

ArthVeda promotes Star II fund in Gulf, other overseas markets

ArthVeda Fund Management, part of Dewan Housing Finance Corporation, said it has started marketing its ₹1,500-crore Star II fund in the Gulf countries and other overseas market.

This is the first realty fund to be offered in the Gulf and other overseas markets following amendments to the FDI policy which allowed high net worth individuals (HNIs) to invest any amount through the automatic route. The Central government has allowed FDI of upto 100 per cent under the automatic route in real estate projects. The earlier policy required a minimum of 20,000 sq m of development and a minimum capital of \$5 million. The two clauses were done away with recently. The fund, which targets the affordable housing sector, is wooing institutions, large corporate houses, sovereign wealth funds, family houses and HNIs in the GCC and other foreign markets, and has a minimum investment size of \$500,000.

Asha fund

The company is close to raising ₹150 crore in the first tranche for its Asha fund. It plans to raise a total of ₹2,000 crore for the fund.

“We hope to raise about ₹150 crore in the first tranche. We have already raised a few crores in just three weeks of the launch and we believe this will be among the fastest fund raising we do,” Bikram Sen, CEO of ArthVeda, told Business Line.

Sen said that ArthVeda’s fund raising follows the launch of various government schemes for creating affordable housing stock and developing urban infrastructure.

He said the company will raise smaller funds of ₹250-350 crore for affordable housing funds for middle income households in the Asha Fund.

Sen said the company specialises in investments in low- and middle-income group housing and will begin investment from the new fund sometime next year.

“We have invested in smaller residential projects in places such as Coimbatore, Guntur, Bengaluru and Jaipur. There is a huge untapped opportunity and we will continue to make

investments in smaller markets. We have exited from several projects with good returns. We are looking at several exits in 2016," Sen added.

The fund has projected an Internal Rate of Return of 18-21 per cent with maximum fund tenure of 60 months.

ArthVeda said that it typically invests in projects ranging from ₹25 to 35 lakh. The fund will make equity investments instead of debt offerings to developers.

Arthveda, formerly known as DHFL Venture Capital India Pvt. Ltd, currently manages two real estate funds. The first, Dream Fund, is fully deployed and has seen a stream of project exits, while the second one — Star Fund — is currently being deployed and is focused on investing in mid-income housing in smaller cities.

Asha, Arthveda's planned domestic fund, is in conjunction and collaboration with Aadhar Housing Finance Ltd, which is promoted by DHFL and International Finance Corporation, a part of the World Bank group.