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## INVESTMENT PLAN

# Nifco to deploy ₹140-150 crore in four real estate projects

**Firm seeks to invest in two deals each in Mumbai and Bengaluru through its proprietary investment product**

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MUMBAI

Mumbai-based Nisus Finance Services Co. Pvt. Ltd (Nifco), which manages a real estate investment fund, is looking to deploy around ₹140-150 crore in four investments in the next six months through its proprietary investment product, said a senior company executive.

"We currently have two deals in Mumbai and another two in Bengaluru that we are keen on. Across these four transactions we would be investing around ₹120-140 crore. The investment could go up to ₹150 crore," said Amit Goenka, managing director and chief executive at Nifco.

The transactions are roughly in the range of ₹30-35 crore, he added. The fund invests only in residential projects. The investments that Nifco is looking at will be made through its proprietary product called StruBB—short for structured buyback.

According to Goenka, the firm came up with the product after having seen the shortfalls of the traditional NCD (non-convertible debenture) model of structured financing.

"Within the NCD model of structured loans, people have



ANIRUDDHA CHOWDHURY/MINT

**Financing plan:** The transactions are in the ₹30-35 crore range and will be made via Nifco's proprietary structured buyback product StruBB.

been taking security of the project, which basically means cash flows and the ongoing project as a whole. In case of any challenges in the cash flows, the recourse really left for the investor is the unsold inventory, because selling the company on a going concern basis or transferring the development rights is extremely hard," he said.

That's when the idea of StruBB came up, said Goenka, "because if the prime security for an investor is essentially the inventory, then why not do the structured loans around that?"

"When you force a liquidation of inventory at a very deep discount, that hurts developers the most and they have been then able to find solutions and repay loans," he added.

The idea behind StruBB is to collateralize specific inventory in a project, generally a late-stage, ongoing project, which has a sig-

nificant amount of buyer interest already.

The product allows the investor to acquire ownership, mortgage and liquidation rights for the inventory at a deep discount. In case of default in payments, the fund can go out and sell that inventory at whatever price it wants to for recovering its investment. The firm looks for residential projects that might already have a construction loan and which need last-mile funding or need money for other uses in the project that banks do not lend against.

The StruBB product offers 2-3% higher returns than the traditional NCD product, whose returns usually range between 18.5-19.5%, said Goenka.

Nifco has already invested around ₹50 crore through StruBB in two investments in the past six months and is focusing on select markets such as Mumbai, Delhi

National Capital Region, Bengaluru and Chennai.

"Our focus is on mid-income to slightly upper-end housing. We are looking for products which are right in the middle of the market in terms of demand," said Goenka.

Nifco is currently investing through its fund, which has a total commitment of ₹150 crore, with a provision for another ₹150 crore in the form of co-investments. The fund invests through both the traditional NCD and StruBB routes.

It has invested ₹85 crore across three investments, committing ₹50 crore of own capital and another ₹35 crore of co-investors.

In May, *The Economic Times* reported Nifco is looking to raise \$40 million (approximately ₹270 crore) through an offshore fund to invest in residential projects in top six property markets across India. This will be the alternative asset manager's maiden offshore fundraising and it expects to conclude it in the next six months, Goenka told the newspaper.

According to industry experts, the steps taken by the Reserve Bank of India (RBI) and the central government will revive the real estate market. "The implementation of Real Estate Regulatory Act (RERA) will ensure transparency in transactions, and help safeguard interests of buyers... RBI has reduced interest rates, which will allow prospective homebuyers to avail of cheaper loans," said Santhosh Kumar, chief executive-operations and international director at real estate consultant JLL India, in a note on 6 June.