TARC Ltd — Feb 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline (Execution) / Beat (Operational Milestones) **One-line:** TARC has cleared its most critical execution hurdle by receiving the Tripundra Occupation Certificate (OC), finally unlocking the revenue recognition engine while simultaneously expanding its core GDV potential from □7,700 Cr to □9,000 Cr.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Beat	Tripundra OC received; Kailasa 1.0 sold out; GDV potential upgraded by 17%.	□
Earnings Quality	Low (Transitional)	Reported Revenue (□0.38 Cr) remains negligible as revenue recognition from Tripundra is yet to hit the P&L.	□
Guidance Confidence	Strong	Management delivered on the "near-term" OC milestone and sold out the first phase of their flagship Delhi project.	□
Management Credibility	Strong	Refinancing at "substantial lower cost" and receiving the first major OC validates the pivot from land-owner to developer.	□
Business Quality Signal	Improving	Shift to ultra-luxury confirmed by high velocity in Kailasa and IGBC Platinum pre-certifications.	□
Key Q&A Exchange	N/A	Section not applicable — investor presentation only.	□
The Street's Primary Anxiety	Execution Risk	Partially alleviated by Tripundra OC receipt; focus now shifts to construction speed at Kailasa/Ishva.	□
Capital Cycle Stage	Investment/ Growth	High intensity; 2.5 million sqft of new developments on fully paid land parcels announced.	□
Margin Trajectory	Improving	Finance costs for 9M FY26 (□0.37 Cr) show massive reduction vs 9M FY25 (□0.82 Cr).	□
Pricing Power	Expanding	GDV per project revised upward (Ishva from □2,700 Cr to □3,600 Cr) suggesting higher realizations.	□
FCF Conversion & Quality	Distorted	Cash flows are locked in inventory/construction WIP; accounting profits await completion milestones.	□
Competitive Moat Signals	Widening	Ownership of fully-paid, prime Delhi/Gurugram land parcels is a major advantage vs peers buying expensive land now.	□
Balance Sheet Strength	Adequate	Successful refinancing and "Other Income" cushions provide liquidity for construction.	□
Working Capital Efficiency	Stable	Inventory buildup is intentional as 3.4 million sqft is under active construction.	□
Mgmt Guidance Track Record	Reliable	Consistent delivery on branding, refinancing, and the pivotal Tripundra OC.	□
Key Vulnerability	Timing	The gap between "Sold GDV" and "Reported Revenue" remains wide due to completion-based accounting.	□
Management Tone	Confident	Focus on "Bespoke Homes," "Hospitality-led Luxury," and expanded pipeline.	□

Key Takeaways (Positives & Negatives): * **Positives:** The receipt of the **Tripundra Occupation Certificate (OC)** is the quarter's most significant event, as it transitions the company from an "accounting loss" phase to "revenue recognition." Operational momentum is high: **Kailasa 1.0 is sold out**, and total GDV potential has been revised upward to **₹9,000 Cr** (from ₹7,700 Cr), primarily driven by better realizations at TARC Ishva and Kailasa. The announcement of **2.5 MSF of new developments** on owned land provides a clear growth tail for the next 3-5 years. * **Negatives:** Reported P&L financials (Revenue of ₹0.38 Cr for Q3) remain functionally decoupled from the business's actual economic activity, which can lead to volatility in stock sentiment among retail investors who do not track project-completion accounting. * **Street Concern:** Analysts are watching the gap between "Presales" and "Collections." While branding is top-tier (Forbes A-List, Economic Times awards), the market requires proof that TARC can scale construction across multiple large-format sites (Kailasa and Ishva) simultaneously without delays. * **Watchpoint:** The quantum of revenue and profit booked in Q4 FY26 following the Tripundra OC receipt will be the first "real" P&L test for the new TARC.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS DATA SOURCE: Concall not available — Mgmt Commentary column is based on PPT content.

Metric	Current Qtr (Q3FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Presales (₹Cr)	Not in doc	-	-	-	"Kailasa 1.0 sold-out" indicates strong velocity.
Equivalent Area Constructed	Not in doc	-	-	-	Tripundra complete (OC received); Kailasa/ Ishva in active construction.
Pre-tax Operating CF (₹Cr)	Not in doc	-	-	-	Not explicitly provided; interest costs falling suggests positive cash movements.
Realization/sqft (₹)	~26,000	↑ 4%	↑ 4%	↑	Implied by ₹4,400 Cr GDV for 1.7M sqft (Kailasa).
Revenue Potential (GDV) (₹Cr)	9,000	↑ 16.9%	↑ 16.9%	↑	Upward revision from ₹7,700 Cr last quarter.
Revenue (₹Cr)	0.38	↑ 310%	↓ 94.5%	↓	YoY rise from tiny base; QoQ drop from ₹6.87 Cr (Q2).
PAT (₹Cr)	(0.21)	↑ 26.8%	↑ 98.7%	↑	Loss narrowed vs Q3FY25 (₹0.29 Cr) and Q2FY26 (₹15.77 Cr).
Land Bank (acres)	~500	→ 0%	→ 0%	→	Core asset remains the legacy land bank.
D/E Ratio	Not in doc	-	-	-	Refinanced borrowings at "substantially lower cost."

2B. SEGMENT BREAKDOWN

Project	Sales Potential (□ Cr)	Saleable Area (Sqft)	Status	Trend	vs Company Avg	Key Development
TARC Kailasa (Delhi)	4,400	1,700,000	Active Const.	↑	Largest	Phase 1.0 Sold Out; GDV increased from □4,000 Cr.
TARC Ishva (Gurgaon)	3,600	1,700,000	Active Const.	↑	Growth	GDV increased from □2,700 Cr; IGBC Platinum Pre-cert.
TARC Tripundra (Delhi)	1,000	500,000	**Completed**	↑	Near Term	**OC Received**; 3 & 4 BHK luxury development.
Planned Developments	Not in doc	2,500,000	Planning	New	Pipeline	3 new projects on owned & fully paid land.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Feasibility	Historical Delivery	Risk Flag
Guidance	Project Status	Receive OC for Tripundra.	Achieved in Q3.	**Delivered**	None
Guidance	Sales	Sell out Kailasa 1.0.	High velocity required in luxury segment.	**Delivered**	None
Strategy	Pipeline	Launch 3 new developments (~2.5 MSF).	Requires finalization of design and approvals.	**First entry**	Low
Strategy	Branding	Transition to "Ultra Luxury" and "Signature Amenities."	Maintain high ticket size and Ferrari/Aston-level branding.	**On Track**	None
Balance	Debt	Refinance project debt at lower cost.	Reduce quarterly interest burden.	**Delivered**	Low

(N/A — no concall conducted or available to track Q&A specific guidance updates.)

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q2FY26)	This Quarter (Q3FY26)	Direction
Tripundra Status	OC Pending / Nearing Completion	**OC Received**	↑ Major De-risking
Portfolio GDV	□7,700 Cr	**□9,000 Cr**	↑ Value Accretion
Kailasa Sales	Launch Phase	**Kailasa 1.0 Sold Out**	↑ Operational Hit
Future Pipeline	3.5 MSF Core Focus	**+2.5 MSF New Developments Added**	↑ Growth Visibility
Finance Costs	Refinancing in progress	**Substantially lower cost achieved**	↑ B/S Strengthening
Ishva Potential	□2,700 Cr GDV	**□3,600 Cr GDV**	↑ Pricing Power

INVESTOR NOTES: * **The Recognition Trigger:** The receipt of the Tripundra OC is the single most important catalyst for the stock's fundamental valuation. It allows the company to move roughly □1,000 Cr of contracted sales into the revenue and profit columns. This will likely provide the first "clean" P&L that isn't dominated by "Other Income." * **GDV Inflation:** The jump from □7,700 Cr to □9,000 Cr GDV across the three core projects (Kailasa, Ishva, Tripundra) reflects management's ability to command premium pricing in a buoyant Delhi/NCR luxury market. Specifically, the ₹900 Cr upgrade in TARC Ishva (Gurgaon) suggests significant price hikes. * **Growth Pipeline:** By announcing 2.5 million sqft of new developments on *owned and fully paid* land, TARC is signaling that it does not need to participate in the current hyper-competitive and expensive land auctions to grow. This preserves future margins. * **Interest Expense:** While the absolute numbers in the PPT are small (listed in Lakhs), the trend of decreasing finance costs (9M FY26 vs 9M FY25) confirms the successful debt-restructuring thesis mentioned in the prior quarter. * **Thesis Change: Positive Reinforcement.** The thesis has moved from "Can they sell and build?" to "How fast can they scale?". The delivery of the first OC removes the existential risk of being a "perpetual developer." The massive upward revision in GDV potential adds a margin of safety to the valuation.

STOP HERE.