



## **Bikram Sen, Director & CEO, ArthVeda Fund Management**

Yash Ved / 11:16, 20-Jan-12



**Bikram Sen, Director & CEO, ArthVeda Fund Management** has a Bachelor of Law degree (in Corporate Law, Taxation, Constitutional Law) and a Bachelor of Arts degree (in English Literature and Philosophy/Logic) from Bombay University. He has been with DHFL for almost a decade. He played a strategic role in leading DHFL into real estate project financing that have achieved yields of 70% and a portfolio of over US\$ 100 million. Prior to DHFL, Sen was with The Soros-Chaterjee Group, as he set up two IT-based companies for The Chaterjee Group (TCG).

**ArthVeda Fund Management Pvt. Ltd** was established in May 2005. DREAM FUND-1, one of the first private equity real estate funds in India was registered with Securities and Exchange Board of India (SEBI) in Aug 2005 and launched in Feb 2006. AVFM is promoted by Dewan Housing Finance Corporation Limited (DHFL), one of India's most prominent and second largest housing finance companies in the private sector in the country. It is known for encouraging project development in every district of the country.



Replying to **Yash Ved** of **IIFL**, Bikram Sen says "The company will not restrict itself to only real estate funds but intends to grow its fund management business across different asset classes."

### **Brief us about the launch of ArthVeda Star Fund?**

ArthVeda Star Fund will be invested in middle income housing projects (Rs. 15-40 lakh per unit), with 75% of its investment in 16 tier-II and tier III cities and metro outskirts across India. The projects will be sold at prices ranging from Rs. 2,000 to Rs. 4,000 per sq. ft.

The investment ticket size of the fund deployment will be between Rs. 50mn and Rs 200mn with investment duration of 24-36 months and a maximum extension of 18-24 months. The fund aims to invest in equity or equity like instruments in Special Purpose Vehicles (SPVs), having an active control of each SPV with an ownership of between 51% and 75%.

### **How much are you planning to raise via ArthVeda Star fund?**

ArthVeda STAR is a Rs. 2bn fund, with a greenshoe of Rs. 1bn. ArthVeda STAR's focus of investment will be in Greenfield residential projects.

### **What is the ticket size of the investment?**

#### **For ArthVeda STAR**

Rs.50mn to Rs.200mn

#### **For investors**

Rs.10 Lakh to Rs.25 Lakh one time

Rs. 25 Lakh with drawdown

### **What outlook do you see for real estate prices?**

According to us the real estate market in the country can be divided into two markets that are impacted by completely different sets of macro and micro economic factors.

The first type we can termed as “National” real estate market that comprises Mumbai, Delhi and Bengaluru covering nearly 60% to 70% of the Indian real estate market by value.

The other type can be termed as “Bharat” real estate market that is the other 30% to 40% by value and probably 60% to 70% by volume but is not so much in focus. This market exists in tier II and tier III cities across India.

While the “National” real estate market is impacted by global and national macro economic factors such as capital flow, current account deficits, forex rates, GDP growth and interest rates “Bharat” real estate market is impacted by local factors such as capex, agricultural prices, industrial activity, PSU expansion, output in that district as well as migration from neighboring areas to the district headquarters. Defense and government, infrastructure projects such as roads, power and irrigation.

In our view while the “National” real estate market is getting delinked from the underlying fundamentals such as the income levels of the metro households, the “Bharat” real estate market is still linked strongly to the income levels of the households in tier II/III cities.

Hence while the “National” market is getting risky the “Bharat” market is very safe with expectations of robust growth in prices as well as volumes.

### **What are your investment plans over the next 2-3 years?**

The company will not restrict itself to only real estate funds but intends to grow its fund management business across different asset classes such as infrastructure, private equity, listed equities and others.

### **What are opportunities do you see in Infrastructure and Real Estate?**

We think large infrastructure market has certain challenges in terms of land acquisition and the political process and the lead time is also more for such projects. Hence the opportunities are there but with more challenges.

While the small infrastructure projects are faster. In small infrastructure projects since the developers/contractors of these projects are less sophisticated ArthVeda can add much value to such projects.

### **What is your investment strategy?**

ArthVeda aims to provide “superior risk-adjusted returns”, i.e. superior returns with same risks, or same returns with lower risks” through exercising its wisdom, knowledge and expertise. ArthVeda will only enter investment niches where it can see that it will be able to deliver its stated objective of “superior risk-adjusted returns”. So you will see products coming from ArthVeda which will deliver on this promise. Otherwise, the product will not be launched.”

### **Are you planning to launch funds in other segments?**

The company has envisioned a vastly expanded strategic field beyond real estate fund management for the AMC to include other asset classes such as infrastructure, private equity, listed equities and others.