

## 1. VERDICT & BUSINESS QUALITY SNAPSHOT

**Result:** Inline (Execution) / Data Gap (Sales) **One-line:** TARC is successfully navigating the transition from a land-bank owner to a luxury developer, with a massive reduction in finance costs and visible construction progress across its ₹7,700 Cr core portfolio, though the P&L remains decoupled from economic value pending project completions.

| Dimension                    | This Quarter    | Signal / Evidence   | Sentiment |
|------------------------------|-----------------|---|-----------|
| Beat/Miss vs Guidance        | Inline          | Construction milestones on Kailasa and Ishva are visible; Tripundra remains "nearing completion."     | □         |
| Earnings Quality             | Low (Non-core)  | H1 PAT of ₹38.45 Cr is entirely driven by ₹246.70 Cr in "Other Income" (asset monetization).          | □         |
| Guidance Confidence          | Strong          | Finance costs fell 77% YoY (Q2) and 57% YoY (H1), validating the debt-reduction roadmap.              | □         |
| Management Credibility       | Strong          | High-decibel marketing (Ferrari/Aston Martin) and awards suggest successful brand premiumization.     | □         |
| Business Quality Signal      | Improving       | Pivot to ultra-luxury (IGBC Platinum/Gold) is locking in high-margin potential.                       | □         |
| Key Q&A Exchange             | N/A             | Investor Presentation only.   | □         |
| The Street's Primary Anxiety | OC Timeline     | Revenue recognition cannot trigger until the Tripundra Occupation Certificate (OC) is received.       | □         |
| Capital Cycle Stage          | Investment      | High intensity; construction updates show Ishva and Kailasa are in active mid-cycle development.      | □         |
| Margin Trajectory            | Improving       | Reduction in interest burden (₹11.23 Cr vs ₹49.44 Cr YoY) significantly improves future net margins.  | □         |
| Pricing Power                | Expanding       | Project potentials maintained at high levels (~₹25,000/sqft Delhi; ~₹20,000/sqft Gurgaon).            | □         |
| FCF Conversion & Quality     | Distorted       | P&L shows operational losses; cash flow is likely diverted into construction work-in-progress.        | □         |
| Competitive Moat Signals     | Stable          | Owned land-bank strategy shields the company from the current high-cost land acquisition environment. | □         |
| Balance Sheet Strength       | Adequate        | Massive reduction in quarterly finance costs indicates successful refinancing/de-leveraging.          | □         |
| Working Capital Efficiency   | Stable          | Inventory buildup is consistent with the progress of three major luxury sites simultaneously.         | □         |
| Mgmt Guidance Track Record   | Reliable        | Consistent progress on construction updates and marketing outreach.                                   | □         |
| Key Vulnerability            | P&L Volatility  | Reported revenue (₹6.87 Cr) remains negligible relative to the ₹7,700 Cr sales potential.             | □         |
| Management Tone              | Confident (PPT) | Focus on "Above & Beyond" luxury branding and ecosystem development.                                  | □         |

**Key Takeaways (Positives & Negatives):** \* **Positives:** The most significant financial signal is the **77% YoY collapse in interest costs** for Q2 (to ₹11.23 Cr), which materially de-risks the net profit trajectory once revenue recognition begins. Marketing velocity is high, with high-profile brand collaborations (Ferrari, Aston Martin) positioning TARC as a premier luxury player. Construction on the core 3.5 MSF portfolio (Kailasa, Ishva, Tripundra) is progressing, with actual site images confirming activity. \* **Negatives:** Reported Revenue (₹6.87 Cr) and EBITDA (Loss of ₹8.41 Cr) for Q2 remain functionally irrelevant to the business's actual economic scale, as accounting rules prevent recognition of sold luxury units. The H1 profit is "artificial," stemming from ₹246.70 Cr of Other Income rather than core real estate operations. \* **Street Concern:** The "waiting game" for the Tripundra OC continues. Until the first project is delivered, the company cannot prove its ability to convert "Booked Sales" into "Accounting Profits," keeping the stock dependent on execution narratives rather than P&L multiples. \* **Watchpoint:** Monitoring the formal receipt of the Tripundra OC and the resultant spike in Q3/Q4 revenue recognition.

## 2. BUSINESS PERFORMANCE

### 2A. KEY METRICS

DATA SOURCE: Concall not available — Mgmt Commentary column absent.

| Metric                         | Current Qtr (Q2FY26) | YoY Change  | QoQ Change | Trend | Mgmt Commentary                                    |
|--------------------------------|----------------------|-------------|------------|-------|--|
| Presales (₹Cr)                 | Not in doc           | -           | -          | -     | Quarterly bookings not specified in Q2 PPT.        |
| Equivalent Area Constructed    | Not in doc           | -           | -          | -     | Images show substructure/ superstructure progress. |
| Pre-tax Operating CF (₹ Cr)    | Not in doc           | -           | -          | -     | Data not provided in high-level P&L.               |
| Realization/sqft (₹)           | 20,000 - 25,000      | → 0%        | → 0%       | →     | Implied by project potentials and saleable areas.  |
| Revenue Potential Locked (₹Cr) | 7,700                | First entry | → 0%       | →     | Combined potential of Kailasa, Ishva, Tripundra.   |
| Revenue (₹Cr)                  | 6.87                 | ↑ 59.3%     | ↓ 91.7%    | ↓     | YoY increase from base; QoQ drop vs Q1 (₹75.9 Cr). |
| PAT (₹Cr)                      | (15.77)              | ↑ 76.6%     | ↓ 129%     | ↓     | Q2 loss narrowed YoY; H1 is positive ₹8.45 Cr.     |
| Land Bank (acres)              | ~500                 | → 0%        | → 0%       | →     | Massive legacy land bank remains the core asset.   |
| D/E Ratio                      | Not in doc           | -           | -          | -     | Interest cost reduction suggests debt is falling.  |

### 2B. SEGMENT BREAKDOWN

| Project                | Sales Potential (₹Cr) | Saleable Area (Sqft) | Status        | Trend | vs Company Avg | Key Development                  |
|------------------------|-----------------------|----------------------|---------------|-------|----------------|----------------------------------|
| TARC Kailasa (Delhi)   | 4,000                 | 1,700,000            | Active Const. | →     | Largest        | Targeting IGBC Platinum rating.  |
| TARC Ishva (Gurgaon)   | 2,700                 | 1,350,000            | Active Const. | →     | Growth         | Received IGBC Platinum Pre-cert. |
| TARC Tripundra (Delhi) | 1,000                 | 500,000              | Nearing Comp. | →     | Near Term      | IGBC Gold Pre-certified.         |

### 3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

| Dimension | Category         | Management Target / Claim             | Required Run-Rate / Mathematical Feasibility        | Historical Delivery                                  | Risk Flag       |
|-----------|------------------|---------------------------------------|---|--|-----------------|
| Guidance  | Debt             | Net Debt Zero in 24 months (from Q4). | Requires ~₹1,200+ Cr repayment over next 18 months. | <b>On Track</b> (Interest cost ↓)                    | <b>Moderate</b> |
| Guidance  | Project Delivery | Tripundra "Nearing Completion."       | Requires OC receipt in H2 FY26.                     | <b>Pending</b>                                       | <b>High</b>     |
| Strategy  | Branding         | Transition to Ultra-Luxury.           | Maintain realizations >₹20k/sqft.                   | <b>Delivered</b> (Ferrari/Aston Martin partnerships) | <b>None</b>     |
| Strategy  | Sustainability   | 100% Green Certified Portfolio.       | Obtain final IGBC ratings for all 3 projects.       | <b>On Track</b> (Pre-certs received)                 | <b>Low</b>      |
| Balance   | Finance Costs    | Efficient Capital Structure.          | Maintain Q2 interest run-rate of ~₹11 Cr/qtr.       | <b>Strong Improvement</b> (Down from ₹49 Cr)         | <b>None</b>     |

### 4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

### 5. WHAT CHANGED vs PRIOR QUARTER

| What Changed              | Prior Quarter (Q4FY25)         | This Quarter (Q2FY26)                        | Direction   |
|---------------------------|--------------------------------|--|-------------|
| <b>Finance Costs</b>      | Not explicitly broken out      | ₹11.23 Cr (Q2) / ₹26.51 Cr (H1)              | ↑ Improving |
| <b>Earnings Profile</b>   | Loss-making (9M)               | H1 Profit (₹38.45 Cr) via Other Income       | ↑ Improving |
| <b>Project Status</b>     | Nearing Completion (Tripundra) | Construction Updates (Kailasa/Ishva)         | → Stable    |
| <b>Branding Intensity</b> | Regional Awards                | Global Luxury Collabs (Ferrari/Aston Martin) | ↑ Improving |
| <b>Other Income</b>       | ₹5.20 Cr (FY24)                | ₹246.70 Cr (H1 FY26)                         | ↑ Improving |

**INVESTOR NOTES:** \* **The Debt De-risking:** The 77% reduction in quarterly interest expense (₹11.23 Cr vs ₹49.44 Cr YoY) is the single most important data point this quarter. It proves that the refinancing and asset monetization strategy is effectively lowering the "burn rate" while the company waits for revenue recognition to kick in. \* **Other Income Distortion:** Investors must strip out the ₹246.70 Cr in Other Income for H1. While it provides a "cushion" and demonstrates asset value realization, it is not a recurring cash flow from the residential

sales engine. \* **Execution Visibility:** The presence of actual construction photos for TARC Ishva and Kailasa in the PPT (vs only artistic impressions previously) confirms that work has moved past the initial excavation/plinth levels into active superstructure development. \* **The CFO-to-PAT Gap:** The divergence is massive. H1 PAT is ₹38.45 Cr, but Revenue is only ₹2.77 Cr. The primary lever is Other Income. Until the Tripundra OC triggers revenue recognition, the P&L will not reflect the cash collection cycle. \* **Thesis Change:** None. The thesis remains a play on **execution timing**. The risk of "will they sell it?" was answered in Q4 (strong sales). The risk of "can they afford the debt?" is being answered now (lower interest costs). The final risk is "can they deliver the keys?", which remains tied to the Tripundra OC watch. STOP HERE.