



## Press Release

### TARC Limited

December 23, 2024

#### Ratings

| Instrument / Facility               | Amount (Rs. crore) | Current Ratings  | Previous Ratings  | Rating Action   | <a href="#">Complexity Indicator</a> |
|-------------------------------------|--------------------|--|---|---|--------------------------------------|
| Proposed Non-Convertible Debentures | 470.00             | IVR BBB-/ RWN1 (IVR Triple B Minus; Rating watch with Negative implications) | IVR BBB-/ Stable (IVR Triple B Minus with stable outlook) | Ratings placed on Rating watch with Negative implications | Simple                               |
| <b>Total</b>                        | <b>470.00</b>      | <b>(Rupees Four Hundred &amp; Seventy crores only)</b>                       |   |   |                                      |

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

#### Detailed Rationale

Infomerics Ratings has placed the ratings assigned to the proposed non-convertible debentures of TARC Limited under rating watch with Negative Implications. The rating watch reflects the issuance of order by SEBI for appointment and initiation of forensic audit with respect to financial statements for FY2020-21 to FY2022-23.

The ratings however continue to reflect strong revenue visibility from the on-going projects along with expected strong cash coverage ratio over FY25-FY27, experienced promoter group and comfortable repayment structure. The ratings are partially constrained by geographical concentration risk, cyclical nature of the real estate industry and project implementation risk.

#### Key Rating Sensitivities:

##### Upward Factors

- Improvement in the sales velocity and collections through a combination of improved sales and construction progress, such that the collections are sufficient to fund the committed costs and debt obligations.



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### **Downward Factors**

- Weaker-than-anticipated sales performance and lower-than-expected collections, which may lead to increased funding risk.
- Any delay in the project implementation and/or increase in debt thereby deteriorating the leverage ratios.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

##### **Strong revenue visibility from on-going projects:**

TARC has three ongoing projects with revenue visibility of around Rs.6,000 crore over the life of the project. TARC's project TARC Tripundra is on the verge of completion and as per management, occupation certificate is expected to be received by March 2025. Infomerics notes that given locational advantage and experience of the company to execute the projects in timely manner, TARC is likely to achieve projected revenue over the life of the project in a timely manner.

##### **Expected strong cash flow coverage ratio:**

Infomerics derives comfort as TARC is expected to maintain a strong cash flow coverage ratio through FY25-FY27 for ongoing three projects, as 67% of the saleable area of 17mn sq. feet is already booked as on March 31, 2024. The cash flow coverage ratio is expected to be more than 2x through FY25-FY27.

##### **Comfortable repayment structure:**

TARC's existing as well as proposed NCDs has comfortable repayment structure with lower rate of interest in the initial phase of the life of the debt instrument, with redemption premium at the maturity date. This structure provides financial flexibility to the company as limited repayment obligations in the initial phase of the project.

##### **Experienced promoters and strong group:**

The Chairman along with the Managing Director and CEO have an extensive experience in the real estate market in the NCR region. Mr. Anil Sarin, Chairman has been part of the industry for over four decades. TARC has an established position in the industry which is also



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reflected in the large land bank and history of many completed projects. The company has a land bank of ~550+ acres in both Delhi and NCR region.

### **Key Rating Weaknesses**

#### **Geographically concentrated revenues**

All the past and ongoing projects of the group are located in Delhi and Haryana which exposes the company to geographical concentration risk. Any adverse movement in the regional real estate market can have an impact the overall operations of the company.

#### **Project implementation risk:**

TARC has three ongoing projects- TARC Tripundra, TARC Kailasa and TARC Ishva. Though, Infomerics notes that TARC Tripundra is expected to obtain OC during FY25. Infomerics also notes that any delay in completion of these projects could impact the projected cash flows thereby impacting the liquidity of the company.

#### **Cyclical nature of the real estate industry, subject to regulations**

The real estate in India is highly fragmented and is capital intensive in nature. The life cycle of a real estate project is long and the state of the economy at every point in time, right from land acquisition to construction to actual delivery, has an impact on the project. This capital-intensive sector is extremely vulnerable to the economic cycles. Adverse movement in interest rate affects the real estate players in both ways by hampering demand as well as increasing the cost of construction. The sector is also subject to multiple regulatory approvals from respective authorities; thus, the timely receipt of regulatory approval is critical for the timely launches of new project phases and future sales/collections.

#### **Analytical Approach:** Consolidated

For arriving at the rating, Infomerics has used consolidated approach to analyse TARC and its subsidiaries as they are in the same line of businesses (real estate), under a common management. TARC operates by way of separate subsidiaries for its various projects. TARC limited is the parent company and others are wholly owned subsidiaries. It has also provided corporate guarantee to its subsidiaries.



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### Applicable Criteria:

- [Rating Methodology for Infrastructure Companies](#)
- [Financial Ratios & Interpretation \(Non-Financial Sector\).](#)
- [Criteria for assigning Rating outlook.](#)
- [Policy on Default Recognition](#)
- [Complexity Level of Rated Instruments/Facilities](#)
- [Consolidation of Companies](#)

### Liquidity – Adequate

The liquidity position of TARC is expected to remain adequate on placement of NCDs. The Company is projected to have comfortable cash cover to service its debt obligations as evidenced by above unity cash flow coverage ratio of the project throughout the projections. On an overall basis, projected cash flow appears to be adequate.

### About the Company

TARC Limited is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The Company and its subsidiaries, LLP, Partnership firm (together referred to as Group) is engaged in carrying business of construction and development of residential projects, commercial projects, township projects, malls etc. in the National Capital Region and derives rental income from investment properties. TARC is dedicated to creating innovative, top-tier developments that epitomise excellence.

### Financials (Consolidated):

| For the year ended/ As on* | (Rs. crore)    |                |
|----------------------------|----------------|----------------|
|                            | 31-03-2023     | 31-03-2024     |
|                            | <b>Audited</b> | <b>Audited</b> |
| Total Operating Income     | 368.66         | 111.45         |
| EBITDA                     | 7.19           | 6.49           |
| PAT                        | 20.36          | -77.04         |
| Total Debt                 | 1386.00        | 1391.95        |
| Tangible Net Worth         | 976.65         | 900.94         |
| EBITDA Margin (%)          | 43.26          | 41.78          |
| PAT Margin (%)             | 5.43           | -63.46         |



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|                           |      |      |
|---------------------------|------|------|
| Overall Gearing Ratio (x) | 1.42 | 1.55 |
| Interest Coverage (x)     | 1.36 | 0.34 |

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** Nil

**Any other information:** Not Applicable

**Rating History for last three years:**

| Sr. No. | Name of Security/Facilities | Current Ratings (Year 2024-25) |                                |                       | Rating History for the past 3 years     |   |   |
|---------|-----------------------------|--------------------------------|--------------------------------|-----------------------|---|---|---|
|         |                             | Type (Long Term/Short Term)    | Amount outstanding (Rs. Crore) | Rating                | Date(s) & Rating(s) assigned in 2024-25 | Date(s) & Rating(s) assigned in 2023-24 | Date(s) & Rating(s) assigned in 2022-23 |
| 1.      | Proposed NCDs               | Long Term                      | 470.00                         | IVR<br>BBB-/<br>RWNI* | IVR<br>BBB-/<br>Stable                  | --                                      | --                                      |

\*Rating watch with Negative Implications

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**About Infomerics:**

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.



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Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.





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### Annexure 1: Instrument/Facility Details

| Name of Facility/ Security | ISIN | Date of Issuance | Coupon Rate/ IRR | Maturity Date | Listing Status        | Size of Facility (Rs. Crore) | Rating Assigned/ Outlook |
|----------------------------|------|------------------|------------------|---------------|-----------------------|------------------------------|--------------------------|
| Proposed NCDs              | --   | --               | --               | --            | Proposed to be listed | 470.00                       | IVR BBB-/ RWNI*          |

\*Rating watch with Negative Implications

**Annexure 2: Facility wise lender details (Hyperlink to be added):** Not Applicable

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities:**

|                    |   |
|--------------------|---|
| <b>Investors</b>   | Certain funds or entities managed or advised by Bain Capital Special Situation (BCSS) or its affiliates   |
| <b>Amount</b>      | INR 810 crore – an aggregate amount to be split between five facilities (NCDs) to be issued by TARC Limited (listed – INR 470 crore), Fabulous Builders Limited (unlisted – INR 80 cr), TARC Green Retreat Limited (unlisted – INR 90 cr), Grand Buildtech Limited (unlisted – INR 90 cr) and Moon Shine Entertainment Limited (Unlisted – INR 80 cr) |
| <b>Issuers</b>     | TARC Limited, Fabulous Builders Limited, TARC Green Retreat Limited, Grand Buildtech Limited and Moon Shine Entertainment Limited   |
| <b>Obligors</b>    | Entities set out under Schedule   |
| <b>Guarantees</b>  | <u>Corporate Guarantee</u> of all the Obligors as mentioned in the Schedule including the Issuers -TARC Limited, Fabulous Builders Limited, TARC Green Retreat Limited, Grand Buildtech Limited and Moon Shine Entertainment Limited<br><u>Personal Guarantee</u> of the promoters Mr. Anil Sarin and Mr. Amar Sarin                                  |
| <b>Pricing</b>     | 19.6% IRR (including annual coupon payment below & inclusive of the withholding tax)  |
| <b>Make Whole</b>  | 1.33 x + WHT & 1.35 + WHT (as per DTD)  |
| <b>Cash Coupon</b> | Cash Coupon: 6.0% payable annually  |
| <b>Tenure</b>      | 5.0 years   |



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|                     |  |
|---------------------|--|
| <b>Use of Funds</b> | Amount shall be utilized to refinance the existing NCDs of BCSS under the debenture trust deed originally dated March 31, 2022 as amended and restated pursuant to an amended and restated deeds dated April 28, 2022 and September 22, 2023 (the “BCSS Existing NCDs”). |
|---------------------|--|

### Security

(a) Sole and exclusive mortgage over each of the Properties (mentioned below), set out in the hereto, including but not limited to land, building, units, development rights, FSI and any other mortgageable rights with respect to the Properties.

- b. Sole and exclusive hypothecation and charge over all moveable assets, bank accounts and receivables in respect of each of the Properties and of each Security Provider.
- c. Sole and exclusive share pledges provided by all shareholders over of the shares each Obligors and entity (excluding TARC Limited) (in dematerialized form) owning the Properties as set out in the Schedule.
- d. Corporate guarantees to be provided by each Guarantor
- e. Personal guarantees to be provided by each individual Guarantor.
- f. Security over all other properties and assets of the Group except for Excluded Assets.
- g. Any other security that may be required and identified during due diligence.

**Excluded Assets:** Securities released in favor of Kotak led consortium in accordance with the conditional no-objection certificate under BCSS Existing NCDs.

### Properties

| Name / Location                  | Type                                 | Land area (acres) |
|----------------------------------|--------------------------------------|-------------------|
| Hauz Khas, New Delhi             | Residential awaiting final sanctions | 2.39              |
| Green Retreat, NH8, Delhi        | Hotel- Sanctioned                    | 8.7               |
| Ocean Pearl Retreat, South Delhi | Hotel- Completed                     | 7.37              |
| Asera, South Delhi               | Hotel- Completed – Shut down         | 2.68              |
| Travelmate, KP-1, Greater Noida  | Institutional Building- Completed    | 1.4               |





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| Name / Location                         | Type                                       | Land area (acres) |
|---|--|-------------------|
| Chand Cinema, Trilok Puri<br>Delhi      | Commercial Cinema Hall and Retail<br>Shops | 0.711             |
| Tech Zone-2, Greater Noida              | ITES                                       | 25                |
| Manesar Land A                          | Land                                       | 56.97             |
| Manesar Land B                          | Acquired - Agricultural land               | 74.5              |
| Rishikesh Villa                         | Holiday Home Villas (2)                    | 560 square meters |
| Gurugram Sector 63A Property<br>- Ishva | Residential Project                        | 6.95 + 1.26       |
| Punjab Khor +additional Land            | Agricultural Land                          | 39.2 + 7.66       |
| Stud Farm                               | Farmhouse                                  | 25.05             |
| Additional Lands                        | To be acquired Agricultural lands          | 2.66 + 0.86       |

#### Annexure 4: List of companies considered for consolidated analysis:

| Sr. No. | Name of the company/Entity                    | Consolidation Approach |
|---------|---|------------------------|
| 1       | TARC Infrastructure Limited                   | Full                   |
| 2       | BBB Realty Limited                            | Full                   |
| 3       | Bolt Properties Limited                       | Full                   |
| 4       | Echo Buildtech Limited                        | Full                   |
| 5       | Elevator Promoters Limited                    | Full                   |
| 6       | Elevator Properties Limited                   | Full                   |
| 7       | Fabulous Builders Limited                     | Full                   |
| 8       | Gadget Builders Limited                       | Full                   |
| 9       | Grand Buildtech Limited                       | Full                   |
| 10      | Jubilant Software Services Limited            | Full                   |
| 11      | Kalinga Realtors Limited                      | Full                   |
| 12      | Park Land Construction And Equipments Limited | Full                   |
| 13      | Townsend Construction And Equipments Limited  | Full                   |
| 14      | Travel Mate India Limited                     | Full                   |
| 15      | TARC Green Retreat Limited                    | Full                   |
| 16      | TARC Limited                                  | Full                   |
| 17      | Moon Shine Entertainment Limited              | Full                   |
| 18      | High Land Meadows Limited                     | Full                   |
| 19      | Capital Buildcon Limited                      | Full                   |
| 20      | Krishna Buildtech Limited                     | Full                   |



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| Sr. No. | Name of the company/Entity              | Consolidation Approach |
|---------|---|------------------------|
| 21      | Rising Realty Limited                   | Full                   |
| 22      | Ankur Buildcon Limited                  | Full                   |
| 23      | Green View Buildwell Limited            | Full                   |
| 24      | Capital Buildtech Limited               | Full                   |
| 25      | Carnation Buildtech Limited             | Full                   |
| 26      | Gagan Buildtech Limited                 | Full                   |
| 27      | Greatways Buildtech Limited             | Full                   |
| 28      | Monarch Buildtech Limited               | Full                   |
| 29      | Oriental Promoters Limited              | Full                   |
| 30      | Papillon Buildcon Limited               | Full                   |
| 31      | Papillon Buildtech Limited              | Full                   |
| 32      | West Land Buildcon Limited@             | Full                   |
| 33      | Elegant Buildcon Private Limited        | Full                   |
| 34      | Elegant Estates Pvt Ltd                 | Full                   |
| 35      | Elevator Buildtech Private Limited      | Full                   |
| 36      | Grand Park Estates Pvt Ltd              | Full                   |
| 37      | Grandpark Buildtech Private Limited     | Full                   |
| 38      | Greenline Budckon Private Limited       | Full                   |
| 39      | Spiritual Developers Private Limitedgg  | Full                   |
| 40      | Greenline Promoters Private Limited     | Full                   |
| 41      | Greenwood Properties Private Limited    | Full                   |
| 42      | Hemkunt Promoters Private Limited       | Full                   |
| 43      | Kalinga Buildtech Private Limited       | Full                   |
| 44      | A-Plus Estates Private Limitedhh        | Full                   |
| 45      | Novel Buildmart Private Limited         | Full                   |
| 46      | Novel Housing Private Limited           | Full                   |
| 47      | Oriental Meadows Limited                | Full                   |
| 48      | Park Land Developers Private Limited    | Full                   |
| 49      | park View Promoters Private Limited     | Full                   |
| 50      | Rapid Realtors Private Limited          | Full                   |
| 51      | Roseview Buildtech Private Limited      | Full                   |
| 52      | Roseview Properties Private Limited     | Full                   |
| 53      | Sand Storm Buildtech Private Limited    | Full                   |
| 54      | Suburban Farms Private Limited          | Full                   |
| 55      | TARC Buildtech Private Limited          | Full                   |
| 56      | TARC Estates Private Limited            | Full                   |
| 57      | TARC Faciity Management Private Limited | Full                   |



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| Sr. No. | Name of the company/Entity                | Consolidation Approach |
|---------|---|------------------------|
| 58      | Twenty First Developers Private Limited   | Full                   |
| 59      | Niblic Greens Hospitality Private Limited | 50%                    |

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).

