TARC Ltd — 11 May 2026 Credit Rating Summary

Section	Details
Agency	Infomerics Ratings
Rating Change	**Reaffirmed at IVR BBB-** (Remains under Rating Watch with Negative Implications - RWNI)
Outlook (Current vs Previous)	**RWNI vs RWNI** (Negative status maintained due to ongoing regulatory scrutiny)
Key Drivers of Change	1. **Regulatory Overhang:** SEBI-mandated forensic audit (FY21-23) and ED searches create high governance risk. 2. **Project Visibility:** ₹1,500 Cr revenue potential over project life provides a long-term buffer. 3. **Deteriorating Leverage:** Net Worth eroded to ₹622.84 Cr (FY25); Gearing spiked to **3.14x** (FY25) from 1.55x (FY24). 4. **Execution Milestone:** OC received for 'TARC Tripundra' (Dec 2025) and 63.63% units sold (Nov 2025) stabilize near-term cash flow.
Rated Instruments	**NCDs:** ₹409.00 Cr
Key Observations	• **Asset Rich:** Massive 550+ acre land bank in Delhi/NCR provides deep underlying value. • **Weak Financials:** FY25 Revenue slumped 70% to ₹83.68 Cr; EBITDA loss of ₹132.98 Cr renders interest coverage "Not Meaningful." • **Concentration:** 100% exposure to Delhi/Gurugram real estate cycle. • **High-Cost Debt:** NCDs structured at 19.60% IRR, indicating high cost of capital/distressed pricing. • **Liquidity:** Adequate for now (₹157.54 Cr cash as of Sep 2025) but contingent on project collections. • **Project Risk:** High dependency on TARC Tripundra, Kailasa, and Ishva for debt servicing.
Investor Impact	• **Margins:** Currently negative; profitability is back-ended and dependent on project completion. • **Leverage:** Significant concern; Debt rose to ₹**1,954.02 Cr** while equity base shrank due to losses. • **Dilution Risk:** High; if regulatory issues block debt refinancing, equity infusion or asset fire sales may be required. • **Growth:** Heavily stalled by legal/regulatory clouds despite strong sales velocity.
Agency / Cross Analysis	**Same Agency:** Rating held at BBB- despite the sharp deterioration in financials (Gearing doubled, EBITDA turned deeply negative). Infomerics is "waiting out" the SEBI Forensic Audit and ED results. **Conclusion:** There is a clear **mismatch** between deteriorating financial ratios and the stable rating grade, suggesting the rating is propped up by "hidden" land bank value and promoter experience rather than P&L strength.
Final Inference	**Risk-Heavy Speculative Play:** The operational progress (sales/OC) is a "real" improvement, but it is currently overshadowed by a "red-flag" governance signal (ED/SEBI). Equity investors should expect high volatility until the forensic audit provides a "clean chit."