

CMP: INR 38

Outlook: Positive

Stock Info

BSE	543249
NSE	TARC
Bloomberg	TARC:IN
Sector	Real Estate
Face Value (INR)	2
Mkt Cap (INR Mn)	11,302
52w H/L (INR)	60.8/32.5

Shareholding Pattern %

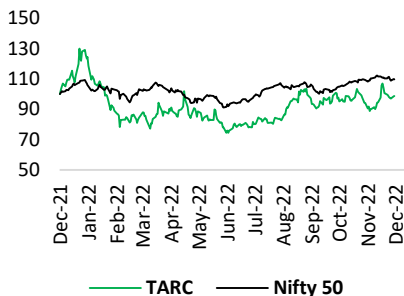
(As on Sep, 2022)

Promoters	65.92
FII	1.40
DII	0.27
Public & Others	32.41

Stock Performance (%) 1m 3m 12m

TARC	-2.92	-3.28	-20.0
Nifty 50	-2.91	5.63	14.5

TARC Vs Nifty



TARC Ltd is a leading premium real estate developer in Delhi and NCR region. TARC is one of the largest land owners with over 550 acres of land in Delhi and the NCR Region. TARC's current plan is to launch three premium resident projects that would create INR 55,000 Mn of revenue in the coming 3 years. Bain Capital USA has invested INR 13,000 Mn via NCDs.

Key Highlights

Monetization of non-core business leads to cash inflows: TARC is monetizing non-core assets and will receive compensation for land acquisition from Government. TARC has received INR 700 Mn from the government which was used to repayment of debt. TARC is expected to receive around INR 9,000 Mn over the next 18 months from the government.

Strong Cash flow visibility from existing/new portfolio: TARC has lined up 3 projects that will generate INR 55,000 Mn in revenue over the next 3 to 4 years. The company is expected to generate revenues of ~INR 4,000 Mn in FY23, ~INR 15,000 Mn in FY24, and ~INR 25,000 Mn in FY25.

TARC Tripundra witnessed strong traction: TARC Tripundra is located in Aerocity, and TARC started selling these in October. TARC has sold 65 flats that generated INR 2,100 Mn in revenues. TARC is expected to sell around 90 flats which are valued at INR 9,000 Mn in FY24 and the rest 90 flats have a sales value of INR 9,000 Mn in FY25. TARC Tripundra launch selling price increased from INR 13,500/sq.ft to INR 20,000/sq.ft. TARC will launch the Patel Road project which has realizations of over INR 20,000/sq.ft which will be their most luxurious project.

Debt to trim down further despite expansion: All the projects will be self-sustaining and no debt would be taken for the expansion. TARC receives money as a rental income from various places in Delhi. TARC receives INR 7 Mn monthly from a mall in East Delhi. The expansion will be done through profit and other income and the remaining will be utilized for repayment of debt. TARC was hiked around 30% over the past 9 months.

Luxury segment witnessed traction due to higher disposable income: New age and Millennial consumer preferences have shifted towards smart housing and experiential living. New Delhi is witnessing a higher rise in income. Due to increasing disposable income the luxury segment is gaining significant traction.

Further Expansion & Opportunities: TARC is launching a new project in Chhatarpur which is having 2.68 acres. The flats are expected to sell for around INR 120-150 Mn per flat. Delhi presents a vast opportunity for highly growing and sustainable premium residential real estate. TARC is gaining momentum in its launches and is building its brand through increased engagement on the customer end.

Valuation & Outlook: We are positive on TARC on account of new launches, and upcoming growth opportunities in markets accompanied by steady Revenue and Margin expansion in the long term. Monetization of land and government compensation will also lead to an increase in cash generation and higher revenue going forward. At CMP INR 38.3, the stock is trading at a P/BV of 0.84(x) of its FY22 Book Value. We have a positive outlook on the stock.

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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