

ANANT RAJ LTD.

Sector

JUL 08, 2024

Realty

Buy at CMP: Rs 514 | Target: Rs 601 (17%) | SL: Rs 465

Since 1969, Anant Raj Limited has been a leader in high-quality construction and real estate in India, known for innovation and excellence. The company is revolutionizing corporate and residential spaces while also enhancing lives with world-class infrastructure and societal contributions.

Investment Rationale

- ◆ **Foray into high-growth high-yield data center segment to fuel growth:** The Company is planning a significant scale-up of its IT data center capacity to 307 MW over the next 4 to 5 years. Currently operating at 3 MW with an additional 3 MW under development and expected to be completed by April 2024, the company also plans to add 21 MW by Q3 FY25 and an incremental 29 MW by Q4 FY26 at its Rai tech centers. In Panchkula, the company is developing a 200 MW data center, with 100 MW in an existing building and another 100 MW through a greenfield expansion. Partnered with RailTel for data centers and with TCIL for cloud and colocation services, the company anticipates significant rental income from these data centers, estimated at INR 3,300 crore once fully operational. The data center capacity is expected to grow at a CAGR of 30% from FY23 to FY27.
- ◆ **Feature growth in Anant Raj is expected to be fueled by a robust order pipeline and the upcoming launch:** The company has 12 ongoing real-estate project in residential and commercial segment. Out which 7 are of residential project, which include 3 ongoing project with potential revenue of INR 2,880 Cr, 2 recent launch project with revenue potential of INR 2,145 Cr, and 2 Upcoming project in FY28 and FY29 with project worth of INR 4,600 Cr. In commercial project it has 7 ongoing project, with 5 rental yield asset with rental income of INR 41.52 Cr annually. We expect revenue to grow by 19% CAGR by FY24 to FY27E.
- ◆ **Strong Financials supported by continued deleveraging:** The company maintains a robust financial risk profile with debt-to-total-assets expected at 5% by March 31, 2024, and debt to CFO below 1.5x despite investments in data center and commercial construction. High sales velocity and back-ended repayments starting fiscal 2025 ensure strong cash flow coverage, with committed receivables covering 43% of construction costs and debt service. A substantial unutilized land bank of 90 acres enhances financial flexibility. Significant deleveraging has reduced debt from INR 1400 crore in FY21 to INR 420 crore as of May 2024, with zero net debt targeted by fiscal 2025.
- ◆ **Outlook and Valuations:** We model a Revenue/PAT CAGR of 19%/16% and estimate ALL to clock PAT of Rs 486 Cr by FY27E. ARL is trading at forward PE (x) of 34.6 and we value at 41(x) FY27E and Recommend BUY on ALL with Target Price of Rs. 601 (17%) .

Financial Snapshot

Year	Revenue	EBITDA	PAT	PE Ratio (x)	EV/EBITDA (x)
FY24	1,483	334	261	64.5	46.2
FY25E	1,884	377	301	55.8	46.5
FY26E	2,392	478	383	44.0	36.7
FY27E	3,038	608	486	34.6	28.9

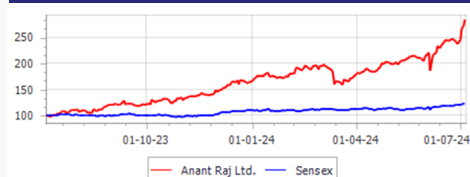
Source: Company Data, Ace Equity, GEPL Research

Script Details

BSE Group	A
BSE Code	515055
NSE Code	ANANTRAJ
Bloomberg Code	ARCP IN
Market Cap (INR Cr.)	16,830
Free Float (%)	40.0%
52wk Low/High	497/175
Beta (1yr Nifty 50)	0.00
Face Value (INR)/ D. Yield (%)	2/0.1
Total paid Up Shares (Mn.)	341.9

Share Holding Pattern (%)

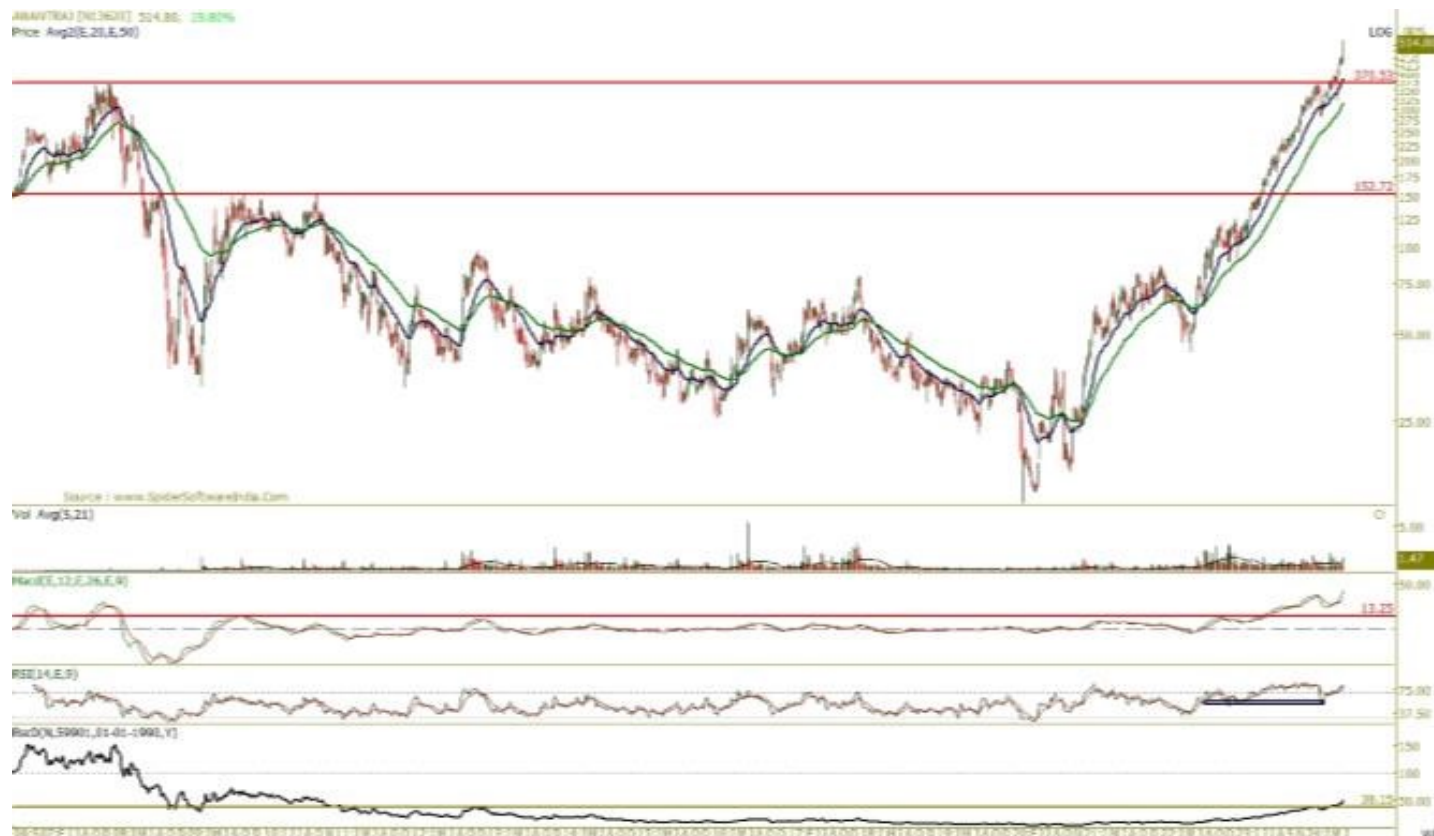
Promoters	Public	Others
60.0%	40.0%	-

Share Price Relative Performance

TECHNICAL VIEW

Observation

- Since August 2022, ANANTRAJ has exhibited a robust price structure, maintaining a consistent upward trend and demonstrating high relative strength compared to broader market volatility. In May 2024, the stock achieved a multiyear high breakout of 2007, showcasing bullish price stability and forming higher highs on the monthly scale.
- On the weekly scale, ANANTRAJ has been sustaining above its key 20-week moving average, with minor pullback quickly retracing, maintaining the bullish trend. On the daily scale, the stock opened with a vital gap-up at the start of the week, indicating strong buying interest and a continuation of the upward trend.
- Consistently trading above its 20-week and 50-week EMAs denotes a positive trend. The MACD study indicates bullish momentum, remaining above the positive territory. Additionally, the RSI has stayed above 50 since the beginning of the bullish trend in 2022, reinforcing the trend backed by momentum.
- The ratio chart of ANANTRAJ against the NIFTY shows signs of continued outperformance, with the ratio line rising higher and maintaining stability above the multiyear high of 2012.



- Inference & Expectations
- Considering these factors, it can be inferred that ANANTRAJ stock is set to begin uptrend.
- Going ahead we expect the prices to move higher till 601 level.
- The stop loss must be at 465 level, strictly on the closing basis.

Invest Now 

Source: Tradingview.in, GEPL Research



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