of revenues because you just mentioned Q4 was around INR3 crores. How should we look at it? Because you mentioned about INR90 lakhs per megawatt per month. So, shouldn't the revenues be a little higher or how does the ramp-up happen in this business?

**Amit Sarin:** This ramp-up, like we just discussed, is like handing over and taking over. And so, this takes a little time. And as you know, as we all know, this business is brand new for the whole country. So, it is slowly, slowly ramping up. So, we have handed over, but the servers are about to come. And that way, we are a very cooperative company and very flexible as well. So, we want our clients to settle in well and then we start earning. This is a long-term thing. So, this will go on.

So, initially, it might take a few months here or there. But ultimately, this is all getting handed over and there is enough demand. Today, like we just discussed, the law is already in place. The demand is already there. You just need to go on continuing. But at the same time, because the law has just been made, the demand has just come in. So, there are teething issues in this thing, which we are quite equipped to handle, and we are very flexibly handling it.

**Arpit Shah:** Got it. So, how do you see the share of profitability in terms of real estate and data center business in the next, let's say, one or two years? You would see a large delta in the data center business where the profits or the profitability in the share goes higher for data center business. So, next couple of years.



**Amit Sarin:** See, Arpit, with real estate, we are very clear. We have our roadmap for the next nine years with the present land bank, which we already own. As of now, we are fully focusing on 63A. Then Delhi kicks in. Other parts start kicking in. So, nine years with the present land bank, we are completely sorted without real estate. But yes, data center, we love data center. Why? Because today, as it is, we are a company which was born to create rental income. And this is something which we've always been doing. We came back into residential only in 2010-2011. Prior to that, we were only focusing on making commercial buildings and leasing them out.

We understand rental income pretty well. And we want to focus on this in the future also. Of course, office demand keeps on changing. But this data center demand will keep on increasing. As of now, the country's capacity, everybody's talking about this capacity going almost eight, nine times than what it is presently there. So, we see enough demand here. And this regular income will start. And like we discussed, the leases here are 10 to 15 years and further renewed. Because shifting a data center is not easy.

Of course, being a new business, it is settling in right now. And you will see within the next six, seven months, you will see a lot of settling in happening and then things multiply.

**Arpit Shah:** Thank you.

**Amit Sarin:** Thank you.

**Moderator:** Thank you. We have no further questions at this moment, ladies, and gentlemen. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

**Amit Sarin:** Thank you, everyone. Thank you for your time. And we hope we were able to answer all questions. Our cloud website has already been... Our presentation with our cloud has already been uploaded. The real estate will be uploaded by tomorrow maximum. You can have a look. And then if there are any questions, the management is more than happy to answer everything. So, thank you once again.

And like we said we achieved a good year this time. So far, it has been the best. But we are pretty bullish, and the run rate will keep on ticking. And the revenues from last year really went up. And we... Today, the landmark which we are sitting on, we are very robust on the future as well. Thank you, everyone.

**Pankaj Gupta:** Thank you.

**Moderator:** Thank you. On behalf of DAM Capital Advisors Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.