TARC Ltd — 22 Dec 2025 Credit Rating Summary

Section	Details
Agency	Infomerics Ratings
Rating Change	**Reaffirmed** at IVR BBB- (0 notches moved); remains under Negative Watch.
Outlook (Current vs Previous)	**RWNI** (Rating Watch with Negative Implications) vs **RWNI**.
Key Drivers of Change	1. **SEBI Forensic Audit:** Investigation into FY21–FY23 financials creates significant governance and regulatory tail-risk. 2. **Execution Milestones:** Occupancy Certificate (OC) received for *TARC Tripundra* (Dec '25) and 63.63% units sold across projects provide cash flow visibility. 3. **Severe Operational Stress:** Revenue collapsed from ₹111.45 Cr (FY24) to ₹33.68 Cr (FY25); EBITDA turned negative (-₹132.98 Cr). 4. **Rising Debt Burden:** Total debt jumped to ₹1,954.02 Cr (from ₹1,391.95 Cr) to fund ongoing construction.
Rated Instruments	**NCDs:** ₹409.00 Cr
Key Observations	• **Asset Rich:** Massive land bank of 550+ acres in high-value Delhi/NCR markets. • **Revenue Pipeline:** Strong visibility of ~₹7,500 Cr over the life of ongoing projects. • **Liquidity:** Unencumbered cash of ₹157.54 Cr; projected cash flow coverage >1.50x (FY26-28). • **Governance Red Flag:** SEBI forensic audit is the primary overhang for institutional investors. • **Financial Deterioration:** Net Worth eroded to ₹622.84 Cr due to a massive PAT loss of ₹231.30 Cr in FY25. • **Concentration:** 100% exposure to Delhi/NCR real estate cycle.
Investor Impact	• **Margins:** Currently deeply negative; equity value depends entirely on successful revenue recognition from *Tripundra, Kailasa,* and *Ishva*. • **Leverage:** Gearing doubled from 1.55x to 3.14x in one year; high interest-servicing risk (Coverage: -1.25x). • **Risk:** Forensic audit could lead to re-statements or penalties, potentially triggering debt covenants or de-rating.
Agency / Cross Analysis	**Same Agency:** Reaffirmed the rating despite a 70% revenue drop and negative EBITDA, indicating the agency is valuing "projected" cash flows and "land bank" over the current P&L. The continuation of **RWNI** since Dec 2024 reflects a "wait-and-watch" stance on the SEBI probe. **Conclusion: Deterioration in Credit Profile** hidden behind a stable rating due to future sales projections.
Final Inference	High-risk, high-reward turnaround play. While project sales/OCs show operational momentum, the **SEBI forensic audit** and **negative interest coverage** make the equity highly speculative until the audit clears.