

CMP: INR 51
Outlook : Positive

Stock Info

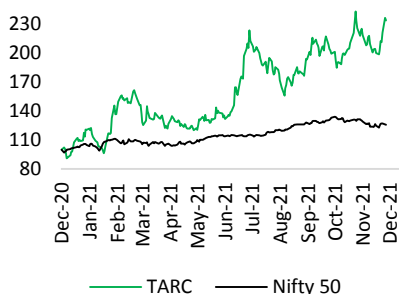
BSE	543249
NSE	TARC
Bloomberg	ANANTRAJ:IN
Reuters	ANRA.NS
Sector	Realty
Face Value (Rs)	2
Equity Capital (Rs cr)	59
Mkt Cap (Rs cr)	1,511
52w H/L (INR)	56 / 19
Avg Yearly Volume (in 000')	1,008.7

Shareholding Pattern %

(As on Sep, 2021)

Promoters	65.6
DII	5.7
FII	0.0
Public & Others	28.7

TARC Vs Nifty



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Balasubramanian A

TARC Ltd (The Anant Raj Corporation) was incorporated in 1985, started out as a construction company and evolved to become one of the largest real estate companies and land bank holders in the New Delhi Metropolitan Area. The company's key developments are across verticals like Residential, Hospitality, Commercial and Retail projects. The demerger between Anant Raj Ltd (real estate division) and Anant Raj Global Ltd (project division) was sanctioned in Aug 2020. The company name has been changed from Anant Raj Global Ltd to TARC Ltd in Apr, 2021.

Key Highlights

Fully paid up land bank in Delhi Prime areas: TARC Ltd have accumulated land bank more than 550 prime acres. The municipal limits in Delhi accounts for ~300 acres and remaining >250 acres from Gurgaon and other areas in the NCR. Gurgaon accounts for ~210 acres land and remaining ~41-42 acres from Manesar, Noida and Greater Noida.

New launches are key driver for strong sales outlook: TARC Ltd has 9 projects, In FY22 one project is under completion and two are awaiting for approvals (one awaiting RERA approval) to begin sales of the project. In FY22, the projects are TARC Maceo, TARC Premier Rajokri Residential, TARC Residential 63A Gurgaon, TARC Hauz Khas and TARC Lake View. TARC Maceo project's plot area 15.57 acres which is fully paid up land consists of 15,80,000 sqft constructible area. The area available for booking 15,97,000 sqft consists of 788 units. The project was booked 95% in terms of units and ~89% booked in terms of sqft which is 750 units consists of 14,80,945 sqft. The booking value of sales stood at INR 630cr. The remaining 5% of inventory is expected to sold within FY2021-22.

Focused on Debt Reduction: The company focused to reduce the debt and completely debt free by FYE24. The debt reduction will be driven by a mix of (1) Sale of non core assets (2) Revenues / Sales from projects started (3) Government compensations for land acquired for development and other purposes.

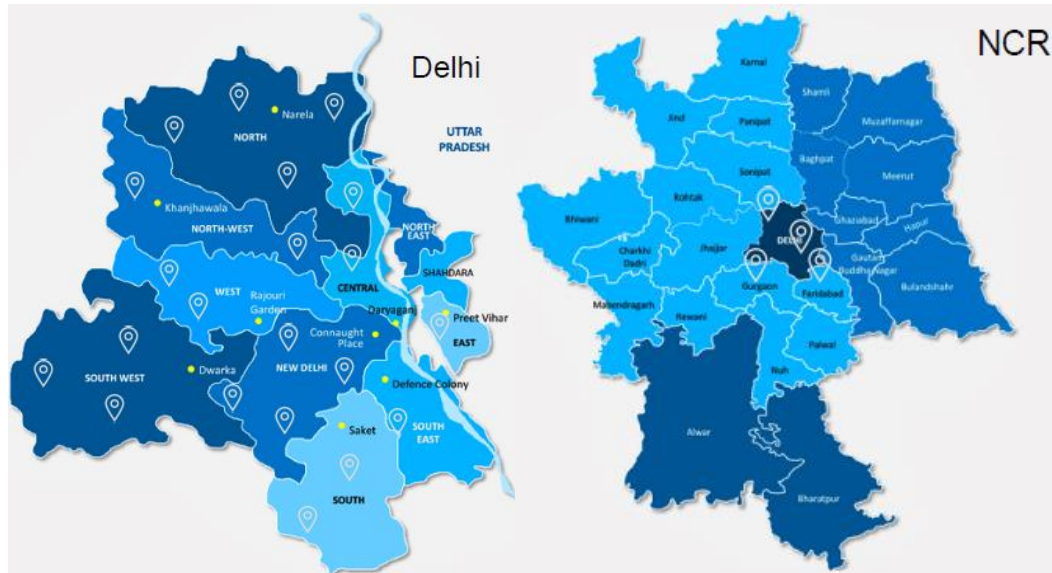
Steady growth in Delhi Market: In NCR, The units sold witnessed 42%YoY to 6,731 units in Q1FY22. The new launches are witnessed 14% YoY to 1,626 units, due to structural positive shift in housing demand. The ready unsold inventory months is fallen 72 months (FY17) to 33 months (H1FY22), due to new launches going down from unorganized players and demand improving in NCR market led to ready unsold inventories months fallen steadily.

Outlook & Valuation : TARC Ltd has a presence in residential, hospitality, commercial and retail projects. The company is strategically focused on residential and hospitality due to higher demand in Delhi regions. The company is likely to gain market share from unorganized weak players, focused on debt reduction, current launches TARC Premier Rajokri Residences and upcoming launches TARC Residential 63A Gurgaon, TARC Hauz Khas, TARC Central West Delhi and TARC Residences Chattarpur will be key driver for the company. At CMP INR 51, the stock is trading at a P/BV of 0.96(x) of its FY21 Book Value. We have a positive outlook on the stock.

in cr	FY20	FY21	Q2FY21	Q1FY22	Q2FY22
Revenue (cr)	137	191	35	26	160
EBITDA (cr)	25	(0)	6	3	61
EBITDAM (%)	19%	0%	17%	11%	38%
PAT (cr)	53	6	1	(3)	5
PATM (%)	39%	3%	2%	-12%	3%
EPS (INR)	1.8	0.2	0.0	-0.1	0.1

Source: Arihant Capital Research, Company Filings

Fully paid up land bank in Delhi Prime areas: TARC Ltd have accumulated land bank more than 550 prime acres. The municipal limits in delhi accounts for ~300 acres and remaining >250 acres from Gurgaon and other areas in the NCR. Gurgaon accounts for ~210 acres land and remaining ~41-42 acres from Manesar, Noida and Greater Noida.



 Land Holdings by TARC

New launches are key driver for strong sales outlook: TARC Ltd has 9 projects, In FY22 one project is under completion and two are awaiting approvals (one awaiting RERA approval) to begin sales of the project. In FY22 the projects are TARC Maceo, TARC Premier Rajokri Residential, TARC Residential 63A Gurgaon, TARC Hauz Khas and TARC Lake View. The four projects are planned post FY22, those are TARC Central West Delhi, TARC Residences Chattarpur, TARC Warehouse and TARC Industrial Park.

Project Name	Location	Status / Launch date	Completion Date	Constructible Area (sq ft)	Area available for booking (sq ft)	Area booked till date (sq ft)	Booked Value (INR cr)
TARC Maceo	Sec 91, Gurgaon	Already Launch	95% Complete	15,80,000	15,97,000 788 Units	14,80,945 750 Units	630
TARC, Premier Rajokri Residences	Kapashera, New Delhi	Q3 FY2021-22	Q3 FY2023-24	4,85,600	4,85,600 190 Units		
TARC Residential	Sec 63A, Gurgaon	Q4 FY2021-22	Q2 FY2024-25	6,50,000	6,50,000 496 units		
TARC, Hauz Khas	Hauz Khas, New Delhi	Q1 FY2022-23	Q3 FY2023-24	1,98,783	1,98,000 36 units		
TARC Lakeview	Trilokpuri, Delhi	43831	Q4 FY2021-22 (75% Complete)	86,833	86,833 14,689	86,833 sq ft ** Multiplex	
TARC Central West Delhi	Central West Delhi	Q2 FY2022-23	Q1 FY2026-27	14,90,000	14,90,000 515 units		
TARC Residences Chattarpur	South Delhi	Q3 FY 2022-23		3,50,000	3,50,000		
TARC Warehouse	North Delhi	Q1 FY2022-23		2,73,940	2,73,940		
TARC Industrial Park	Greater Noida	Q2 FY2022-23		5,00,000	5,00,000		

Source: Company Reports, Arianth Capital Research
** pre contracted

Key Developments - FY22

Project	Type	Location	Status/Launch date	Saleable Area (Sq Ft)	Sqft/INR (Estimate d)	Booked Value/Revenue Potential (INR cr)
TARC Maceo	Residential Group Housing	Sec 91, Gurgaon	95% completed	15,80,000	4,471	630
TARC, Premier Rajokri Residences	Residential	Kapashera, New Delhi	Q3 FY 2021-22 (Construction Started)	4,85,600	12,356	~600*
TARC Residential #	Residential (DDU Scheme)	63A, Gurgaon	Q4 FY 2021-22	6,50,000	8,462	~550*
TARC, Hauz Khas #	Residential	Khas, New Delhi	Q1 FY 2022-23	1,98,000	35,354	~700*
TARC Lakeview	Multiplex cum Mall	Trilokpuri, Delhi	75% completed	1,00,000	-	~80 lakh per month (Rent)**

Source: Company, Aриhant Capital Research

Approvals are awaited, * Revenue Potential, ** Rental Contract Agreement

TARC Maceo: TARC Maceo is strategically located in sector 91, Gurgaon, offers an aesthetic combination of secure and tranquil living along with a thoughtful mix of amenities and services. TARC Maceo is easily accessible from NH8, Dwarka expressway, KMP expressway, and Multi-utility corridor. TARC Maceo is reachable from IGI Airport with in 40 minutes and 30 minutes from DLF CyberHub. The location is amidst an affluent neighbourhood within calm and serene environs.

The project has 2/3/4 BHK bedroom apartments and penthouses. The project has 16 towers with G+12 structure + club, convenience centre, primary school and EWS Apartments.

The project plot area 15.57 acres which is fully paid up land consists of 15,80,000 sqft constructible area. The area available for booking 15,97,000 sqft consists of 788 units. The project was booked 95% in terms of units and 89% booked in terms of sqft which is 750 units consists of 14,80,945 sqft. The booking value of sales stood at INR 630cr. The remaining 5% of inventory is expected to sold within FY2021-22.

TARC Premier Rajokri Residences: TARC Premier Rajokri Residences is a high end residential project, incorporates ultra-modern amenities and facilities for a quality urban living experience. The project will build up with contemporary international design and architecture, curated amenity blocks, recreation zones along with premier quality specifications. The project has 3 and 4 BHK apartments in the vicinity of Aerocity, New Delhi.

The project has 250 dwelling units 190 CSP and 40 EWS with Ground plus 11 floors along with 2 basements. The boundary wall of New Delhi Airport is nearly 2 km from the project. The project is located in south delhi with seamless access from Dwarka, Vasant Kunj, Gurugram and cyber hub.

The project plot area 2.95 acres consists of constructible area 4,85,600 sqft comprises 190 units. The project construction started in Q3FY22 and expected to complete by Q3FY24. The project has approx. saleable area 4,85,600 sqft with revenue potential of ~INR 600cr.

TARC Lakeview: The project is multiplex cum shopping mall. it has 6 screen multiplex, cafes & restaurants etc. The project is well located near sanjay lake in east delhi with metro connectivity. The project has almost completed, the build-up area 1 lakh sqft and build up value ~ INR140cr. The projects is expected to hand over to one of the multiplex chain by Q4FY22. The project is expected to generate ~INR 80 lakh per month as a rental income in going forward.

TARC Residential 63A Gurgaon and TARC Hauz Khas projects are awaited for approvals and expected to launch as per the given launch schedule.

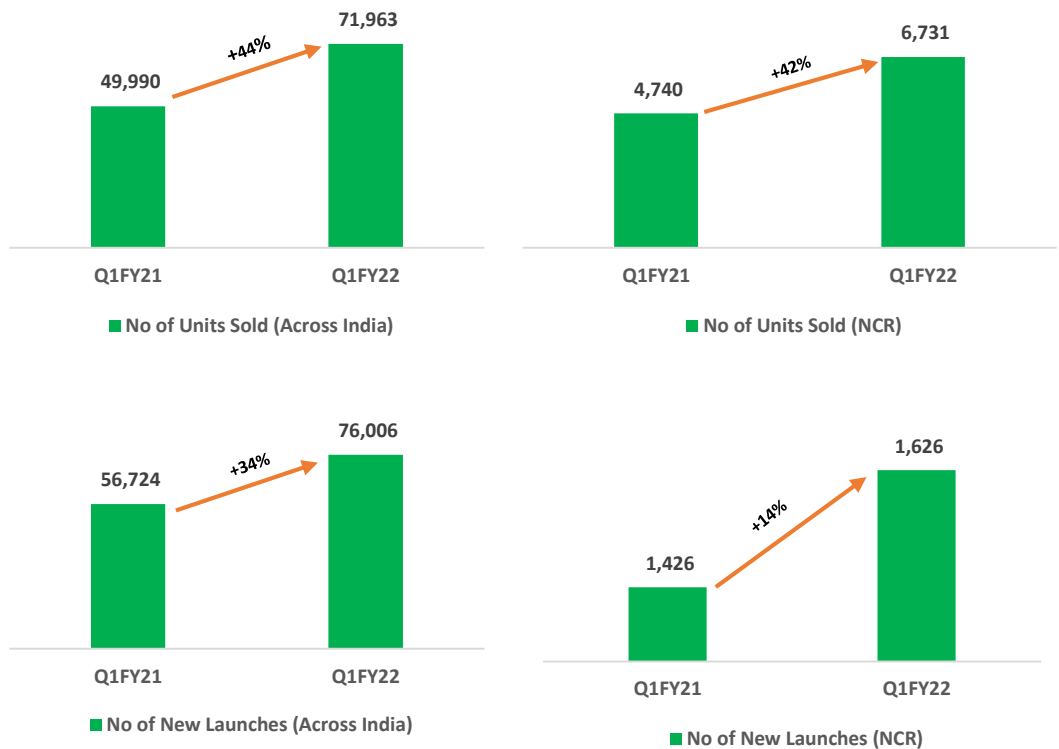
Planned Key Developments - FY23

Project	Type	Location	Saleable Area (Sq Ft)	Sqft/INR (Estimated)	Revenue Potential (INR cr)
TARC Central West Delhi	Residential	Central West Delhi	14,90,000	18,121	~2700
TARC Warehouse	Warehouse	North Delhi	2,73,940	-	~1.1cr per month (Rental)
TARC Industrial Park	Warehouse & Data Centre	Greater Noida	5,00,000	-	~2.5cr per month (Rental)
TARC Residences Chattarpur	Mix Use	South Delhi	3,50,000	11,429	~400

Source: Company, Aриhant Capital Research

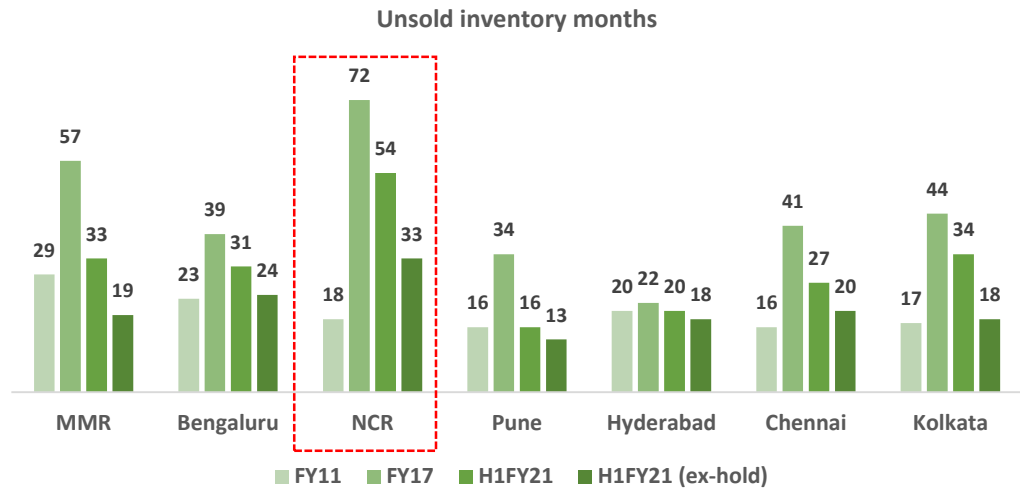
Focused on Debt Reduction: The company focused to reduce the debt and completely debt free by FYE24. The debt reduction will be driven by a mix of (1) Sale of non core assets (2) Revenues / Sales from projects started (3) Government compensations for land acquired for development and other purposes. The company is strategically demonetization of non core assets and focused on residential and hospitality projects due to higher demand in Delhi regions.

Steady growth in Delhi Market: In NCR, The units sold witnessed 42%YoY to 6,731 units in Q1FY22, while across India units sold witnessed 44% YoY to 71,963 units. In NCR, The new launches are witnessed 14% YoY to 1,626, due to structural positive shift in housing demand, while across India new launches witnessed 34% YoY to 76,006. The Delhi market is growing steadily, however its growth in slower pace compared to across India.



Source: Company Reports, Aриhant Capital Research

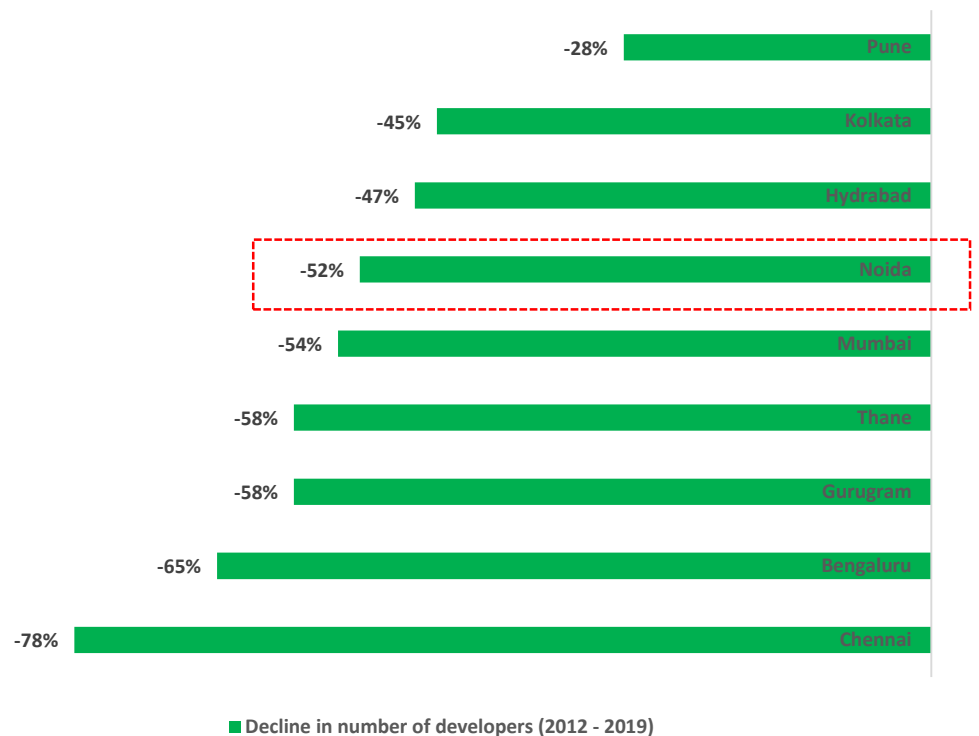
High Unsold Inventories Months in NCR: The ready unsold inventory months has fallen 72 months (FY17) to 33 months (H1FY21) due to new launches going down from unorganized players and demand improving in NCR market led to ready unsold inventories months fallen steadily. However, NCR is the only region was higher than 24 unsold inventories month compared to across India. It takes more time to sold the inventories in NCR compared to across cities in India, which could affect all the real estate players including TARC.



Source: Prop Equity, Aриhant Capital Research

ex-hold - unsold inventory adjusted for stalled projects

Organized developers gaining market share: Tightening regulatory norms, changing customer preferences and funding scarcity for weaker players led to favor for organized developers. Small players were exit in a decade creates room for gaining market share of organized developers. In Noida region, more than 50% of small and unorganized developers exited from the period of 2012 to 2019. TARC Ltd is one of the evolving organized player benefits to gain market share due to decline in number of developers.

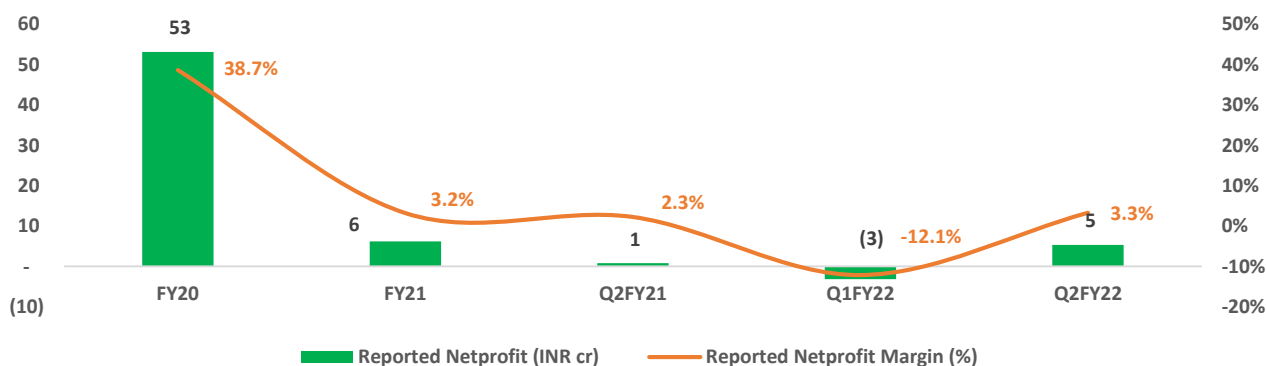
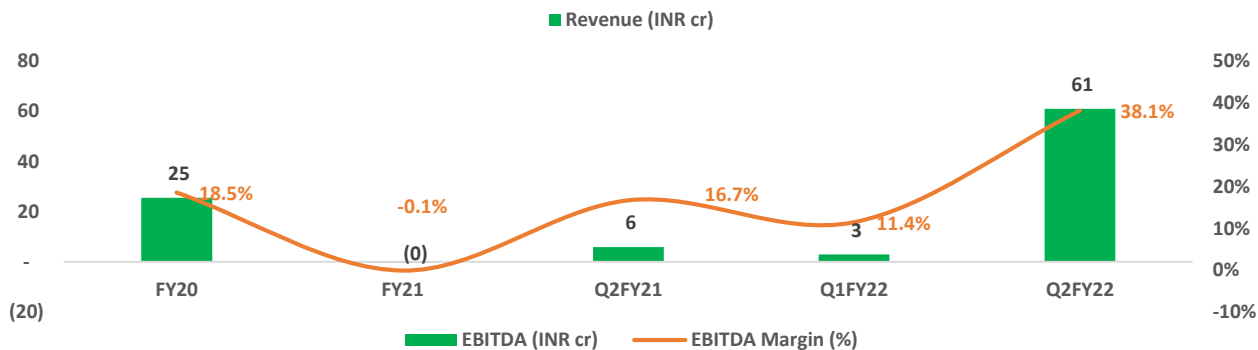
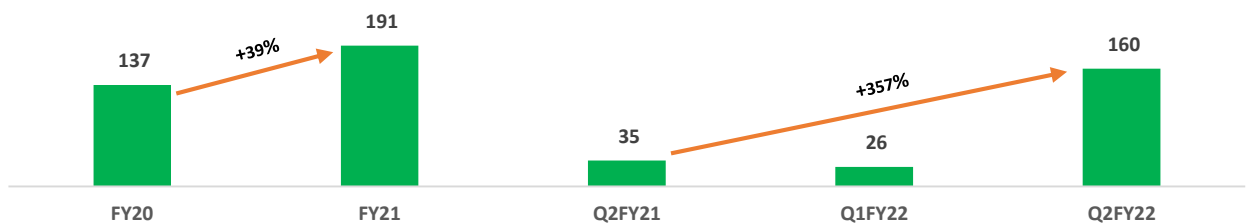


Source: Anarock, Aриhant Capital Research

Income statement

Particular (INR cr)	FY20	FY21	Q2FY21	Q1FY22	Q2FY22
Revenue	137	191	35	26	160
Cost of Sales	90	165	25	20	92
Employee Cost	10	9	2	2	2
Other Expenses	11	17	2	1	4
EBITDA	25	(0)	6	3	61
EBITDA Margin (%)	18.5%	-0.1%	16.7%	11.4%	38.1%
Depreciation	8	8	2	2	2
Interest expense	25	21	6	6	15
Other income	72	30	2	1	1
Share of profits associate & JV	-	(0)	-	-	-
Profit before tax	65	1	0.4	(4)	45
Taxes	12	(5)	(0)	(1)	40
Minorities and other	-	-	-	-	-
Reported Netprofit	53	6	1	(3)	5
Reported Netprofit Margin (%)	38.7%	3.2%	2.3%	-12.1%	3.3%
Other Comprehensive income	(0.2)	0.4588	0	0	0.0
Net profit	53	7	1	-3	5
EPS (INR)	1.8	0.21	0.03	(0.05)	0.09

Charts



Source: Company Reports, Arihant Capital Research

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Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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