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Nifco to raise \$75 million offshore capital for residential projects

Nisus Finance Services (Nifco) is also launching a NBFC named Nisus Fincorp Pvt. Ltd by March, which will also lend to mid- and low-income housing projects

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Nifco and its associates have also committed proprietary capital of about Rs50 crore to be invested for turnaround of small-sized stressed or non-performing residential projects in large cities. Photo: Ramesh Pathania/Mint

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Bengaluru: Nisus Finance Services Co. Pvt. Ltd (Nifco), a real estate investment firm, is raising around \$75 million from investors in the US, Japan and Europe to invest in residential projects in India.

This will be invested alongside Rs150 crore of domestic money, across multiple projects this year.

Nifco, which launched Real Estate Asset Performance Fund-I (REAP-I) in 2015—its first fund of Rs200 crore—is also launching a non-banking financial company (NBFC) named Nisus Fincorp Pvt. Ltd by March, which will also





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“Investor interest and availability of capital in real estate are abundant today, but we want to be cautious and not take large bets. We want to offer comprehensive capital solutions to mid-income and affordable residential developments,” said Amit Goenka, managing director and chief executive of Nifco.

An offshore entity in Mauritius is being incorporated as a feeder or co-investor with REAP-I. It has got commitments of around \$20 million, largely from the US and Japan, and is expected to raise the remaining capital from investors in these countries and Europe. This capital will be invested along with the domestic pool (of capital) in the same set of deals.

“With the Pradhan Mantri Awas Yojana (PMAY), global investors are excited about supporting mid-income housing projects at a late stage (of development). This would provide much-needed late stage capital to finish projects running behind schedule and deliver homes faster to buyers, bringing down the cost of development as well as unlocking value from assets that have suffered due to various regulatory, economic or other hurdles for all stakeholders,” Goenka said.

The firm and its associates have also committed proprietary capital of about Rs50 crore to be invested for turnaround of small-sized stressed or non-performing residential projects in large cities. It is looking to invest about Rs10 crore of quasi-equity in each transaction along with Rs20-30 crore of debt capital from the fund to complete such projects.

“This will allow much-needed equity, debt and management bandwidth to be offered to select projects for their return to profitability,” he said.

Nifco’s new NBFC Nisus Fincorp, which is currently going through the regulatory approval process, is expected to start operations by March with an initial corpus of about Rs100 crore and later raise leverage of about Rs150 crore during the year.

While the residential sector continued to get the largest share of investments during 2017, the quantum of investment declined 29% to Rs15,600 crore, according to a January report by property advisory Cushman and Wakefield.

“The momentum in investment volume has slowed as investors are adopting a cautious stance at a time when the residential market is subdued. Currently, developers are launching fewer projects, as they straddle with an environment of high inventory, weak demand and are focused on ensuring new projects are in compliance with regulatory changes like Real Estate Regulatory Authority (RERA) and GST (Goods and Services Tax),” the report said.

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