

Ahuja Group raises ₹60 crore from Motilal Oswal realty fund

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Mumbai, March 31:

Motilal Oswal's second real estate private equity fund called India Realty Excellence Fund II LLP has made a fresh investment of ₹60 crore in Mumbai-based developer Ahuja Group's housing project.

The company has raised this fund for deployment in its Ambernath project spread across 2.5 million square feet in Mumbai's central suburb.

Despite several attempts to reach the management of Ahuja Group, they remained unreachable. An e-mail to the company spokesperson also went unanswered. Nishith Desai Associates acted as the legal and tax counsel to Ahuja Group for this transaction.

According to a person privy to the development, the deal was closed in early January.

Motilal Oswal Real Estate fund, the real estate arm of Motilal Oswal Private Equity, had announced the first close of this second real estate dedicated private equity fund at ₹225 crore earlier this month.

Launched in November 2013, the fund has been looking to raise ₹500 crore, including a green-shoe option of ₹200 crore. It aims to capitalise on the opportunities by focusing on mezzanine debt transactions which provide regular income through fixed coupon and a subsequent project link upside and is targeting an internal rate of return of 25 per cent.

According to Motilal Oswal Real Estate, the fund will chase deals in the residential sector in the top five cities — Mumbai, Delhi NCR, Bangalore, Pune and Chennai.

In a press statement released in early March, Sharad Mittal, Director and Head — Real Estate Investments, Motilal Oswal Real Estate, had said the fund was currently evaluating some opportunities in line with its strategy and was in the process of concluding them.

The second fund comes on the back of the first fund, India Realty Excellence Fund, which was raised four years back. IREF has invested in seven projects in Mumbai, Pune and Bangalore, and within 12 months from the end of the investment period, has returned 60 per cent of the total capital commitment.

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