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TARC explores alternative funding, partnerships for its upcoming projects

Abhishek Law | Updated - January 12, 2024 at 10:58 AM.

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Delhi-NCR based premium real estate developer, TARC is in talks with Bain Capital as it eyes to secure project-specific funding and equity deals, along with development partnerships, for its top-end offerings. The company is a top-line of Rs 7500 crore over the next few years across three ongoing projects in North India.

The company, listed on the bourses, had raised money of around ₹1330 crore from Bain Capital by way of NCDs. The repayment of the NCDs are spread over a five year period. TARC had reported project sales of ₹520-odd crore in FY23.

According to Amar Sarin, MD and CEO, TARC Ltd, there are currently three projects underway in the Delhi – NCR region, that include one in Gurgaon and two others in the National Capital. Delivery timelines are spread over the next one to four years.

"We anticipate 90 per cent bookings for our total inventory by the end of this year (2024). Most of the development continues to be in premium space with average price of apartments between ₹6 crore and ₹15 crore and the average size being 3500 sq ft," Sarin told *businessline*. Focus would continue to be on developing projects that spread around one million sq ft and upwards.

Sarin said, part of the three on-going projects would most likely be funded through internal resources of the company, apart from advance booking amounts and apart from bank loans if required. However, for future ones, specially post a one-year timeline, alternative funding options could be looked at, these include equity deals or project specific funding onequity deals.

"So we are in talks with Bain Capital for some construction linked funding and equity deals, but these would be project specific. But, they are likely to materialise over the next one year-or-so," he added.

Currently, TARC is repaying NCDs "ahead of time", while earlier in 2021 it sold a warehousing asset in North Delhi to Blackstone.

"Our focus remains on the super-premium luxury residential segment at the moment. And some four more projects, mostly in the Delhi – Gurugram region and perhaps Noida are on the cards," he said.

Good Demand

According to Sarin, demand continues to be good across the premium and super-luxury segments. The segments typically include apartments priced upwards of ₹ 2 crore.

For instance, TARC launched a project along the Delhi – Gurugram border at ₹15,000 per sq ft; and over a one-year-period there was a near 100 per cent appreciation to ₹30,000 per sq ft.

Similarly, for its Patel Road project, there has been a 65 per cent-odd increase in prices to ₹25,000 -28,000 per sq ft, up from ₹16,000 – 17,000 per sq ft.

"The demand continues to be good, driven primarily by upgrades. The buyer who is around 45 years or so, in their third job or so, a high level executive , a professional like lawyer or a doctor and moving up from single floor residencies into premium apartments with modern amenities. These are people who mostly live in Delhi and would look to be there," Sarin said.