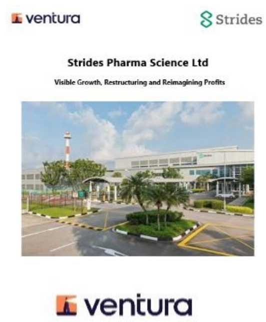
Anant Raj Ltd

NCR Realty bull market and favorable data center demand dynamics augur well

TABLE OF CONTENTS

Our recent initiating coverage reports

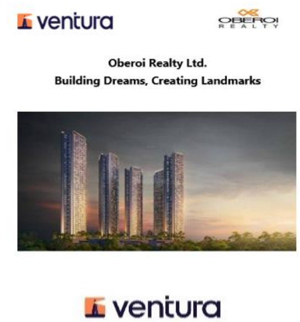
Tata Consumer



Strides Pharma

PVR Inox

Just Dial



Oberoi Realty

Kalyan Jewellers

Cyient DLM

Hero Motocorp

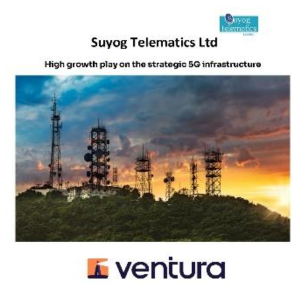
Digispice

Salasar Techno

Krsnaa Diagnostics

Protean e-Gov

Gopal Snacks



Suyog Telematics

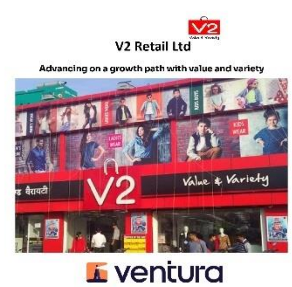
Jana SFB

Fino Payments

DMART

Raymond Lifestyle

Paytm



V2 Retail

ventura

Anant Raj Ltd

Anant Raj

BUY @ CMP INR 846 | **Target: INR 1,153 in 24 months** | **Upside Potential: 36 %**

NCR Realty bull market and favorable data center demand dynamics augur well

Business Model: **Anant Raj Limited earns revenue through residential project sales, lease rentals from commercial properties, and IT load capacity of its data center vertical.**

Anant Raj Ltd. (ARL) is dominantly an NCR based realty developer. It has recently made an aggressive foray into the data center infrastructure vertical. Together the residential, commercial, and data center infrastructure offerings provides the company with a healthy mix of realty sales and lease rental income. ARL's pristine land bank (of 220 acres in Gurugram and 101 acres in Delhi) provides for long term revenue visibility.

Over FY24-27E, we expect ARL's revenue to grow at a CAGR of 45%, to INR 4,514 cr., driven by:

- **30% CAGR in realty revenues to INR 3,244 cr. driven primarily by the monetization of its premium land bank located at sector 63A, Gurugram. Further, its 50:50 JV with Birla Estates will enable ARL to tap the high-end luxury segment.**
- **Stellar growth in data center revenues, reaching INR 1,270 cr., the tie up with Orange Business for cloud-based services is expected to significantly enhance profitability. In pipeline are talk with leading tech giants, favorable culmination of which can lead to front ending of the monetization of its data center infrastructure.**

We project EBITDA/net earnings to grow at a CAGR of 69%/61%, to INR 1,603 cr. /INR 1,108 cr., respectively. EBITDA/net margins are expected to expand significantly to 35.5%(+1302bps) and 24.6% (+663bps) respectively.

ARL has an ambitious capex plan of ~INR 16000+ cr primarily catering to data center growth prospects. In phase 1 of this capex the overall outlay is of ~INR 3500 cr which is expected to be partly funded by an equity raise (QIP) of INR 2000 cr. with the rest coming from internal accruals. Despite this capex we expect ARL to turn net debt free in Q3FY25 itself and forecast that the gross debt should taper to a miniscule ~ INR cr. 300 cr. Return ratios RoE and RoIC—are forecasted to grow to 14.2%(+692bps) and 19.9%, (+1196bps)

Valuation Call: We initiate coverage with a BUY for a target price of Rs. 1,127 (17.7X FY27E EV/EBITDA), representing an upside of 36% over the next 24 months from the CMP of 846.

Risk to our Estimates:

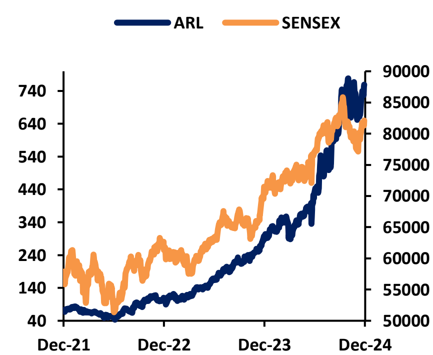
- **Delays in residential, commercial, or data center project completion could impact revenue and cash flow estimates.**
- **Managing cash flows effectively is essential given the high capex being incurred for ongoing projects.**

Industry	Real Estate

Scrip Details	
Face Value (INR)	2.0
Market Cap (INR Cr)	28,917
Price (INR)	846
No of Sh O/S (Cr)	34
2W Avg Qty('000)	104
52W H/L (INR)	874/281
Dividend Yield (%)	0.1

Shareholding (%)	Sep 2024
Promoter	60.0
Institution	19.8
Public	20.2
TOTAL	**100.0**

Price Chart



Key consolidated financial data (INR Cr, unless specified

	Net Revenue	EBITDA	Net Profit	EBITDA (%)	Net (%)	EPS (INR)	BVPS (INR)	RoE (%)	RoIC (%)	P/E (X)	EV/EBITDA (X)
FY23	956.9	197.1	151.1	20.6	15.8	4.4	83.6	5.3	4.7	191.4	151.9
FY24	1,483.3	333.8	265.9	22.5	17.9	7.8	107.8	7.3	8.0	108.7	87.5
FY25E	1,753.0	445.2	300.0	25.4	17.1	8.8	116.5	7.6	12.1	96.4	63.8
FY26E	3,032.6	927.6	642.3	30.6	21.2	18.8	196.7	9.6	14.3	45.0	30.4
FY27E	4,514.0	1,603.4	1,108.4	35.5	24.6	32.4	229.2	14.2	19.9	26.1	17.7

Source: ACE Equity, Company Reports & Ventura Research

Valuation

For ARL's residential business, we have used the Net Asset Value methodology to determine its intrinsic value. This method is suitable given the reliance on a robust land bank, ongoing project developments, and predictable cash flows from residential sales.

Accordingly, our FY27 intrinsic value works out to INR 120 per share.

Fig in INR Cr (unless specified)	FY27E	FY28E	FY29E	FY30E	FY31E
FCFF	974	2,581	1,374	333	-751
Discounting factor @ 12.7% WACC	1.00	0.89	0.79	0.70	0.62
Discounted FCFF	974	2,290	1,082	233	-466
NAV	4,113				
Value per share- Residential business	120				

For the commercial and data center businesses, we have employed the DCF methodology, considering the recurring lease rentals over the long term.

Accordingly, our FY27 intrinsic value works out to INR 1032 per share

Fig in INR Cr (unless specified)	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E	FY35E
FCFF	-1,180	-1,397	-1,485	377	2,376	5,301	5,640	5,984	6,334
Discounting factor @ 12.7% WACC	1.0	0.9	0.8	0.7	0.6	0.6	0.5	0.4	0.4
Discounted FCFF	-1,180	-1,240	-1,170	264	1,474	2,919	2,756	2,595	2,438
Total of discounted FCFF	8,857								
Terminal value at 3% growth	67,422								
PV of terminal value	25,952								
Enterprises Value	34,809								
Less: Net Debt	-492								
Value of equity	35,301								
Value per Share- Commercial and data center	1,032								
Total value of Equity	1,153								
Value of residential vertical	120								
Value of commercial and data center vertical	1,032								

The total value per share of INR 1153 per share represents a potential upside of 36% over a period of 24 months from the CMP of 846.

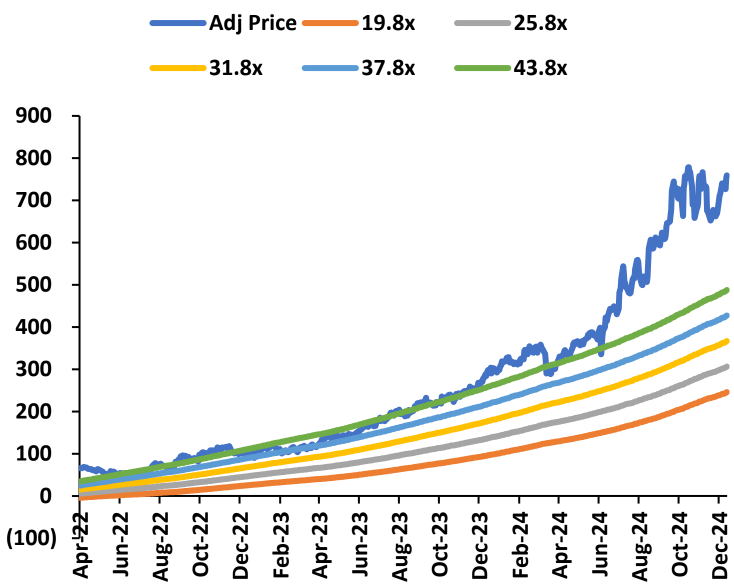
Consensus vs Ventura Estimates

Consensus vs Ventura Estimates	FY23	FY24	FY25E	FY26E	FY27E	FY23-27E CAGR (%)
Revenue (INR cr)						
Consensus	957	1,483	1,883	2,642	3,803	*37*
YoY Growth (%)	*107*	*55*	*27*	*40*	*44*	
Ventura Estimates	957	1,483	1,753	3,033	4,514	*45*
YoY Growth (%)	*107*	*55*	*18*	*73*	*49*	
EBITDA (INR cr) & EBITDA margin (%)						
Consensus	197	334	491	852	1,581	*68*
Consensus Margin (%)	*21*	*23*	*26*	*32*	*42*	
Ventura Estimates	197	334	445	928	1,603	*69*
Ventura Margin (%)	*21*	*23*	*25*	*31*	*36*	
Net Profit (INR cr) & Net margin (%)						
Consensus	151	266	342	454	873	*49*
Consensus Margin (%)	*16*	*18*	*18*	*17*	*23*	
Ventura Estimates	151	266	300	642	1,108	*61*
Ventura Margin (%)	*16*	*18*	*17*	*21*	*25*	
EPS (INR)						
Consensus	4	8	10	13	26	*32*
Ventura Estimates	4	8	9	19	32	*44*
Valuation						
P/E Ratio (X)						
Consensus	191	109	79	59	31	
Ventura Estimates	191	109	96	45	26	

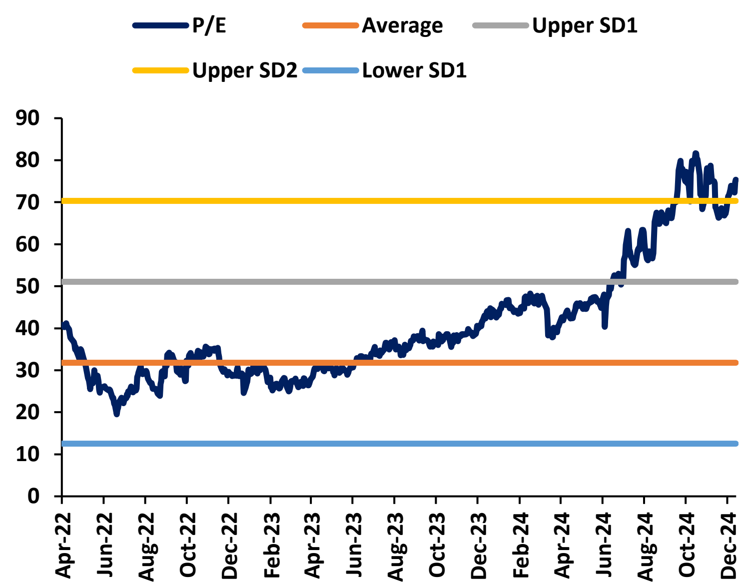
Source: Ventura Research and Bloomberg estimates

Strong growth outlook, improving profitability and healthy balance sheet could re-rate the valuation

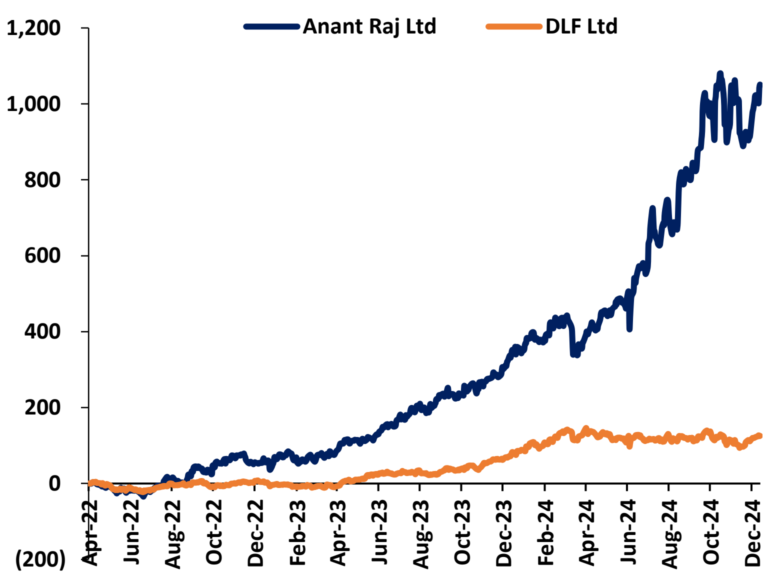
1 year forward P/E band chart



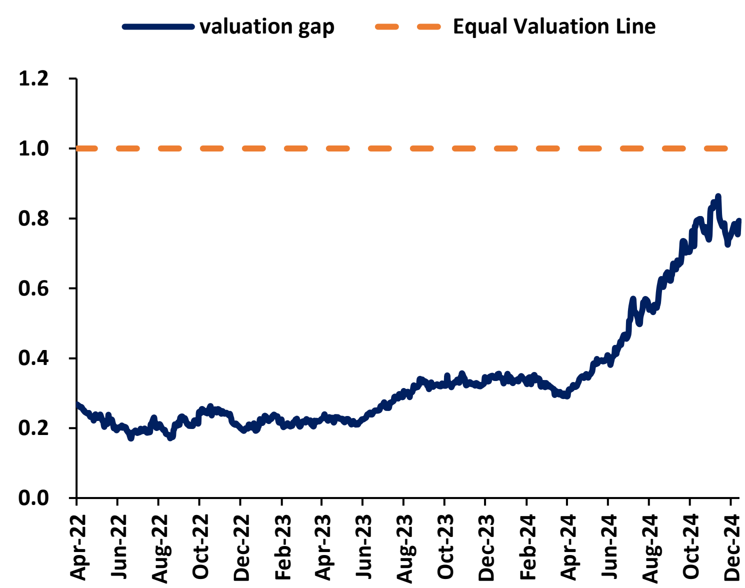
1 year forwarded P/E and its standard deviation



Price Performance: Anant Raj Ltd. V/S DLF Ltd.



Market leader available at a discount



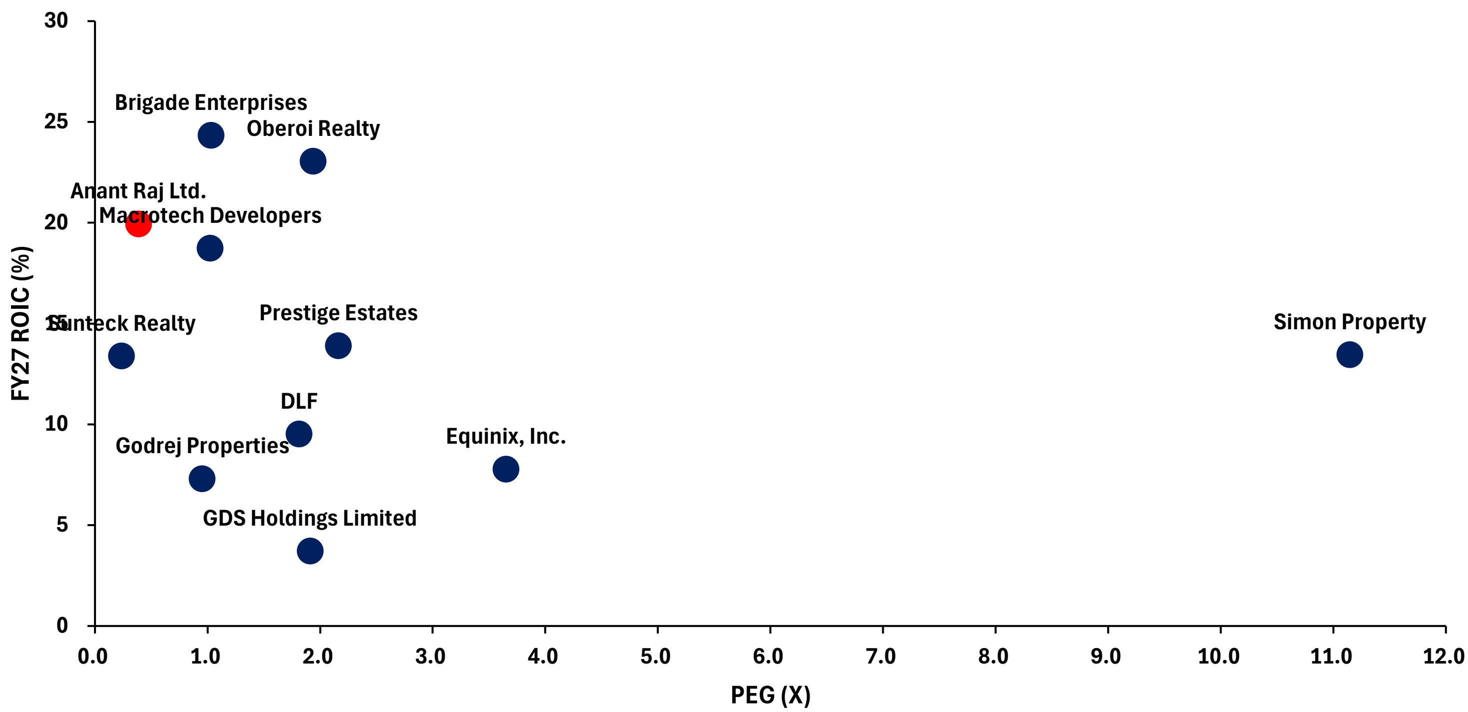
For any further query, please email us on research@venturasecurities.com

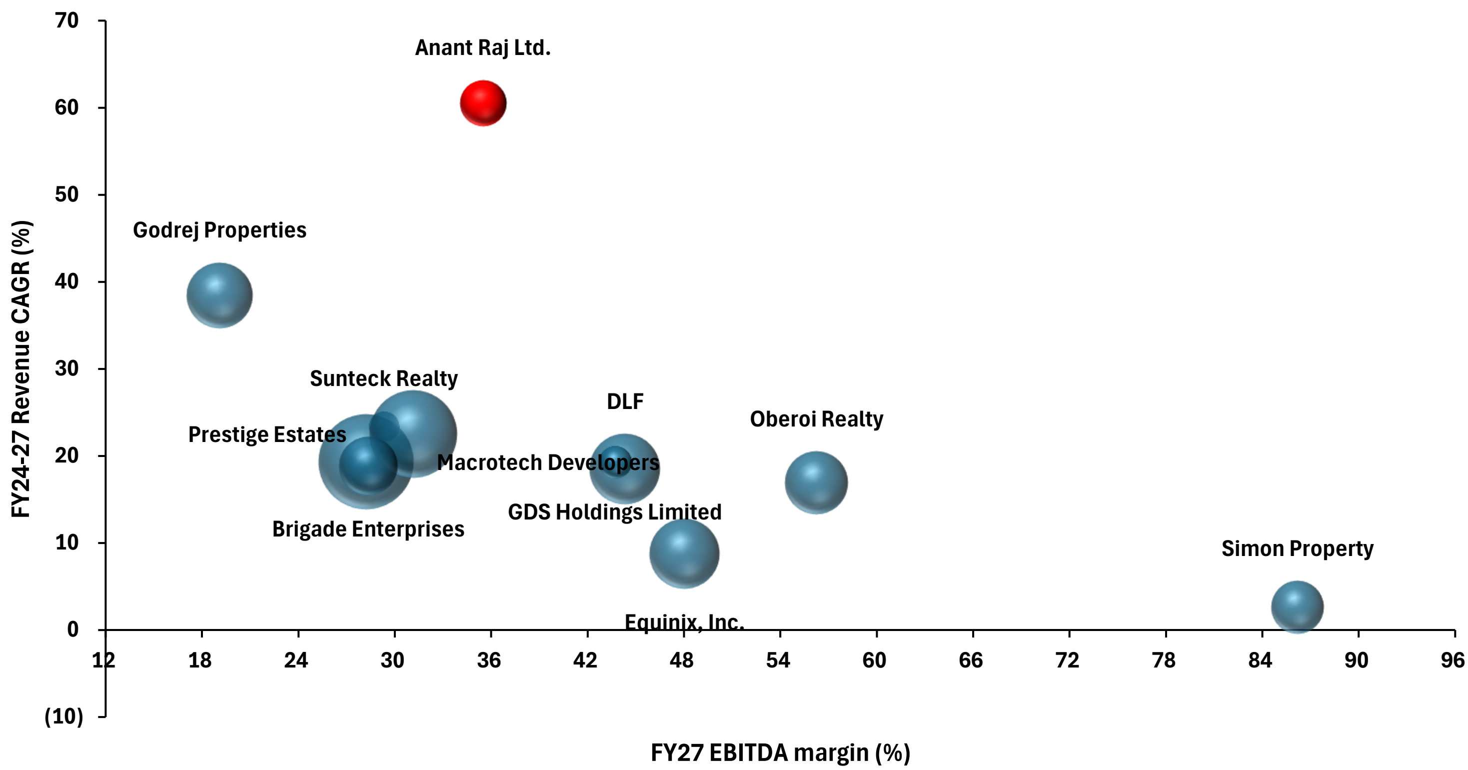
Valuation and comparable metrics of domestic and global companies

Company Name	Mkt Cap	Price	PEG	P/E (X)			EV/Sales (X)			EV/EBIDTA (X)			RoE (%)			RoIC (%)			Sales			EBITDA Margin (%)			Net Margin (%)		
			(X)	2025	2026	2027	2025	2026	2027	2025	2026	2027	2025	2026	2027	2025	2026	2027	2025	2026	2027	2025	2026	2027	2025	2026	2027
Anant Raj Ltd.	28918	846	0.7	109	96	45	20	16	9	88	64	30	7	8	10	8	12	14	1753	3033	4514	25	31	36	17	21	24
DLF	210,463	850.3	1.8	60.8	50.0	41.5	27.8	22.4	19.3	65.8	51.6	43.5	8.3	9.5	10.4	6.7	8.5	9.5	7,497.2	9,213.3	10,521.8	42.3	43.4	44.3	46.2	45.7	48.1
Godrej Properties	86,158	2,860.7	1.0	74.9	53.2	40.8	19.4	13.8	9.9	133.3	79.9	52.0	9.2	11.4	12.8	2.3	4.8	7.3	4,808.8	6,659.3	9,213.0	14.5	17.3	19.1	23.9	24.3	22.9
Oberoi Realty	78,085	2,148.0	1.9	4.5	3.9	3.4	2.2	2.0	1.6	4.0	3.5	2.8	17.8	18.6	19.5	20.0	20.6	23.1	6,130.2	7,190.7	8,374.0	53.6	56.4	56.3	56.2	42.7	44.1
Sunteck Realty	7,729	527.6	0.2	35.7	21.0	18.8	6.2	4.3	3.9	25.1	14.3	13.2	6.6	10.0	10.5	8.5	14.3	13.4	1,274.8	1,755.5	1,940.9	24.8	29.9	29.3	17.0	20.9	21.2
Macrotech Developers	136,519	1,369.7	1.0	56.5	41.5	35.8	10.5	8.5	7.2	38.1	29.8	25.6	12.1	14.1	14.6	14.6	16.4	18.7	13,419.3	16,521.7	19,097.2	27.5	28.5	28.2	18.0	19.9	19.9
Prestige Estates	74,689	1,734.0	2.2	71.7	48.3	34.8	7.3	6.3	5.1	24.8	20.8	16.4	6.1	8.3	10.1	11.6	12.3	13.9	10,784.3	12,918.9	16,179.0	29.6	30.5	31.2	9.7	12.0	13.3
Brigade Enterprises	31,827	1,303.1	1.0	56.2	44.0	31.6	6.6	5.7	4.5	22.9	19.1	15.7	10.9	12.5	14.8	16.3	19.3	24.3	5,100.6	5,809.3	7,199.7	29.0	30.0	28.4	11.1	12.5	14.0
Global Peers																											
Simon Property	59,223	181.5	11.1	25.0	25.7	24.3	14.9	14.7	14.1	16.8	16.7	16.4	94.7	109.8	133.3	12.0	12.6	13.5	5,584.1	5,689.3	5,875.0	88.7	88.0	86.2	42.3	40.5	41.5
Poly Developers	16,557	1.4	(5.2)	11.0	10.7	10.3	1.0	1.0	0.9	10.5	10.6	9.9	5.4	5.3	5.3	5.7	5.9	6.3	45,751.8	44,239.7	44,098.5	9.1	9.0	8.9	3.3	3.5	3.6
China Vanke	13,209	1.2	(2.1)	(6.6)	(21.7)	129.7	1.1	1.2	1.3	79.9	26.7	19.8	(6.5)	(2.0)	0.3	(5.4)	(1.5)	0.3	47,823.1	43,246.8	41,407.3	1.3	4.4	6.3	(4.2)	(1.4)	0.2
Crown Castle	44,959	103.5	(6.1)	42.9	38.1	35.9	10.5	10.7	10.4	16.5	16.8	16.3	21.4	29.2	39.2	7.1	7.7	8.4	6,559.3	6,476.6	6,691.1	63.8	63.6	63.8	16.0	18.2	18.7
GDS Holdings Limited	4,063	20.9	1.9	(24.8)	(28.5)	(117.6)	5.3	5.0	4.4	12.5	11.3	10.2	(5.9)	(5.4)	(1.3)	2.0	2.6	3.7	1,583.2	1,878.6	2,253.1	42.9	43.9	43.7	(10.3)	(7.6)	(1.5)
Digital Realty Trust, Inc	62,599	185.0	(7.1)	125.2	137.3	109.0	14.1	13.0	11.9	27.1	25.2	22.7	2.3	2.2	2.8	1.5	2.5	3.2	5,595.0	6,158.4	6,817.2	51.9	51.5	52.2	8.9	7.4	8.4
Equinix, Inc.	93,111	965.0	3.7	84.9	72.5	60.6	12.3	11.4	10.6	26.2	24.2	22.0	8.0	9.6	11.3	5.7	6.8	7.8	8,765.8	9,511.0	10,364.5	47.0	47.2	48.0	12.5	13.5	14.8
NEXTDC Limited	6,195	9.7	(2.3)	(214.0)	(173.9)	(118.1)	23.9	24.3	22.2	42.1	49.7	45.5	(1.1)	(1.3)	(1.9)	1.5	0.2	0.2	265.1	277.5	327.2	56.9	48.9	48.8	(10.9)	(12.8)	(16.0)

Source: ACE Equity, Company Reports & Ventura Research

Revenue growth and margin expansion deserve the valuation re-rating





Bubble size represents the size of the companies' revenue

Source: ACE Equity, Company Reports & Ventura Research

ARL's consolidated financial summary

Fig in INR Cr (unless specified)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E	FY35E
Revenue from operations	461.9	956.9	1,483.3	1,753.0	3,032.6	4,514.0	5,956.4	8,356.1	9,764.9	9,746.2	9,319.2	10,031.0	10,759.7	11,507.9
YoY Growth (%)	*85.0*	*107.2*	*55.0*	*18.2*	*73.0*	*48.8*	*32.0*	*40.3*	*16.9*	*(0.2)*	*(4.4)*	*7.6*	*7.3*	*7.0*
Realty business				1,604.9	2,436.9	3,243.9	3,486.9	3,878.7	3,230.2	1,346.3	228.8	231.2	231.2	231.2
Data center business				148.2	595.7	1,270.1	2,469.5	4,477.4	6,534.7	8,399.9	9,090.4	9,799.8	10,528.4	11,276.7
Raw Material Cost	347.0	709.6	1,080.0	1,149.7	1,862.7	2,587.2	2,998.7	3,732.7	3,784.8	2,954.6	2,429.6	2,666.5	2,915.5	3,177.4
RM Cost to Sales (%)	*75.1*	*74.2*	*72.8*	*65.6*	*61.4*	*57.3*	*50.3*	*44.7*	*38.8*	*30.3*	*26.1*	*26.6*	*27.1*	*27.6*
Employee Cost	14.2	15.7	19.2	52.4	81.8	109.1	114.9	126.2	102.7	0.0	0.0	0.0	0.0	0.0
Employee Cost to Sales (%)	*3.1*	*1.6*	*1.3*	*3.0*	*2.7*	*2.4*	*1.9*	*1.5*	*1.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Other Expenses	24.8	34.6	50.3	105.7	160.6	214.3	232.3	258.6	222.5	113.2	48.7	51.8	54.8	57.8
Other Expenses to Sales (%)	*5.4*	*3.6*	*3.4*	*6.0*	*5.3*	*4.7*	*3.9*	*3.1*	*2.3*	*1.2*	*0.5*	*0.5*	*0.5*	*0.5*
EBITDA	75.9	197.1	333.8	445.2	927.6	1,603.4	2,610.4	4,238.7	5,654.9	6,678.3	6,840.9	7,312.7	7,789.3	8,272.8
EBITDA Margin (%)	*16.4*	*20.6*	*22.5*	*25.4*	*30.6*	*35.5*	*43.8*	*50.7*	*57.9*	*68.5*	*73.4*	*72.9*	*72.4*	*71.9*
PAT	48.5	144.4	264.5	298.3	639.4	1,104.2	1,779.6	2,887.7	3,801.9	4,443.1	4,515.6	4,903.4	5,292.9	5,685.9
PAT Margin (%)	*10.5*	*15.1*	*17.8*	*17.0*	*21.1*	*24.5*	*29.9*	*34.6*	*38.9*	*45.6*	*48.5*	*48.9*	*49.2*	*49.4*
Net Profit	54.9	151.1	265.9	300.0	642.3	1,108.4	1,785.1	2,895.5	3,811.0	4,452.3	4,524.4	4,912.8	5,303.0	5,696.7
Net Margin (%)	*11.9*	*15.8*	*17.9*	*17.1*	*21.2*	*24.6*	*30.0*	*34.7*	*39.0*	*45.7*	*48.5*	*49.0*	*49.3*	*49.5*
Adjusted EPS	1.6	4.4	7.8	8.8	18.8	32.4	52.2	84.7	111.5	130.2	132.3	143.7	155.1	166.6
P/E (X)	*526.9*	*191.4*	*108.7*	*96.4*	*45.0*	*26.1*	*16.2*	*10.0*	*7.6*	*6.5*	*6.4*	*5.9*	*5.5*	*5.1*
Adjusted BVPS	77.2	82.6	106.9	115.7	195.9	228.3	280.6	365.2	476.7	606.9	739.3	883.0	1,038.1	1,204.7
P/BV (X)	*11.0*	*10.2*	*7.9*	*7.3*	*4.3*	*3.7*	*3.0*	*2.3*	*1.8*	*1.4*	*1.1*	*1.0*	*0.8*	*0.7*
Enterprise Value	30,170.0	29,928.3	29,223.4	28,412.5	28,198.9	28,426.1	27,251.1	27,361.6	26,639.5	24,948.3	20,268.4	14,633.0	8,652.6	2,322.6
EV/EBITDA (X)	*397.6*	*151.9*	*87.5*	*63.8*	*30.4*	*17.7*	*10.4*	*6.5*	*4.7*	*3.7*	*3.0*	*2.0*	*1.1*	*0.3*
Net Worth	2,639.1	2,825.1	3,656.4	3,956.3	6,698.6	7,807.0	9,592.2	12,487.7	16,298.7	20,751.0	25,275.4	30,188.2	35,491.2	41,187.9
Return on Equity (%)	*2.1*	*5.3*	*7.3*	*7.6*	*9.6*	*14.2*	*18.6*	*23.2*	*23.4*	*21.5*	*17.9*	*16.3*	*14.9*	*13.8*
Capital Employed	3,922.1	3,904.5	4,283.1	4,323.7	6,966.0	7,974.4	9,697.8	12,543.3	16,354.3	20,750.6	25,275.0	30,187.8	35,490.8	41,187.9
Return on Capital Employed (%)	*1.0*	*3.4*	*6.1*	*7.2*	*9.2*	*13.6*	*18.1*	*22.7*	*22.9*	*21.2*	*17.7*	*16.1*	*14.8*	*13.7*
Invested Capital	3,891.2	3,835.5	3,961.9	3,451.0	5,979.6	7,315.3	7,925.4	10,931.4	14,020.3	16,781.4	16,625.9	15,903.3	15,225.9	14,592.6
Return on Invested Capital (%)	*1.5*	*4.7*	*8.0*	*12.1*	*14.3*	*19.9*	*29.8*	*35.0*	*36.0*	*35.3*	*36.2*	*41.1*	*46.3*	*51.9*
Cash Flow from Operations	423.3	32.9	(25.5)	1,461.7	(393.4)	1,748.5	4,100.6	4,101.8	4,270.9	4,272.6	4,701.0	5,657.7	6,003.8	6,354.5
Cash Flow from Investing	30.5	(20.3)	180.8	(747.9)	(1,464.3)	(1,956.3)	(2,913.3)	(4,205.0)	(3,543.8)	(2,578.9)	(21.2)	(22.3)	(23.4)	(24.6)
Cash Flow from Financing	(461.3)	2.0	115.6	(146.1)	1,971.4	(119.6)	(74.1)	(57.3)	(5.0)	(58.5)	0.0	0.0	0.0	0.4
Net Cash Flow	(7.4)	14.6	270.9	567.8	113.7	(327.3)	1,113.2	(160.5)	722.1	1,635.2	4,679.8	5,635.4	5,980.5	6,330.4
Free Cash Flow	441.1	47.5	(23.4)	740.8	(1,820.7)	(176.5)	1,213.9	(79.5)	750.1	1,715.8	4,701.0	5,657.6	6,003.8	6,354.5
FCF to Revenue (%)	*95.5*	*5.0*	*(1.6)*	*42.3*	*(60.0)*	*(3.9)*	*20.4*	*(1.0)*	*7.7*	*17.6*	*50.4*	*56.4*	*55.8*	*55.2*
FCF to EBITDA (%)	*581.2*	*24.1*	*(7.0)*	*166.4*	*(196.3)*	*(11.0)*	*46.5*	*(1.9)*	*13.3*	*25.7*	*68.7*	*77.4*	*77.1*	*76.8*
FCF to Net Profit (%)	*803.6*	*31.4*	*(8.8)*	*246.9*	*(283.5)*	*(15.9)*	*68.0*	*(2.7)*	*19.7*	*38.5*	*103.9*	*115.2*	*113.2*	*111.5*
FCF to Net Worth (%)	*16.7*	*1.7*	*(0.6)*	*18.7*	*(27.2)*	*(2.3)*	*12.7*	*(0.6)*	*4.6*	*8.3*	*18.6*	*18.7*	*16.9*	*15.4*
Total Debt	1,283	1,079	627	367	267	167	106	56	56	(0)	(0)	(0)	(0)	0
Net Debt	1,252	1,010	306	(505)	(719)	(492)	(1,667)	(1,556)	(2,278)	(3,970)	(8,649)	(14,285)	(20,265)	(26,595)
Net Debt to Equity (X)	*0.5*	*0.4*	*0.1*	*(0.1)*	*(0.1)*	*(0.1)*	*(0.2)*	*(0.1)*	*(0.1)*	*(0.2)*	*(0.3)*	*(0.5)*	*(0.6)*	*(0.6)*
Net Debt to EBITDA (X)	*16.5*	*5.1*	*0.9*	*(1.1)*	*(0.8)*	*(0.3)*	*(0.6)*	*(0.4)*	*(0.4)*	*(0.6)*	*(1.3)*	*(2.0)*	*(2.6)*	*(3.2)*
Interest Coverage Ratio (X)	*2.2*	*5.7*	*9.1*	*0.0*	*0.0*	*0.0*	*0.0*	*527.6*	*1,008.1*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*

Source: ACE Equity, Company Reports & Ventura Research

ARL SWOT Analysis

ARL

Growth Drivers

- Anant Raj's extensive land bank in prime NCR locations supports both its real estate projects and the expansion of high-margin data centers, enabling diversified growth across verticals.
- The government's push to digitize the economy through initiatives like Digital India and Smart Cities drives significant growth in data consumption and ultimately in data centers.
- The rising demand for data centers, driven by digital transformation and 5G expansion, coupled with limited supply in prime NCR locations, positions Anant Raj to capitalize on this growth with its strategically located land bank.

Key Challenges

- Building and maintaining data centers requires significant upfront investment, with extended payback periods. This can affect cash flow and profitability in the short-to-medium term.
- Data centers are energy-intensive, leading to concerns about sustainability. ARL faces pressure to meet global sustainability standards and adopt green energy solutions to reduce carbon footprints and operational costs.
- Large-scale projects such as data centers and residential developments require meticulous execution, with delays or cost overruns potentially impacting timelines and profitability.

New Trends

- Increasing demand for premium residential projects in prime NCR locations, like Golf Course Extension Road, drives growth, reflected in Anant Raj's luxury developments such as Anant Raj Estate and Birla Navya.
- Growing digital adoption and 5G expansion are boosting demand for data centers. Anant Raj's planned 307 MW capacity and tie-up with Orange Business for cloud services position it strongly in this high-margin sector.

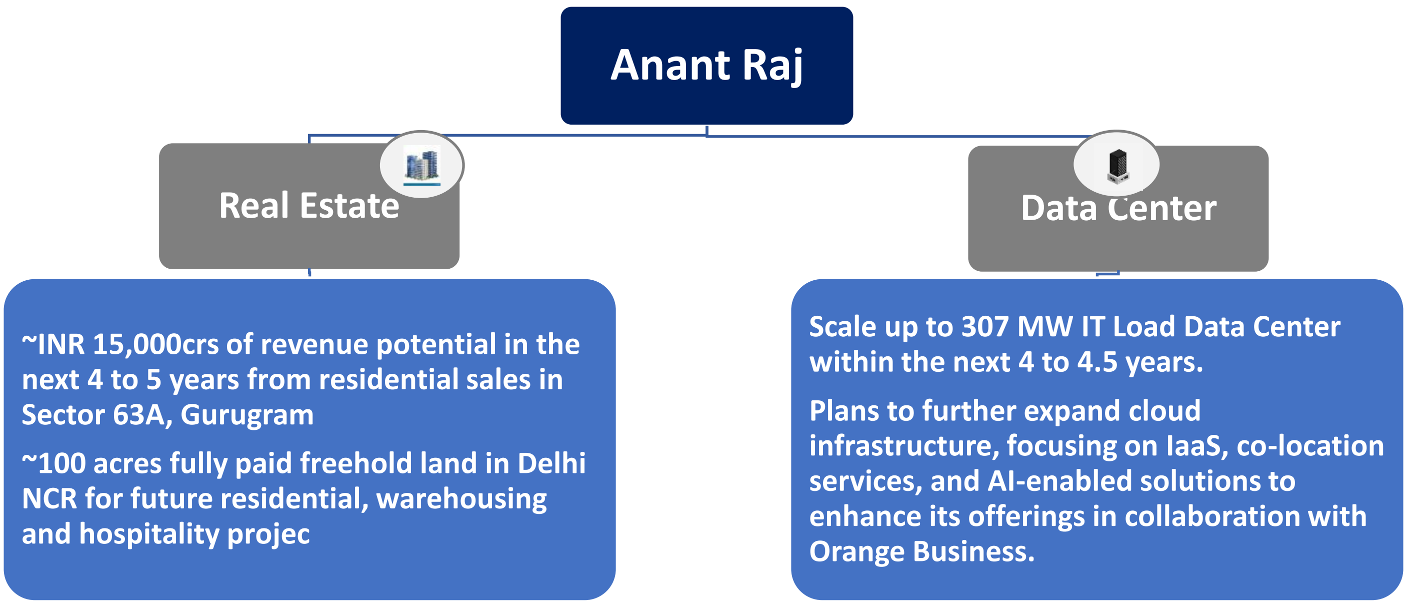
Investment Themes

- The new vertical in data centers has attracted strong demand from investors, fueled by the growing need for digital infrastructure. Anant Raj's planned 307 MW capacity and strategic tie-ups further strengthen its position in this high-growth segment.
- ARL stands at the forefront of growth in the real estate and data center sectors, leveraging its extensive land bank, strategic locations, and decades of expertise.
- Anant Raj's significant debt reduction, coupled with improved cash flows and planned fund-raising through QIP, ensures financial stability and the ability to fund growth, making it a strong candidate for investment.

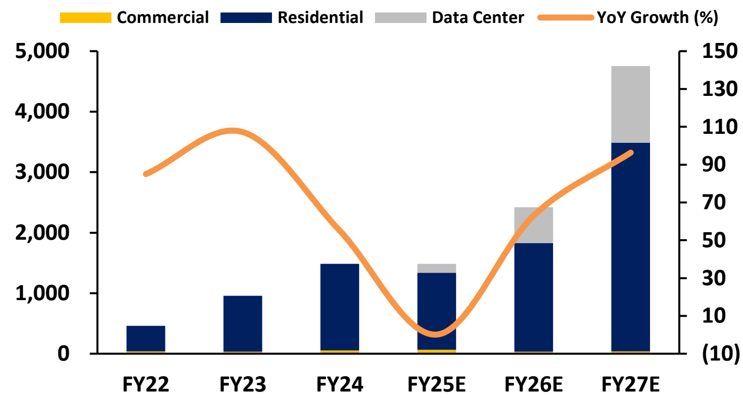
Company Overview:

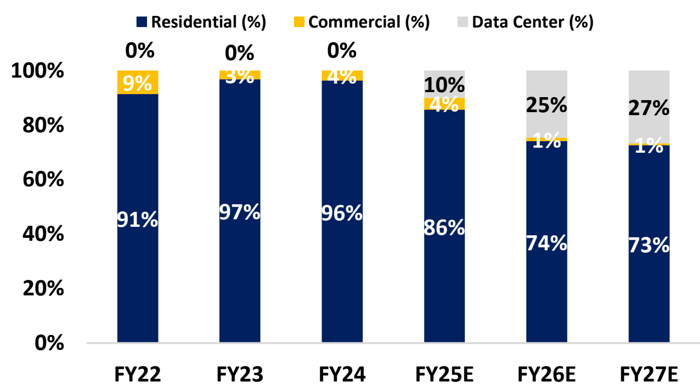
ARL possesses a substantial land portfolio, comprising 220 acres in Golf Course Extension Road and 101 acres in Delhi, strategically positioned to provide robust development opportunities and long-term visibility for upcoming projects. ARL's foray into the data center market is set for rapid growth, with a projected increase in capacity to 307MW by FY31E, driving substantial revenue and profitability.

ARL's business structure



ARL's segment wise revenue mix



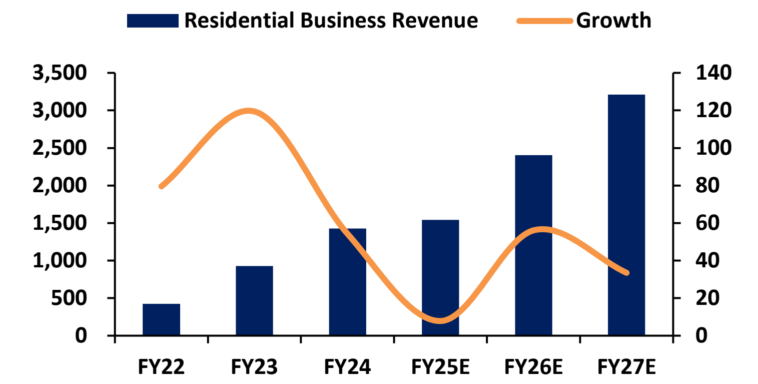


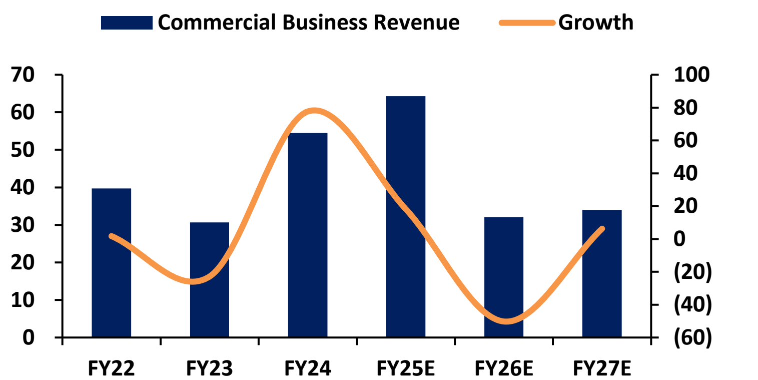
The company's revenue performance has been strong, growing from INR 462 cr in FY22 to INR 1,483 cr in FY24, with a projected increase to INR 4,514 cr by FY27E.

- **Residential Segment: The residential business has been the dominant revenue driver, contributing 96% of total revenue in FY24. However, its share is expected to decline gradually to 71% by FY27E. Revenue from this segment is projected to grow from INR 422 cr in FY22 to INR 1,429 cr in FY24 and further to INR 3,210 cr by FY27E, reflecting consistent demand in NCR's residential market.**
- **Commercial Segment: Though smaller in scale, the commercial segment has remained steady, with revenue increasing from INR 40 cr in FY22 to INR 54 cr in FY24. By FY27E, revenue is expected to stabilize at INR 34 cr. The segment's contribution to total revenue is projected to decline from 9% in FY22 to 1% by FY27E, reflecting a focus shift toward higher-margin businesses.**
- **Data Center Segment: The data center vertical is emerging as a critical growth driver, contributing no revenue until FY24 but expected to generate INR 148 cr in FY25E, INR 596 cr in FY26E, and INR 1,270 cr by FY27E. Its share of total revenue is forecasted to rise from 8% in FY25E to 28% in FY27E, showcasing its growing strategic importance and high-margin potential.**

Source: ACE Equity, Company Reports & Ventura Research

Real Estate Business Financials





Residential:

The residential segment continues to dominate the company's revenue, growing from INR 422 cr in FY22 to INR 1,429 cr in FY24. It is expected to increase further to INR 3,210 cr by FY27E. This robust growth is driven by strong demand in prime NCR locations, such as Golf Course Extension Road and Delhi, and the company's ability to deliver high-quality projects catering to both luxury and affordable housing markets. The residential segment remains a cornerstone of the company's revenue stream, with consistent expansion reflecting its solid market positioning.

Commercial:

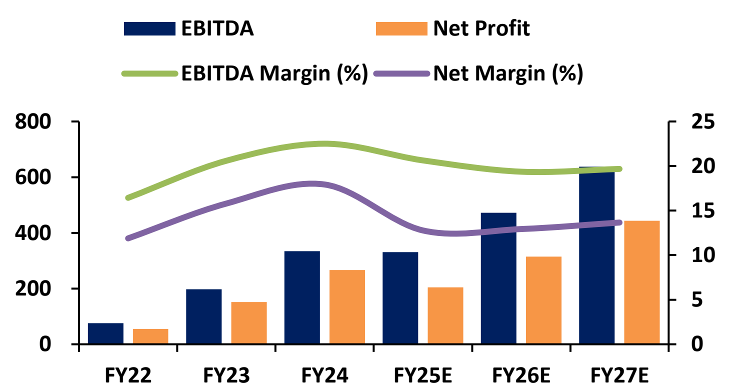
The commercial segment, while smaller in scale, has shown steady performance, with revenue increasing from INR 40 cr in FY22 to INR 54 cr in FY24. Revenue is expected to reach INR 64 cr in FY25E before stabilizing at INR 34 cr by FY27E. The segment's contribution to overall revenue is projected to decline as the company shifts focus to higher-margin and high-growth verticals like data centers, while maintaining a steady stream of income from leasing and investment properties.

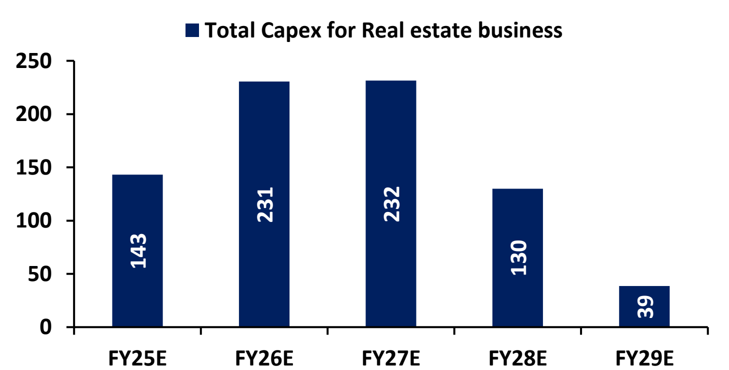
Real Estate Financial Metrics: Steady Upswing

- **The real estate business has demonstrated strong financial growth, with EBITDA increasing from INR 76 cr in FY22 to INR 334 cr in FY24 and projected to reach INR 638 cr by FY27E. Net profit followed a similar trajectory, rising from INR 55 cr in FY22 to INR 266 cr in FY24, with expectations of further growth to INR 443 cr by FY27E**
- **Margins have remained stable, with EBITDA margins improving from 16% in FY22 to 23% in FY24, while settling around 19-21% over the forecasted period. Net margins have also shown steady improvement, increasing from 12% in FY22 to 18% in FY24, stabilizing at 13-14% in the coming years. This performance reflects efficient cost management and the company's ability to deliver strong profitability across its real estate operations.**

Capital Expenditure

The company plans to allocate approximately INR 800 cr in total capital expenditure over the next 3 to 4 years, primarily focused on investment properties being developed for leasing purposes.





Source: ACE Equity, Company Reports & Ventura Research

ARL's Residential business

ARL has a substantial land bank of 220 acres at Golf Course Extension Road (Sector 63A), with approximately 120 acres yet to be developed. Additionally, ARL owns around 101 acres of land in Delhi, offering development potential of approximately 6-12 million square feet, depending on the Master Plan. The company also holds 20 acres in Sector 63A and has the potential to acquire another 30 acres in Golf Course Extension Road. It is also exploring joint development opportunities with landowners in the NCR region. These assets provide strong visibility for future launches.

Gurugram's Golf Course Extension Road (GCER) has emerged as a premium real estate micro-market, with strong demand from homebuyers. NCR's residential market reached a decadal high in CY23, with significant homebuyer confidence, driven by timely project deliveries post-COVID and RERA implementation. Gurugram, which accounts for 59% of NCR's total residential launches in H1CY24, continues to see robust demand for high-end projects.

**Blue circles represent Anant Raj residential projects*

Anant Raj Estate

A township project offering plots, villas, independent floors, and community sites, with the first phase of independent floors completed and handed over, and the second phase set to commence, targeting a revenue potential of Rs. 1,500 crore over the next 3-4 years.

Avarna Independent Floors

Also referred to as Birla Navya, this 50:50 joint venture with Birla involves the development of 764 luxury floors across 47 acres, launched in four phases. Phases 1, 2, and 3, comprising a total of 554 units, are completely sold out, with Phase 4 set to launch in the upcoming quarter.

Ashok Estates

A completed and sold-out plotted development featuring 320 units with sizes up to 180 sq. yards. Since its launch in July 2022, the project has appreciated by over 60%, with Rs. 380 crore from sold inventory expected to be realized in FY25.

Group Housing – 1 (Estate Residences)

A premium development of 248 fully sold-out 4 and 5 BHK apartments, offering views of the Aravalli Hills and Gurgaon city, with an average selling price of Rs. 18,000 per sq. ft..

Tirupati Affordable Housing

An affordable housing project in Tirupati, launched in November 2023, with a total available space of 1.22 msf and an expected revenue potential of Rs. 335 crore, slated for completion by June 2027.

Group Housing -2

A luxury apartment project with a total saleable area of approximately 1.1 msf, expected to generate revenue of Rs. 2,100 crore, scheduled for launch in FY25 and completion by December 2028.

Group Housing -3

A luxury apartment project with a total saleable area of approximately 1.1 msf, expected to generate revenue of Rs. 2,500 crore, scheduled for launch in FY26 and completion by June 2029.

Project name	Current Status	Share	Saleable Area(mfs)	Sales consideration (Cr.)	Launch Date	Completion Date	inventory sale						
							FY25	FY26	FY27	FY28	FY29	FY30	FY31
Aashray 1	Completed	100%	1.03	12	Completed		32%	37%	32%				
Ashok Estate -- DDJAY	Ongoing	100%	1.34	380	Jul-22	Dec-25	100%						
Anant Raj Estate GH-1	Ongoing	100%	0.99	1750	Jan-24	Jun-28	30%	30%	30%	10%			
Avarna -- Floors (Phase 1-3)	Ongoing	50%	1.16	350	Mar-20	Dec-27	47%	53%					
Anant Raj Estate Plots	Ongoing	100%	0.45	1550	Mar-23	Dec-26	15%	14%	30%	30%	10%		
Aashray 2	Ongoing	100%	1.22	350	Nov-23	Jun-27	8%	20%	22%	36%	15%		
Avarna -- Floors (Phase 4)	Upcoming	50%	0.68	500	Jan-25	Dec-28	1%	25%	30%	30%	14%		
Anant Raj Estate Floors 1	Upcoming	100%	0.40	750	Jan-25	Dec-27	2%	18%	25%	30%	25%		
Anant Raj Estate Floors 2	Upcoming	100%	0.40	700	Jun-25	May-28		16%	20%	30%	34%		
Anant Raj Estate GH-2	Upcoming	50%	1.00	1450	Mar-25	Dec-28	13%	18%	20%	30%	19%		
Anant Raj Estate GH-3	Upcoming	100%	1.33	2900	Jul-25	Jun-29		10%	15%	15%	30%	30%	
Anant Raj Estate GH-4	Upcoming	100%	1.49	3200	Jan-26	Dec-29		15%	15%	15%	30%	25%	
Anant Raj Estate GH-5	Upcoming	100%	2.00	4500	Jul-26	Jun-30			10%	15%	20%	30%	25%

ARL's Commercial business

Anant Raj's commercial portfolio includes IT parks, hotels, malls, and office spaces. The company is converting three IT parks in Manesar, Panchkula, and Rai into data centers, with 6MW operational at Manesar as of Q1FY25. The hospitality portfolio includes Hotel Bel-La Monde (70,000 sqft, Rs 4.7mn/month rental) and Hotel Stellar Resorts (0.1msf, Rs 7.7mn/month rental), both set for significant expansion upon FSI increases, targeting Rs 110–120mn/month income at full occupancy.

The retail and office segment features Ashok Towers (0.16msf commercial and office space, completing by 2027) and Joy Square (0.32msf, hand-over stage). The commercial portfolio (excluding data centers) generates Rs 500mn annually, projected to reach Rs 1.6–1.7bn by FY29 as under-construction assets become operational.

Project	Launch Date	Completion Date	Area (msf)
Sector 63A, Gurugram - Commercial:			
Ashok Tower	Mar-24	Jun-27	0.2
Office Building, Sector-44, Gurugram	-	Completed	0.1
Tech Park, Panchkula	-	Completed	0.4
Others - Hotels and Malls:			
Anant Raj Center 1 (Earlier Hotel Bel La Monde), Delhi	Aug-23	Apr-28	0.6
Anant Raj Center 2 (Earlier Stellar Resort), NH-8, Delhi	Apr-25	Sep-29	0.7
Joy Square, Sector 63A, Gurugram	-	Completed	0.3
Warehousing Land Reserves :			
Essapur, Najafgarh, West Delhi			0.2
Mundela Kalan, Najafgarh, West Delhi			0.7
Dhansa, Najafgarh, West Delhi			0.3
Holambi Khurd, North Delhi			0.8

Ashok Tower

Part of the Ashok Estate project, this development includes commercial shops and offices with a total space of 1,60,000 sq. ft. It will feature branded outlets and a 2-screen multiplex on 0.80 acres, designed to cater to the daily needs of the surrounding community, with a target completion by 2027.

Joy Square (Sector 63A, Gurugram)

A commercial and office space project with 0.32 msf under construction, currently at the handing-over stage.

Anant Raj Center 1 (Existing: Hotel Bel-La Monde, New Delhi)

An operational project with a leasable area of 0.7 lakh sq. ft. and an additional 4.90 lakh sq. ft. under development. Construction is ongoing, with FSI approval increased from 0.15 to 1.75.

Anant Raj Center 2 (Existing: Hotel Stellar Resorts, New Delhi)

An operational hotel with a leased area of approximately 1 lakh sq. ft., with an additional 6 lakh sq. ft. planned for development pending approval for increasing FSI from 0.15 to 1.75.

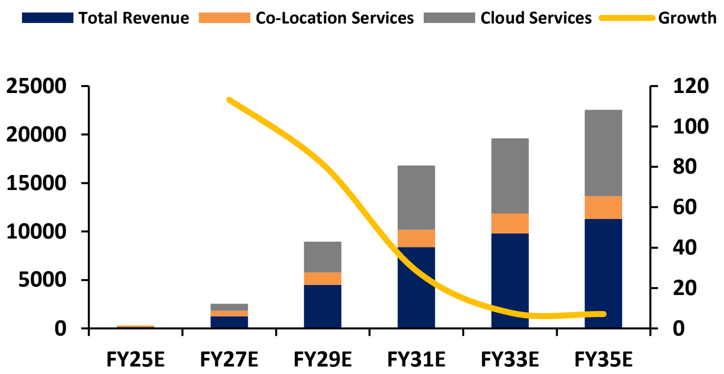
Office Building, Sector 44, Gurugram

A LEED-certified Grade A property with a leasable area of 0.12 msf, fully operational and leased, generating a rental income of Rs. 1.3 crore per month.

Anant Raj Tech Park, Panchkula

Phase 1 comprises a constructed area of 0.6 msf, generating a rental income of Rs. 0.57 crore per month. Phase 2 includes a greenfield expansion of 50 MW and a brownfield expansion of 7 MW IT load data center capacity.

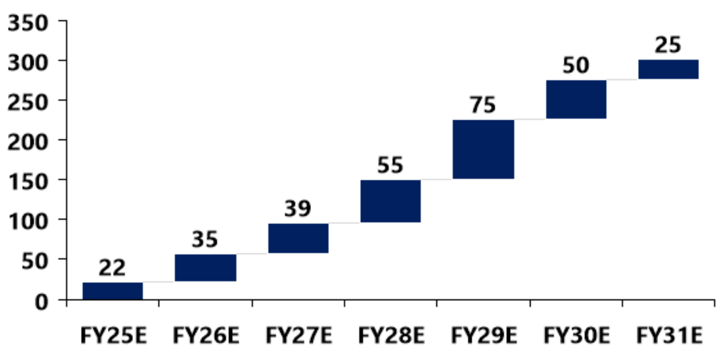
Data Center Business Financials



Revenue:

Total Revenue is projected to grow from INR 148 cr in FY25E to INR 11,277 cr by FY30E. Co-Location Services will contribute significantly, increasing from INR 148 cr in FY25E to INR 2,341 cr in FY30E. Cloud Services, which starts at INR 0 in FY25E, is expected to grow rapidly, reaching INR 8,936 cr by FY30E.

Yearly Capacity Addition

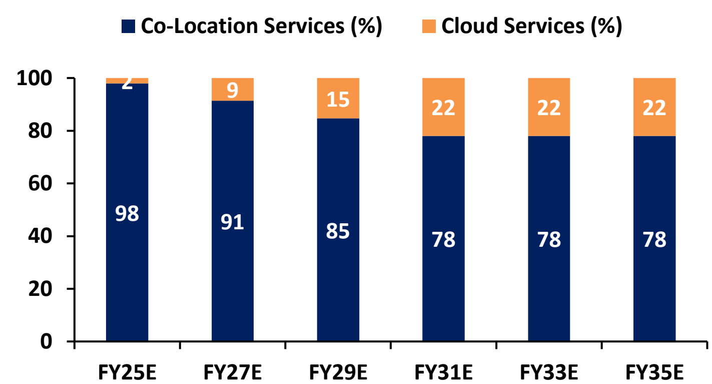


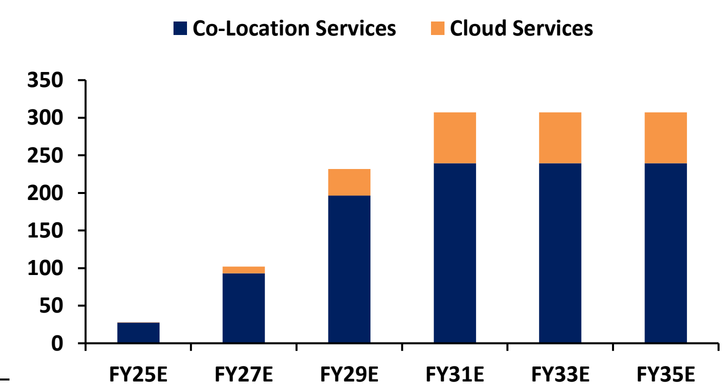
Capacity Addition:

The company is expected to add significant capacity over the next few years. In FY25E, the capacity addition is projected to be 22 MW, increasing to 35 MW in FY26E. The additions are expected to continue growing in FY27E with 39 MW, followed by a larger increase to 55 MW in FY28E and 75 MW in FY29E. After this period of accelerated growth, the pace of capacity additions is expected to moderate, with 50 MW added in FY30E and 25 MW in FY31E.

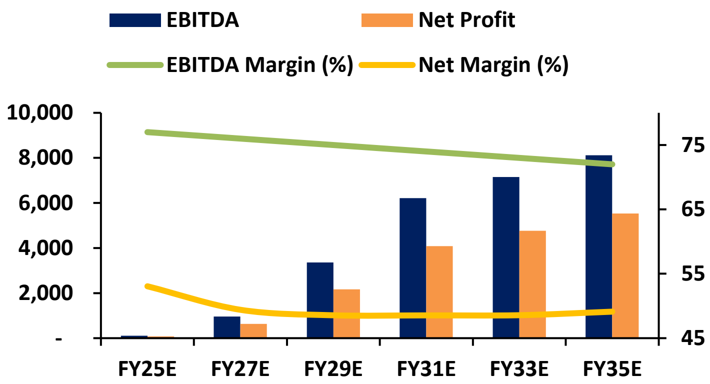
Capacity and Service Growth Projections

- **The company's total capacity is set to grow significantly, from 28 MW in FY25E to 102 MW in FY27E, reaching 232 MW by FY29E, and stabilizing at 307 MW from FY31E onwards.**
- **Co-Location Services will be a major driver of capacity growth, expanding from 27 MW in FY25E to 93 MW in FY27E, and 196 MW by FY29E. It is projected to maintain a steady contribution of 239 MW from FY31E onward. The share of Co-Location Services in total capacity will remain dominant, reducing from 98% in FY25E to 78% by FY35E..**
- **Cloud Services is expected to grow from 1 MW in FY25E to 9 MW in FY27E, and 36 MW in FY29E. Its share in total capacity is projected to increase from 2% in FY25E to 22% by FY35E, highlighting the increasing importance of cloud services.**





Source: ACE Equity, Company Reports & Ventura Research



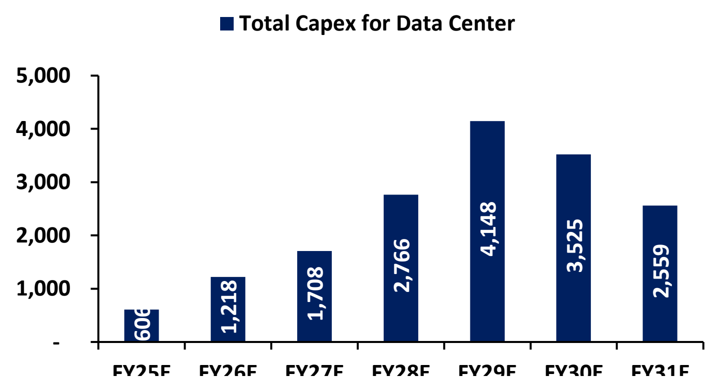
Financial Projections for Data Center Business

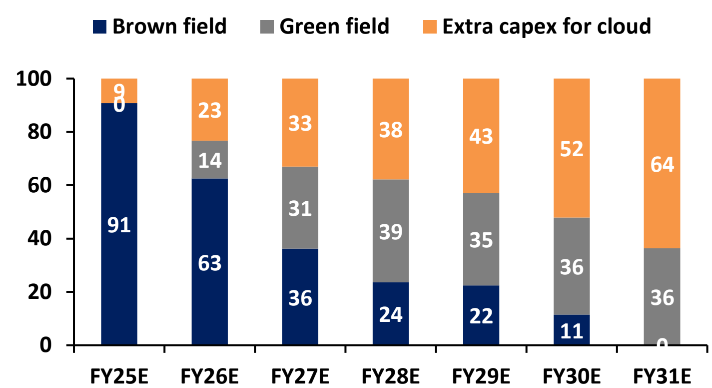
- **The Data Center business is projected to experience significant growth in both EBITDA and net profit over the next few years.**
- **The data center vertical is emerging as a key growth driver for the company, with EBITDA projected to grow significantly from INR 114 cr in FY25E to INR 965 cr by FY27E. Similarly, net profit is expected to increase from INR 79 cr in FY25E to INR 628 cr in FY27E, driven by the rapid expansion of data center capacity and strong demand for digital infrastructure. EBITDA margins are projected to remain robust at 76-77%, reflecting the high-margin nature of this business.**

Capex Projections

- **Brownfield Capex: Brownfield capex PMW is 25cr. Expected to start at INR 550 cr in FY25E, increasing to INR 929 cr in FY29E, before dropping to INR 0 by FY31E.**
- **Greenfield Capex: Greenfield capex PMW is 35cr Projected to grow from INR 0 in FY25E to INR 1,443 cr in FY29E, then decrease to INR 929 cr in FY31E.**
- **Extra Capex for Cloud: Extra Capex for Cloud services PMW is 100 cr. Expected to rise from INR 56 cr in FY25E to INR 1,776 cr in FY29E, with a slight decline to INR 1,629 cr in FY31E.**
- **Total Capex for Data Center: Total capex increases from INR 606 cr in FY25E to INR 4,148 cr in FY29E, moderating to INR 2,559 cr in FY31E.**

ARL has an ambitious capex plan of ~INR 16000+ cr primarily catering to data center growth prospects. In phase 1 of this capex the overall outlay is of ~INR 3500 cr which is expected to be partly funded by an equity raise (QIP) of INR 2000 cr. with the rest coming from internal accruals.





For any further query, please email us on research@venturasecurities.com

ARL's Data Center business

ARL is strategically expanding into the high-growth data center and cloud services sectors, leveraging its extensive land bank and favorable market conditions in the NCR region. The company's strong land position provides a critical competitive edge, enabling relatively lower costs for setting up data centers, a significant advantage in this capital-intensive industry.

Currently operating 6 MW of data center capacity in Manesar as of Q1FY25, ARL is on track to commission an additional 22 MW by the end of FY25E. The company has ambitious plans to scale its data center business to a total capacity of 307 MW over the next 4-5 years, setting the stage for exponential growth. This expansion is supported by a robust strategy to offer a comprehensive suite of cloud-based solutions alongside co-location services, bolstered by strategic tie-ups established over the last two years.

ARL projects significant revenue generation from its data center business by FY27E, driven by the increasing demand for cloud and co-location services. The business is expected to deliver impressive profitability, with EBITDA margins ranging between 75%-80%, underscoring its potential for robust earnings growth.

The multifold growth in ARL's data center business is underpinned by key market drivers, including accelerated digital adoption, the rollout of 5G, heightened government focus on data protection, and surging demand for IT infrastructure. With a well-defined strategy and strong execution capabilities, ARL is poised to become a leading player in the data center and cloud services market.

Particulars	Anant Raj Tech Park, Manesar	Anant Raj Tech Park, Panchkula	Anant Raj Trade Center, Rai
Capacity (MW)	**50**	**57**	**200**
Projected commissioning of full capacity	**FY27**	**FY29**	**FY31**
Land area (acres)	10	9.23	25
Location	IMT Manesar, Haryana	Panchkula, Haryana	On National Highway (NH-1)
Total constructed area (msf)	1.8	1.6	5.1
Leasable area (msf)	1.2	1.1	3.4

Anant Raj Tech Park, Manesar

ARL has operationalized 6 MW of IT load, including 0.5 MW dedicated to cloud services, as of Q2 FY25, with an additional 15 MW currently under development. Phase 1 is expected to reach a total capacity of 21 MW by Q4 FY25, while Phase 2 will add an incremental 29 MW, bringing total capacity to 50 MW by FY26.

Anant Raj Tech Park, Panchkula

Under development is a 7 MW IT load on an existing structure, scheduled for completion by Q4 FY25. Additionally, a 5.25-acre greenfield site with an FSI of 0.6 million sq. ft. offers the potential to develop a Tier III data center with a 57 MW IT load capacity.

Anant Raj Tech Center, Rai

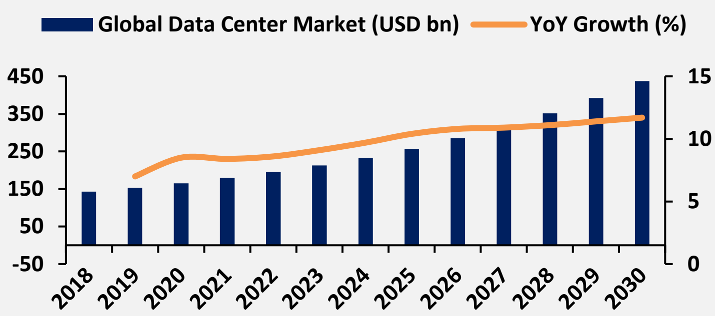
An operational project with a leasable area of 0.7 lakh sq. ft. and an additional 4.90 lakh sq. ft. under development. Construction is ongoing, with FSI approval increased from 0.15 to 1.75.

Data Center Market

What is a Data Center?

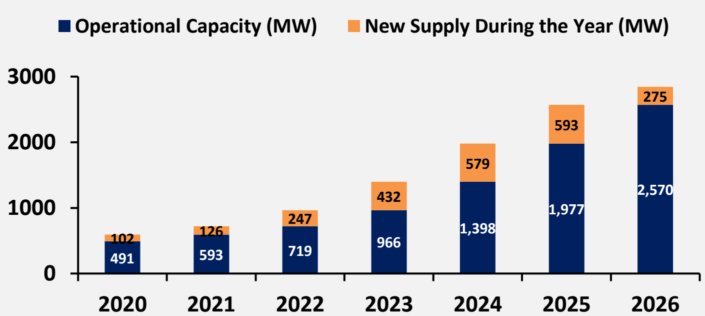
A data center is a facility that houses servers, networking, and storage systems to process and store data. There are two types of services provided in data centers: Colocation, where businesses rent space to host their own hardware while utilizing shared infrastructure like power and cooling, and Cloud, where data centers offer virtualized computing resources accessible on-demand over the internet.

Global market scenario:



Data center market CAGR expected at ~11% during 2024-2030 The exponential growth in data highlights the critical need for robust infrastructure to create, process, transmit, and store it. This growth is likened to the transformative impact of the first industrial revolution, emphasizing the central role of data centers in enhancing organizational productivity and profitability. The post-COVID era has accelerated digital transformation, underscoring the enduring and secular nature of this shift. As businesses increasingly adopt data-driven operations, demand for digital infrastructure is expected to remain strong and consistent.

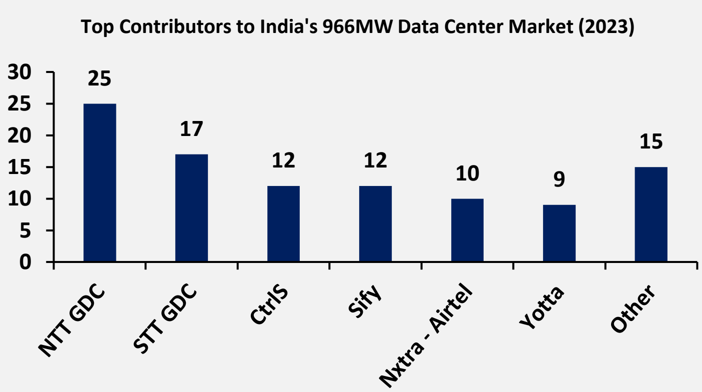
Indian market scenario:

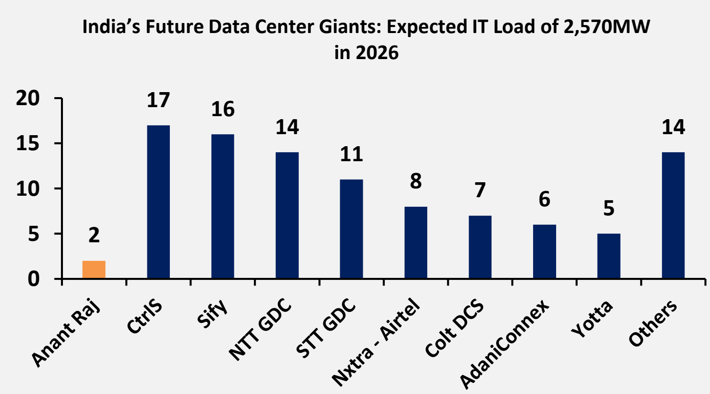


India's data center industry is undergoing rapid growth, transitioning from its strong foundation (2019–2022) into a transformative phase (2023–2026). With abundant power, cost-effective land, and advanced infrastructure, India has become a global hotspot for data center development.

Operational capacity is expected to grow from 491 MW in 2020 to 1,398 MW in 2024 and 2,570 MW by 2026, driven by digitalization, data localization policies, and cloud adoption, positioning India as a key regional data center hub.

Top Contributors to India's data center market:



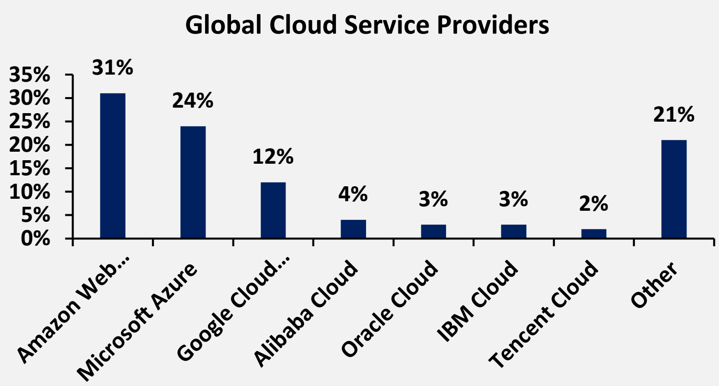


India's data center market is steadily growing, with an IT load of ~966MW in 2023, where top players like NTT GDC, STT GDC, CtrlS, Sify, and Nxtra - Airtel collectively account for 76% of the market share. By 2026, the IT load is projected to reach ~2,570MW, showcasing a more diversified market as emerging players like AdaniConnex and Colt DCS join the landscape. Anant Raj is expected to contribute ~2% to the total IT load, reflecting the growing presence of regional and mid-sized players in the sector.

Cloud service market

The cloud services market is experiencing rapid growth due to the increasing adoption of digital technologies, remote working models, and the shift towards hybrid cloud infrastructure. The demand is further fueled by enterprises migrating to cloud platforms to reduce capital expenditures and leverage scalable, efficient, and secure solutions

Key players dominating the cloud services market globally:



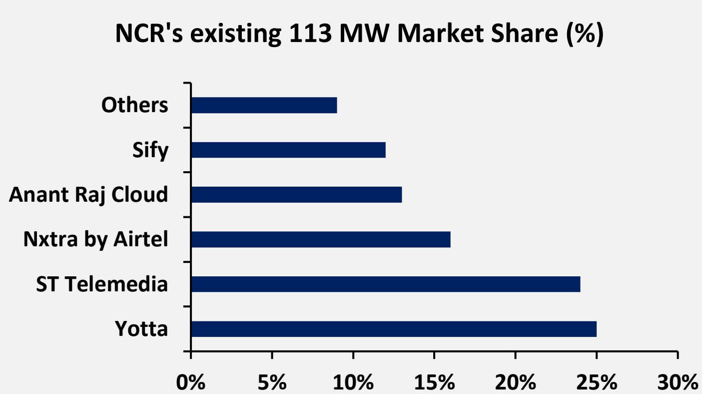
The global cloud services market is dominated by AWS, Microsoft Azure, and Google Cloud Platform, with a combined market share of 67%. AWS leads with 31% and extensive global coverage, while Azure excels with the largest regional presence, and GCP focuses on innovation and scalability.

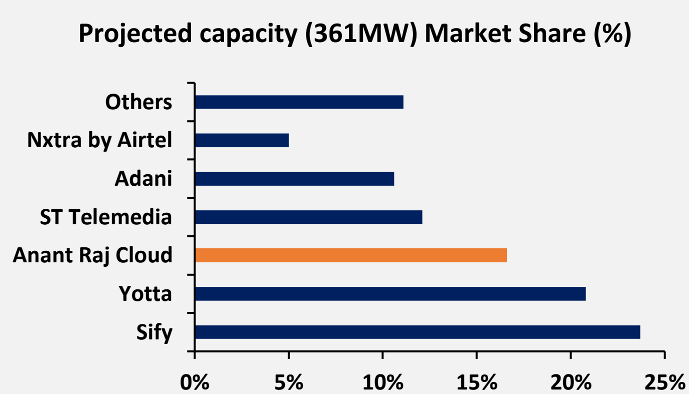
Other players like Alibaba Cloud, Oracle Cloud, and IBM Cloud hold smaller shares, targeting specific markets. Emerging providers, such as Tencent Cloud and Digital Ocean, cater to niche needs, highlighting the industry's diversity and growth.

NCR Data Center Market: Current Landscape and Growth Outlook to 2028

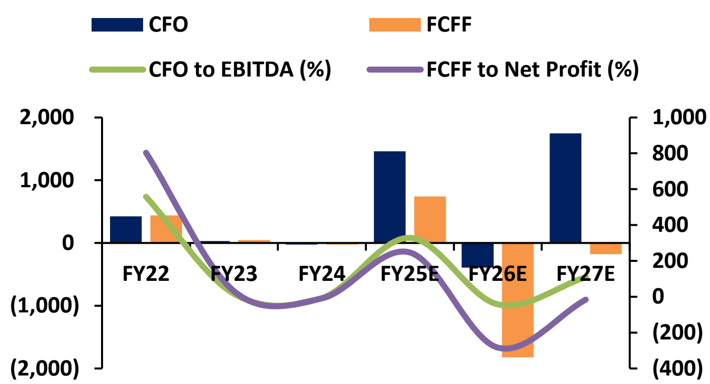
In NCR, the existing data center capacity stands at 113 MW, with Yotta (25%), ST Telemedia (24%), and Nxtra by Airtel (16%) leading the market. Anant Raj Cloud holds a notable 13% share, leveraging its strong land bank and cost-efficient operational strategy. Other players, including Sify (12%) and smaller operators (9%), also contribute to the regional capacity.

Looking ahead to 2028, the NCR market is expected to expand significantly to 361 MW of total capacity. Sify is projected to lead with a 23.7% share, followed by Yotta (20.8%) and Anant Raj Cloud (16.6%), solidifying its position as a major player. This growth will be driven by surging demand for digital infrastructure, with new capacity additions and strategic investments enhancing the competitive landscape. Anant Raj's balanced approach between greenfield and brownfield expansions positions it to capitalize on this robust market growth.





Source: ACE Equity, Company Reports & Ventura Research

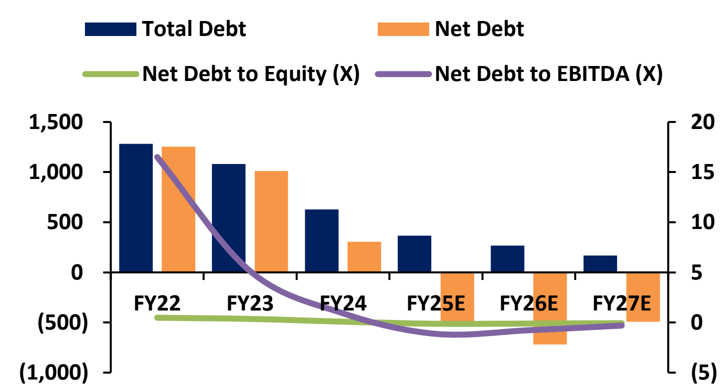


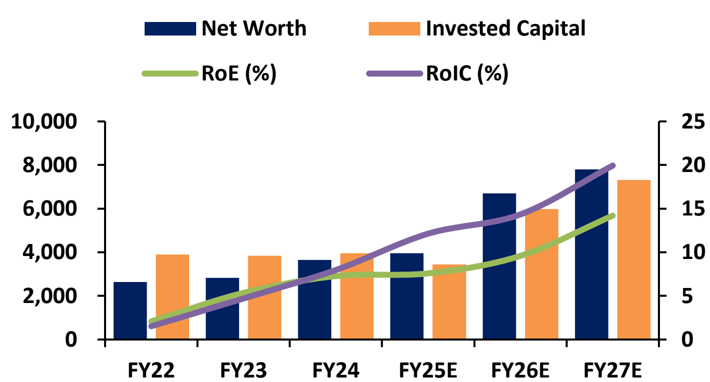
Cash Flow and Free Cash Flow Summary

The company's cash flows are set to recover strongly by FY25E, driven by improved collections from residential sales and the commencement of rental income from completed commercial properties. The negative FCFF in FY24, caused by high capex for real estate and data center projects, is expected to stabilize as these investments begin generating returns. Improved operational efficiency, reduced capex intensity, and higher contributions from leasing and data center segments are key factors driving this recovery. These changes highlight the company's strategic focus on enhancing cash flow stability and financial health.

Debt Reduction Milestone: Strengthening Financial Stability

- **The company has achieved a significant reduction in its debt levels, with total debt declining sharply by FY24 and projected to decrease further by FY27E. Net debt is expected to turn negative from FY25E, reflecting a strong cash surplus supported by robust cash flow generation from residential sales, rental income, and improved operational efficiency.**
- **Additionally, the company plans to raise INR 2,000 cr through QIP placements, ensuring that future capex requirements will be met through a combination of internal accruals and the QIP proceeds. This approach positions the company to fund ongoing and upcoming projects without increasing its reliance on borrowings.**





Significant Financial Growth with Projected Doubling of Returns by FY27E

- **The company's net worth and invested capital have grown significantly by FY24, driven by higher earnings from real estate operations and strategic investments in high-yielding projects. Returns, including RoE and RoIC, have improved due to rising rental income, better margins in residential and data center segments, and reduced capital expenditures.**
- **By FY27E, these metrics are projected to nearly double, supported by the increasing contribution of high-margin data center operations and sustained profitability.**

Source: ACE Equity, Company Reports & Ventura Research

FY24 annual report analysis

We analyzed the FY24 annual report of ARL and our key observations are as follows:

Key takeaways

- **Estimated revenue potential of ₹15,000 crore from residential projects in Gurugram over the next 4–5 years.**
- **India's data centre industry projected to grow at a 20% CAGR, driven by digital adoption and AI/ML advancements.**
- **Raised ₹500 crore via Qualified Institutional Placement**
- **Successful launches and sales of luxury and affordable housing projects, including "The Estate Residences" and "Ashok Estates."**
- **Phases of the Birla Navya project fully sold out; Phase 4 launch expected in FY25**
- **Currently, the company operates a 3 MW data center at its Manesar facility, which was successfully operationalized during FY 2023-24.**
- **Another 3 MW at the same site is expected to be completed by Q1 FY 2024-25. This marks the initial phase of a larger strategic plan to transform 4 million sq. ft. of existing IT Park space into a state-of-the-art 157 MW data center, with provisions to expand up to 307 MW.**
- **Anant Raj Limited has a well-defined strategic plan to develop advanced data centers across three key locations—Manesar, Panchkula, and Rai—leveraging its extensive land bank and existing infrastructure.**
- **At the Manesar site, the company is repurposing its IT park space to establish a 57 MW data center, with 3 MW already operational and another 3 MW expected by Q1 FY 2024-25.**
- **The ultimate goal at this location is to achieve full capacity within the next 4–4.5 years. Similarly, at the Panchkula site, the company has commenced development of a 57 MW facility.**
- **The Rai location is also poised to play a critical role in Anant Raj's data center strategy, with a proposed capacity of 200 MW IT load.**

Auditors and their qualified opinion/comments

Ranjana Vandana & Co. was the company's auditor and there was no qualifications or any significant emphasis of matters highlighted by them in FY24 annual report.

Contingent liabilities

ARL's contingent liabilities in FY24 are significant to its net worth, primarily attributable to Borrowings by affiliate companies whose loans have been guaranteed by the Company and guarantees given to Town and Country Planning, Haryana, towards external development work

Fig in INR Cr (Unless Specified)	FY21	FY22	FY23	FY24
Claims against the Company not acknowledged as debts	1	5	11	8
Direct/indirect tax demands disputed	11	9	30	31
Bonds/Guarantee given to custom authorities	3	3	3	1
Guarantees given by Banks	20	20	32	36
Borrowings by affiliate companies	44	43	41	40
Total	80	80	117	116
Networth	2,500	2,639	2,825	3,656
% of Networth	3%	3%	4%	3%

Board members

The consistency of the majority of board members over the past four years reflects their strong confidence in the company's direction and management.

Board members

	FY21	FY22	FY23	FY24	H1FY25
Ashok Sarin	Chairman	-	-	-	-
Amit Sarin	MD	MD	MD	MD	MD
Aman Sarin	WTD & CEO	WTD & CEO	WTD & CEO	WTD & CEO	WTD & CEO
Ashim Sarin	WTD & COO	WTD & COO	WTD & COO	WTD & COO	WTD & COO
Manoj Pahwa	CS	CS	CS	CS	CS
Brajindar Mohan Singh	Ind. Non-Executive Director	Ind. Non-Executive Director	Ind. Non-Executive Director	-	-
Kulpreet Sond	Ind. Non-Executive Director	Ind. Non-Executive Director	Ind. Non-Executive Director	Ind. Non-Executive Director	Ind. Non-Executive Director
Maneesh Gupta	Ind. Non-Executive Director	Ind. Non-Executive Director	Ind. Non-Executive Director	-	-
Rajesh Tuteja	Ind. Non-Executive Director	Ind. Non-Executive Director	Ind. Non-Executive Director	Ind. Non-Executive Director	Ind. Non-Executive Director
Kosaraju Veerayya Chowdary	-	-	-	Ind. Non-Executive Director	Ind. Non-Executive Director

Ventura Business Quality Score			
Key Criteria	**Score**	**Risk**	**Comments**
Management & Leadership			
Management Quality	8	Low	The management is of high quality. It has been able to deliver on its guidance; investor-friendly with timely updates on developments
Promoters Holding Pledge	9	Low	The promoters hold 44% and no pledge has been created on the shares held by promoters or promoter group as on March 31, 2024.
Board of Directors Profile	8	Low	The average experience of directors is >20 years with significant experience in their respective sectors and expert areas
Industry Consideration			
Industry Growth	9	Low	AR's data center business is poised for rapid growth, with plans to expand capacity to 307 MW across key locations, leveraging existing infrastructure and strategic partnerships. The rising demand for digital services, driven by AI, 5G, and cloud adoption, positions the company as a front-runner in the high-growth data center market.
Regulatory Environment or Risk	7	medium	In the real estate sector, the risk for ARL is moderate, as it operates in a cyclical industry influenced by market demand, regulatory changes, and economic conditions. In the data center sector, the risk is relatively low due to favorable regulatory support, the increasing demand for digital infrastructure.
Entry Barriers / Competition	8	Low	The high capital expenditure required for real estate and data center business discourages standalone players from investing beyond basic radiology services.
Business Prospects			
New Business / Client Potential	8	Low	ARL is currently focusing on data center business which has huge potential for growth
Business Diversification	8	Low	ARL is diversifying in residential, commercial and data center segments.
Margin Expansion Potential	8	Low	ARL showcases strong margin expansion potential driven by its focus on high-demand segments like luxury residential projects and data centers. Operational efficiency, debt reduction, and robust revenue growth further enhance its profitability outlook.
Earnings Growth	8	Low	Ongoing capex and capacity expansion plans are expected to accelerate earnings growth.
Valuation and Risk			
Balance Sheet Strength	8	Low	ARL demonstrates strong financial health with a consolidated net worth of ₹3,656.36 crore as of March 31, 2024, reflecting a 29.42% growth. The company significantly reduced its net debt by 72.33%, targeting a net debt-free status by December 2024.
Debt Profile	8	Low	ARL carries negligible long-term debt on its balance sheet, with its total debt primarily consisting of short-term borrowings used to fund working capital requirements.
FCF Generation	8	Low	Despite heavy capex on new centres, the company is expected to generate healthy FCF.
Dividend Policy	8	Low	ARL has consistently paid dividends to its shareholders, last year ARL had a payout ratio of 10%
Total Score	**124**	**Low**	**The overall risk profile of the company is good and we consider it as a LOW risk company for investments**
Ventura Score (%)	**89**		

Source: Company Reports & Ventura Research

Management Team

Key Person	Designation	Details
Amit Sarin	Managing Director	He is commerce graduate from university of delhi and started his career with the company in the year 1995 as executive director, commercial. He is having experience of around 25 years in finance, administration ,construction, infrastructure development and real estate business. He has been instrumental in company's development and diversification to it parks/sezs, commercial, residential and hospitality business. He is also looking after finance functions of the company.
Aman Sarin	Chief Executive Officer	Aman Sarin is currently the Chief Executive Officer & Executive Director at Anant Raj Ltd.since 2021. He is also a Director at Monica Sarin Foundation. In the past, he held director positions at various companies including Gujarat Anant Raj Vidhyanagar Ltd., Townsend Promoters Pvt Ltd., Anant Raj Housing Ltd., Cool Money Café Pvt Ltd., Aaa Realty Pvt Ltd., Ashok Cloud Pvt Ltd., Anant Raj Property Management Pvt Ltd., Blue Star Realty Pvt Ltd., CCC Realty Pvt Ltd., Anant Raj Green Energy Pvt Ltd., and Are Entertainment Ltd.
Ashim Sarin	Chief Operating Officer	Ashim Sarin, who has over 22 years of experience, plays a critical role in the leadership of Anant Raj Ltd as the Chief Operating Officer.
Pankaj Kumar Gupta	Chief Financial Officer	
Manoj Kumar Goyal	Chief Business Officer	
Gagan Singh, Data Centres	Chief Business Officer, Data Centres	
Gaurav Sharma	Chief Technology Officer, Data Centres	
Sameer Srivastava	Chief Operating Officer, Data Centres	

Source: Company Reports

Key Risks & Concerns

- **The real estate sector is highly sensitive to economic cycles, with fluctuations in demand and pricing potentially impacting ARL's sales and profitability, especially in its luxury and residential projects.**

- **Changes in government policies or regulatory frameworks, such as approvals for new projects and land acquisitions, could delay development timelines or increase compliance costs, affecting project execution and profitability.**

- **ARL faces several risks in its data center business, including regulatory compliance challenges, as changes in data privacy and localization laws could affect operations. The rapidly evolving technology landscape also poses risks, as the company must continually upgrade its infrastructure to stay competitive. Additionally, energy dependence and rising costs could impact profitability, while increasing competition in the sector may put pressure on market share and pricing.**

- **Cybersecurity is another significant risk, as data centers are prime targets for cyberattacks, which could result in financial losses and reputational damage. The company also faces the challenge of navigating a highly competitive market, requiring differentiation through superior services and infrastructure. Despite these risks, ARL is well-positioned to mitigate them through strategic planning and investment in cutting-edge technology and security measures.**

ARL's quarterly and annual performance

Fig in INR Cr (unless specified)	FY22	FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	FY24	Q1FY25	Q2FY25	FY25E	FY26E	FY27E
Revenue from operations	462	957	316	332	392	443	1,483	472	513	1,753	3,033	4,514
YoY Growth (%)	*85*	*107*	*98*	*32*	*48*	*58*	*55*	*49*	*54*	*18*	*73*	*49*
Raw Material Cost	347	710	241	239	288	312	1,080	350	377	1,150	1,863	2,587
RM Cost to Sales (%)	*75*	*74*	*76*	*72*	*73*	*71*	*73*	*74*	*74*	*66*	*61*	*57*
Employee Cost	14	16	5	5	4	5	19	5	5	52	82	109
Employee Cost to Sales (%)	*3*	*2*	*2*	*1*	*1*	*1*	*1*	*1*	*1*	*3*	*3*	*2*
Other Expenses	25	35	11	9	10	20	50	14	18	106	161	214
Other Expenses to Sales (%)	*5*	*4*	*4*	*3*	*2*	*5*	*3*	*3*	*3*	*6*	*5*	*5*
EBITDA	76	197	60	80	90	104	334	103	113	445	928	1,603
EBITDA Margin (%)	*16*	*21*	*19*	*24*	*23*	*24*	*23*	*22*	*22*	*25*	*31*	*36*
Net Profit	55	151	51	60	72	78	266	91	106	300	642	1,108
Net Margin (%)	*12*	*16*	*16*	*18*	*18*	*18*	*18*	*19*	*21*	*17*	*21*	*25*
Adjusted EPS	2	4					8			9	19	32
P/E (X)	*527*	*191*					*109*			*96*	*45*	*26*
Adjusted BVPS	77	83					107			116	196	228
P/BV (X)	*11*	*10*					*8*			*7*	*4*	*4*
Enterprise Value	30,170	29,928					29,223			28,413	28,199	28,426
EV/EBITDA (X)	*398*	*152*					*88*			*64*	*30*	*18*
Net Worth	2,639	2,825					3,656			3,956	6,699	7,807
Return on Equity (%)	*2*	*5*					*7*			*8*	*10*	*14*
Capital Employed	3,922	3,905					4,283			4,324	6,966	7,974
Return on Capital Employed (%)	*1*	*3*					*6*			*7*	*9*	*14*
Invested Capital	3,891	3,835					3,962			3,451	5,980	7,315
Return on Invested Capital (%)	*2*	*5*					*8*			*12*	*14*	*20*
Cash Flow from Operations	423	33					(26)			1,462	(393)	1,749
Cash Flow from Investing	31	(20)					181			(748)	(1,464)	(1,956)
Cash Flow from Financing	(461)	2					116			(146)	1,971	(120)
Net Cash Flow	(7)	15					271			568	114	(327)
Free Cash Flow	441	47					(23)			741	(1,821)	(177)
FCF to Revenue (%)	*95*	*5*					*(2)*			*42*	*(60)*	*(4)*
FCF to EBITDA (%)	*581*	*24*					*(7)*			*166*	*(196)*	*(11)*
FCF to Net Profit (%)	*804*	*31*					*(9)*			*247*	*(283)*	*(16)*
FCF to Net Worth (%)	*17*	*2*					*(1)*			*19*	*(27)*	*(2)*
Total Debt	1,283	1,079					627			367	267	167
Net Debt	1,252	1,010					306			(505)	(719)	(492)
Net Debt to Equity (X)	*0*	*0*					*0*			*(0)*	*(0)*	*(0)*
Net Debt to EBITDA (X)	*17*	*5*					*1*			*(1)*	*(1)*	*(0)*

Source: Company Reports & Ventura Research

ARL's consolidated financials & projections

Fig in INR Cr (unless specified)	FY23	FY24	FY25E	FY26E	FY27E
Income Statement					
Revenue	956.9	1,483.3	1,753.0	3,032.6	4,514.0
YoY Growth (%)	*107.2*	*55.0*	*18.2*	*73.0*	*48.8*
Raw Material Cost	709.6	1,080.0	1,149.7	1,862.7	2,587.2
RM Cost to Sales (%)	*74.2*	*72.8*	*65.6*	*61.4*	*57.3*
Employee Cost	15.7	19.2	52.4	81.8	109.1
Employee Cost to Sales (%)	*1.6*	*1.3*	*3.0*	*2.7*	*2.4*
Other Expenses	34.6	50.3	105.7	160.6	214.3
Other Exp to Sales (%)	*3.6*	*3.4*	*6.0*	*5.3*	*4.7*
EBITDA	197.1	333.8	445.2	927.6	1,603.4
Margin (%)	*20.6*	*22.5*	*25.4*	*30.6*	*35.5*
YoY Growth (%)	*159.7*	*69.4*	*33.4*	*108.4*	*72.9*
Depreciation & Amortization	16.5	18.1	26.5	69.9	144.9
EBIT	180.6	315.7	418.7	857.7	1,458.6
Margin (%)	*18.9*	*21.3*	*23.9*	*28.3*	*32.3*
YoY Growth (%)	*204.9*	*74.9*	*32.6*	*104.8*	*70.1*
Other Income	47.9	37.4	17.5	30.3	45.1
Bill discounting & other charges	31.8	34.6	37.6	28.6	19.6
Fin Charges Coverage (X)	5.7	9.1	11.1	30.0	74.6
Exceptional Item	0.0	0.0	0.0	0.0	0.0
PBT	196.7	318.6	398.7	859.4	1,484.1
Margin (%)	*20.6*	*21.5*	*22.7*	*28.3*	*32.9*
YoY Growth (%)	*175.0*	*62.0*	*25.1*	*115.6*	*72.7*
Tax Expense	52.3	54.0	100.4	220.0	379.9
Tax Rate (%)	*26.6*	*17.0*	*25.2*	*25.6*	*25.6*
PAT	144.4	264.5	298.3	639.4	1,104.2
Margin (%)	*15.1*	*17.8*	*17.0*	*21.1*	*24.5*
YoY Growth (%)	*197.9*	*83.2*	*12.8*	*114.3*	*72.7*
Min Int/Sh of Assoc	6.7	1.4	1.6	2.8	4.2
Net Profit	151.1	265.9	300.0	642.3	1,108.4
Margin (%)	*15.8*	*17.9*	*17.1*	*21.2*	*24.6*
YoY Growth (%)	*175.3*	*76.0*	*12.8*	*114.1*	*72.6*
Balance Sheet					
Share Capital	64.8	68.4	68.4	2,168.4	2,168.4
Total Reserves	2,793.5	3,616.2	3,916.1	4,558.4	5,666.8
Shareholders Fund	2,858.3	3,684.5	3,984.5	6,726.8	7,835.2
Long Term Borrowings	874.4	467.4	367.4	267.4	167.4
Deferred Tax Assets / Liabilities	37.4	51.2	51.2	51.2	51.2
Other Long Term Liabilities	204.1	198.3	362.6	566.1	755.6
Long Term Trade Payables	0.0	0.0	0.0	0.0	0.0
Long Term Provisions	2.0	2.6	7.0	7.0	7.0
Total Liabilities	3,976.2	4,404.0	4,772.8	7,618.5	8,816.4
Net Block	1,305.3	1,313.8	2,036.3	3,414.9	5,209.6
Capital Work in Progress	18.5	21.5	21.5	21.5	21.5
Intangible assets under development	0.0	0.0	0.0	0.0	0.0
Non Current Investments	460.3	301.8	316.9	332.8	349.4
Long Term Loans & Advances	395.1	493.0	517.7	543.6	570.7
Other Non Current Assets	0.1	0.1	0.1	0.2	0.2
Net Current Assets	1,797.0	2,273.8	1,880.3	3,305.7	2,665.0
Total Assets	3,976.2	4,404.0	4,772.8	7,618.5	8,816.4

Fig in INR Cr (unless specified)	FY23	FY24	FY25E	FY26E	FY27E
Per share data & Yields					
Adjusted EPS (INR)	4.4	7.8	8.8	18.8	32.4
Adjusted Cash EPS (INR)	4.9	8.3	9.5	20.8	36.7
Adjusted BVPS (INR)	83.6	107.8	116.5	196.7	229.2
Adjusted CFO per share (INR)	1.0	(0.7)	42.8	(11.5)	51.1
CFO Yield (%)	0.1	(0.1)	5.1	(1.4)	6.0
Adjusted FCF per share (INR)	1.4	(0.7)	21.7	(53.3)	(5.2)
FCF Yield (%)	0.2	(0.1)	2.6	(6.3)	(0.6)
Solvency Ratio (X)					
Total Debt to Equity	0.4	0.2	0.1	0.0	0.0
Net Debt to Equity	0.4	0.1	(0.1)	(0.1)	(0.1)
Net Debt to EBITDA	5.1	0.9	(1.1)	(0.8)	(0.3)
Return Ratios (%)					
Return on Equity	5.3	7.3	7.6	9.6	14.2
Return on Capital Employed	3.4	6.1	7.2	9.2	13.6
Return on Invested Capital	4.7	8.0	12.1	14.3	19.9
Working Capital Ratios					
Payable Days (Nos)	5	5	5	5	5
Inventory Days (Nos)	456	348	94	64	61
Receivable Days (Nos)	20	25	217	306	182
Net Working Capital Days (Nos)	471	368	306	365	239
Net Working Capital to Sales (%)	129.0	100.9	84.0	100.3	65.8
Valuation (X)					
P/E	191.4	108.7	96.4	45.0	26.1
P/BV	10.1	7.8	7.3	4.3	3.7
EV/EBITDA	151.9	87.5	63.8	30.4	17.7
EV/Sales	31.3	19.7	16.2	9.3	6.3
Cash Flow Statement					
PBT	196.7	318.6	398.7	859.4	1,484.1
Adjustments	(27.9)	(28.1)	1,140.0	536.4	570.3
Change in Working Capital	(83.6)	(261.9)	23.4	(1,569.2)	74.0
Less: Tax Paid	(52.3)	(54.0)	(100.4)	(220.0)	(379.9)
Cash Flow from Operations	32.9	(25.5)	1,461.7	(393.4)	1,748.5
Net Capital Expenditure	(8.7)	(26.6)	(749.0)	(1,448.5)	(1,939.6)
Change in Investments	(11.5)	207.4	1.1	(15.8)	(16.6)
Cash Flow from Investing	(20.3)	180.8	(747.9)	(1,464.3)	(1,956.3)
Change in Borrowings	(5.2)	(411.9)	(108.5)	(100.0)	(100.0)
Less: Finance Cost	(31.8)	(34.6)	(37.6)	(28.6)	(19.6)
Proceeds from Equity	42.6	578.4	0.0	2,100.0	0.0
Buyback of Shares	0.0	0.0	0.0	0.0	0.0
Dividend Paid	(3.5)	(16.2)	0.0	0.0	0.0
Cash flow from Financing	2.0	115.6	(146.1)	1,971.4	(119.6)
Net Cash Flow	14.6	270.9	567.8	113.7	(327.3)
Forex Effect	0.0	0.0	0.0	0.0	0.0
Opening Balance of Cash	19.4	34.1	305.0	872.8	986.4
Closing Balance of Cash	34.1	305.0	872.8	986.4	659.2

Source: Company Reports & Ventura Research

Disclosures and Disclaimer

Ventura Securities Limited (VSL) is a SEBI registered intermediary offering broking, depository and portfolio management services to clients. VSL is member of BSE, NSE and MCX-SX. VSL is a depository participant of NSDL. VSL states that no disciplinary action whatsoever has been taken by SEBI against it in last five years except administrative warning issued in connection with technical and venial lapses observed while inspection of books of accounts and records. Ventura Commodities Limited, Ventura Guaranty Limited, Ventura Insurance Brokers Limited and Ventura Allied Services Private Limited are associates of VSL. Research Analyst (RA) involved in the preparation of this research report and VSL disclose that neither RA nor VSL nor its associates (i) have any financial interest in the company which is the subject matter of this research report (ii) holds ownership of one percent or more in the securities of subject company (iii) have any material conflict of interest at the time of publication of this research report (iv) have received any compensation from the subject company in the past twelve months (v) have managed or co-managed public offering of securities for the subject company in past twelve months (vi) have received any compensation for investment banking merchant banking or brokerage services from the subject company in the past twelve months (vii) have received any compensation for product or services from the subject company in the past twelve months (viii) have received any compensation or other benefits from the subject company or third party in connection with the research report. RA involved in the preparation of this research report discloses that he / she has not served as an officer, director or employee of the subject company. RA involved in the preparation of this research report and VSL discloses that they have not been engaged in the market making activity for the subject company. Our sales people, dealers, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein. We may have earlier issued or may issue in future reports on the companies covered herein with recommendations/ information inconsistent or different those made in this report. In reviewing this document, you should be aware that any or all of the foregoing, among other things, may give rise to or potential conflicts of interest. We may rely on information barriers, such as "Chinese Walls" to control the flow of information contained in one or more areas within us, or other areas, units, groups or affiliates of VSL. This report is for information purposes only and this document/material should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This document does not solicit any action based on the material contained herein. It is for the general information of the clients / prospective clients of VSL. VSL will not treat recipients as clients by virtue of their receiving this report. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of clients / prospective clients. Similarly, this document does not have regard to the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The securities discussed in this report may not be suitable for all investors. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Persons who may receive this document should consider and independently evaluate whether it is suitable for his/ her/their particular circumstances and, if necessary, seek professional/financial advice. And such person shall be responsible for conducting his/her/their own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this document. The projections and forecasts described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. Projections and forecasts are necessarily speculative in nature, and it can be expected that one or more of the estimates on which the projections and forecasts were based will not materialize or will vary significantly from actual results, and such variances will likely increase over time. All projections and forecasts described in this report have been prepared solely by the authors of this report independently of the Company. These projections and forecasts were not prepared with a view toward compliance with published guidelines or generally accepted accounting principles. No independent accountants have expressed an opinion or any other form of assurance on these projections or forecasts. You should not regard the inclusion of the projections and forecasts described herein as a representation or warranty by VSL, its associates, the authors of this report or any other person that these projections or forecasts or their underlying assumptions will be achieved. For these reasons, you should only consider the projections and forecasts described in this report after carefully evaluating all of the information in this report, including the assumptions underlying such projections and forecasts. The price and value of the investments referred to in this document/material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. Future returns are not guaranteed and a loss of original capital may occur. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. We do not provide tax advice to our clients, and all investors are strongly advised to consult regarding any potential investment. VSL, the RA involved in the preparation of this research report and its associates accept no liabilities for any loss or damage of any kind arising out of the use of this report. This report/document has been prepared by VSL, based upon information available to the public and sources, believed to be reliable. No representation or warranty, express or implied is made that it is accurate or complete. VSL has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. The opinions expressed in this document/material are subject to change without notice and have no obligation to tell you when opinions or information in this report change. This report or recommendations or information contained herein do/does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. The report is for the use and consumption of the recipient only. This publication may not be distributed to the public used by the public media without the express written consent of VSL. This report or any portion hereof may not be printed, sold or distributed without the written consent of VSL. This document does not constitute an offer or invitation to subscribe for or purchase or deal in any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document is strictly confidential and is being furnished to you solely for your information, may not be distributed to the press or other media and may not be reproduced or redistributed to any other person. The opinions and projections expressed herein are entirely those of the author and are given as part of the normal research activity of VSL and are given as of this date and are subject to change without notice. Any opinion estimate or projection herein constitutes a view as of the date of this report and there can be no assurance that future results or events will be consistent with any such opinions, estimate or projection. This document has not been prepared by or in conjunction with or on behalf of or at the instigation of, or by arrangement with the company or any of its directors or any other person. Information in this document must not be relied upon as having been authorized or approved by the company or its directors or any other person. Any opinions and projections contained herein are entirely those of the authors. None of the company or its directors or any other person accepts any liability whatsoever for any loss arising from any use of this document or its contents or otherwise arising in connection therewith. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read “Risk Disclosure Document for Capital Market and Derivatives Segments” as prescribed by Securities and Exchange Board of India before investing in Securities Market.

Ventura Securities Limited - SEBI Registration No.: INH000001634

Corporate Office: I-Think Techno Campus, 8th Floor, ‘B’ Wing, Off Pokhran Road No 2, Eastern Express Highway, Thane (W) – 400608