

Delhi-based Taneja Developers & Infrastructure (TDI) is developing many townships in north India market, as it sees tremendous growth potential here. To speed up the process, the group is looking at equity infusion or a SPV levels investment. **Kamal Taneja MD, TDI,** in an exclusive interview to **Neha Dewan & Raja Awasthi,** talks about his group's future plans and how he foresees the real estate dynamics changing in the coming years. Excerpts.

The recent developments in the US has made the real estate market sentiment more weak. Do you think the raising funds will be difficult?

The Sub-prime issue in the US has affected economies all over the world. Real estate companies in India raise funds from proprietary funds, internal accruals, banks, IPOs and PE funds. Companies who were dependent on private equity funds from overseas will now definitely face a shortage of funds due to the sub prime crisis. Lending rates for the same will rise while supply and availability of these PE funds will be considerably lower

Going To Town

than in the past. This will definitely play an important role in the growth rate of companies in this space. For mid size players in the Indian real estate space, the impact will be extremely minimal to none. This is because most of these players have relied on proprietary funds, internal accruals and bank borrowing to raise capital for their ventures.

Inflation is over 12% and steel and cement prices have been rising. How much will it affect the real estate sector?



take a hit as bank borrowings will slow down due to a rise in home loan interest rates and shortage of the availability of finances.

The inflation will impact the real estate sector the degree of impact will vary across the entire sector. Individual buyers who look for purchasing flats in group housing will be impacted more than those who focus on buying plots for development at a later stage. This is because the individuals in the group housing segment rely heavily on home loans borrowings for their purchasing. This will

You are heavily investing in smaller towns in north India. What kind of townships will these be and how do you plan to raise these funds?

In these towns we are working on the development of integrated townships. These integrated townships will house residential plots, flats or group housing, commercial complexes, commercial plots, IT office space, hotels, schools, hospitals, etc. This mixed development have been already approved and sanctioned by the state governments. TDI has already acquired the lands for all these proposed townships from internal accruals and proprietary funds. For the development and construction of these townships, we intend to raise funds from internal accruals and bank borrowings. To speed up the process, we may seek the help of equity infusion or at the SPV levels investments. We expect the projects to get completed in next three to five years. However, should the group fail to raise the equity, it we are confident that we will be able to complete all the townships by raising funds from internal accruals and bank borrowings.