

By Prasanna Deshpande Dec 06 2011

DHFL arm launches second realty fund

Citing potential demand in the middle-income housing segment in non-metro cities, Dewan Housing Finance's (DHFL) fund management arm, ArthVeda Fund Management (AVFM), on Tuesday launched its second real estate fund, called ArthVeda Star.

Through ArthVeda, the fund management company looks to raise Rs 200 crore with a greenshoe option of Rs 100 crore from domestic institutions and high net-worth individuals. The first fund had raised Rs 101 crore in 2006-07. The fund management intends to see its asset under management business reach \$1 billion within the next three years.

The funds to be raised will be deployed in middle-income housing projects, and 75 per cent of investment to be made in 16 tier-II and tier-III cities and outskirts of metros across the country. "Considering the high potential demand in middle housing segment in tier II and III cities, we have launched ArthVeda Star Fund that will offer domestic institutions and high net-worth individuals an opportunity to invest in smaller markets in India, leveraging DHFL group's expertise," said Bikram Sen, CEO of ArthVeda Fund Management. While the projects will be sold in a price range of Rs 2,000-Rs 4,000 per square feet, the cost of each block would be around Rs 15-40 lakh, the company said.

Average ticket size for a housing project will be between Rs 5 crore and Rs 20 crore with an investment horizon of two to three years and a maximum extension of 18-24 months, the release said. The fund aims to invest in equity or equity-linked instruments in special purpose vehicles (SPVs), with 51-75 per cent ownership in each SPV. "We would like to make a difference to the fund management business," said Kapil Wadhawan, chairman of DHFL.