

The Issue	
Type of Issue	Issue size Rs. Mn
Fresh Issue	6,030
Offer for sale	1,270
Total	7,300
Post issue mkt cap*	54,097
Lot size	38 shares

***At Upper Price Band**

Issue Break-Up	
Reservation for	% of Issue
QIB	75%
NII	15%
Retail	10%
Total	100%

Indicative Offer Timeline	Indicative Date
Bid/Offer Opening Date	20 Sep, 2023
Bid/Offer Closing Date	22 Sep, 2023
Finalization of the Basis of Allotment	27 Sep, 2023
Credit of shares	3 Oct, 2023
Listing Date	4 Oct, 2023

Use of Proceeds

Repayment & Prepayment of borrowings (Rs 4,320mn)

General Corporate Purposes

Manager Axis Capital, ICICI Securities,
Kotak Mahindra Capital

Registrar Link Intime India

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Play on rising real estate demand in Delhi NCR... SUBSCRIBE

Company Overview: SignatureGlobal (India) Limited (SGL) is the largest real estate development company in Delhi NCR in the affordable and lower mid segment housing.

It has grown its operations over the years and in less than a decade, and as of March 31, 2023, it had sold 27,965 residential (25,089) and commercial (2,876) units, all within the Delhi NCR region, with an aggregate Saleable Area of 18.9mn sq ft.

Most of the Company's Completed Projects, Ongoing Projects and Forthcoming Projects are located in Gurugram and Sohna in Haryana, with 88.49% of its saleable area located in this region as of March 31, 2023.

In terms of sales in Gurugram, it had a market share of 31% in the affordable and lower mid segment, and a market share of 24% in all budget categories, over the period from 2020 till March 31, 2023.

As of March 31, 2023, SGL had completed an aggregate Developable Area of 7.64mn sq ft in its Completed Projects and an additional 1.37mn sq ft in its Ongoing Projects, comprising 11,427 residential units and 932 commercial units, for which it has received occupation certificates.

As of March 31, 2023, It has an extensive distribution network focused on the customer segments it target, with 593 channel partners and an in-house team of 41 employees engaged in direct sales and 100 employees for indirect sales.

It provides “value homes” with attractive designs and amenities and seek to enhance the value of its projects by creating a better living environment through the provision of comprehensive community facilities and by engaging renowned architects.

Valuation and Outlook: At the upper price band, the IPO is priced at a **P/B of 0.8x** on FY23 net worth, which is at a discount of ~43% to its **industry average of ~1.4x**. The company is reporting losses, even if the projects are operating at profitable level. However, at operating level, SGL has turned profitable in FY23. Management is hopeful of turning the business profitable over short to medium term. The company's business relies majorly on residential sales (~89% units sold). As per report, the supply is under indexed vs the surging demand (absorption) in the region where the company operates. Further, the brand recognition earned through fast-paced execution with value offerings bodes well future growth. We recommend **SUBSCRIBE** for the issue.

SignatureGlobal (India) Limited

Signatureglobal (India) Limited's key financial summary

Financial summary (Rs. Mn)	FY21	FY22	FY23
Revenue	821	9,013	15,536
EBITDA	-807	-694	657
EBITDA margin (%)	-98.4%	-7.7%	4.2%
Adj. PAT	-805	-1,164	-639
Adj. PAT margin (%)	-98.1%	-12.9%	-4.1%
EPS (Adj for issue)	-5.7	-8.3	-4.5

Pre-issue and post-issue holding structure

Shareholding pattern	Pre-issue	Post-issue*
Promoter & Promoter Group	78.36%	69.63%
Public	21.64%	30.37%
Total	100%	100%

* At upper price band

Key Risks:

Delay in breakeven: The company have reported loss at PAT levels with negative net worth. Considering the capital intensive nature of the business, the company's profitability may remain impacted in future.

Dependance on Delhi-NCR: The business and profitability are significantly dependent in Delhi- NCR region (particularly in Gurugram and Sohna micro-markets in Haryana). Fluctuations in market conditions may affect SGL's ability to sell its projects at expected prices, which may adversely affect revenues and earnings.

Over reliance on Govt backed projects: Most of the Company's project comes from govt policy initiative under AHP and DDJAY-APHP, withdrawal of certain benefits under these projects would adversely affect their business prospects, and result of operations.

Increase in Land acquisition cost: The company business models includes acquisition of land for development purpose. Any increase in the price of land and/or shortages of land available for development may have a material adverse effect on SGL's revenue from operations and profitability.

Competitive Industry: The company operates its business in a highly competitive industry and further consolidation in a market dominated by branded developers may adversely affect its business performance.

SignatureGlobal (India) Limited

Competitive Strengths:

Largest affordable and lower-mid and mid segment real estate developer in Delhi NCR: They are largest real estate development company in Delhi NCR in the affordable and lower mid segment housing, in terms of units supplied (in the below Rs 8mn price category) between 2020 and the three months ended March 31, 2023, with a market share of 31% (Source: Anarock Report). As of March 31, 2023, SGL have sold 25,089 residential units, with an average selling price of Rs 3.6mn/unit.

Well-established brand, strong distribution network and digital marketing capabilities translating into faster sales: SGL have within a relatively short period of time developed a strong brand and customer goodwill based on track record of 179 delivering “value homes”. They have also provided strategically-located, distinctive-design projects with an array of amenities, all at affordable prices.

Fast growing with ability to scale up rapidly: They have scaled up rapidly by growing their project portfolio from 9.1mn sq ft of saleable area as on March 31, 2018, to 44.7 million square feet of Saleable Area as on March 31, 2023. They have been able to scale up at a rapid pace owing to standardized design, technical specifications and layout plans, which they also anticipate will allow them to expand their operations speedily in future.

Standardized product offerings, quick turnaround and end-to-end in-house project execution expertise: SGL through its disciplined approach of land acquisition and development have achieved a quick turnaround from acquisition to launch and typically launched projects within a period of 18 months from the date of land acquisition. SGL’s turnaround capabilities have enabled their land resources to generate cash flows in a relatively short period following acquisition to support further developments. To deliver projects on time and reduce construction costs, they employ aluminium formwork technology in most of projects.

Business Strategies:

Continue to focus on the affordable and lower mid segment housing: As per Anarock report, Affordable and lower mid segment housing constituted the largest segment in terms of supply between 2017 and the three-month ended March 31, 2023, in the top 7 cities in India, indicating significant preference for this category in the Indian housing market. However, as per management supply constrained and surging demand in the category offers opportunity to the company to grow their market share. SGL intend to utilise affordable housing policies in Delhi NCR and focus on projects having residential units with ticket sizes ranging from Rs 4mn to Rs 25mn, based on changing customer preference.

Further consolidate their leadership position in Gurugram, Haryana and expand selectively in micro-markets within Delhi NCR: Gurugram is one of the most rapidly developing cities of the NCR with well developed infrastructure and proximity to International airports. The region contributes almost 51% of the total

SignatureGlobal (India) Limited

sales in the Delhi NCR region in the three months ended March 31, 2023. The availability of land parcels in these regions is likely to lead to multiple new projects in the affordable and mid segments. They intend to focus on identifying land parcels around these areas to benefit from these initiatives and plan their pipeline of projects to align with the anticipated growth in demand for housing.

Focus on growth with cost and price optimization: SGL are able to increase prices for their projects under DDJAY – APHP in the absence of price ceilings on residential development. Also were able to navigate the regulatory ceiling on sale price under the AHP in spite of fluctuation in the input prices. On cost optimization front, SGL aims to increase cost efficiency in their operations by strengthening centralized procurement and increasing scale of operations, where they stand to benefit from the economies of scale and are able to better negotiate rates with vendors.

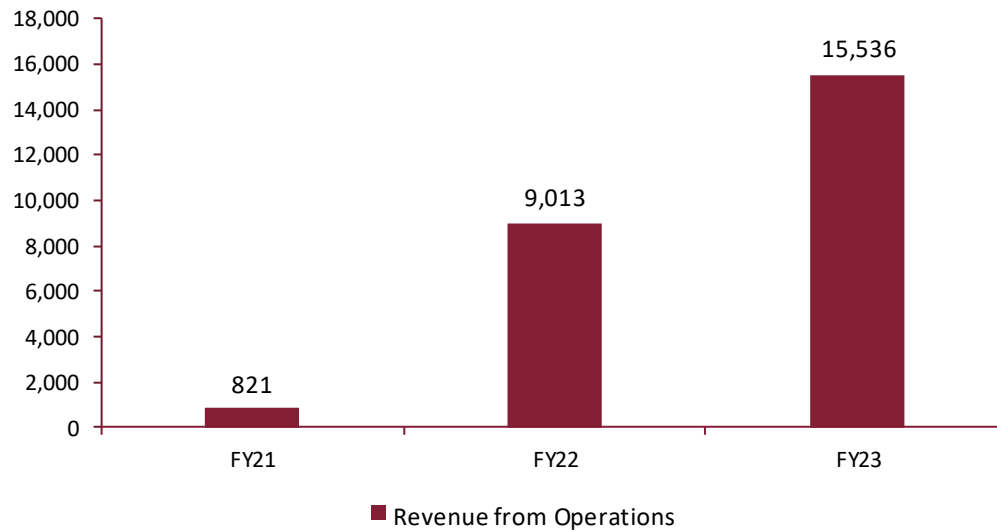
Selectively acquire land to ensure efficient utilization of capital and enter into collaboration agreements to further grow their operations: SGL intend to continue to evaluate and acquire strategically located parcels of land at competitive prices while ensuring a disciplined capital structure with the goal of maximizing returns and developing a robust pipeline of projects in their target market of Delhi NCR. Further, SGL intend to continue to focus on land parcels where the lead-time between acquisition of land parcels and the launch of the project is short. They also intend to leverage brand equity to grow business by entering into collaboration agreements with landowners, transitioning to asset light model prevalent in the industry.

Comparison with Industry Peers

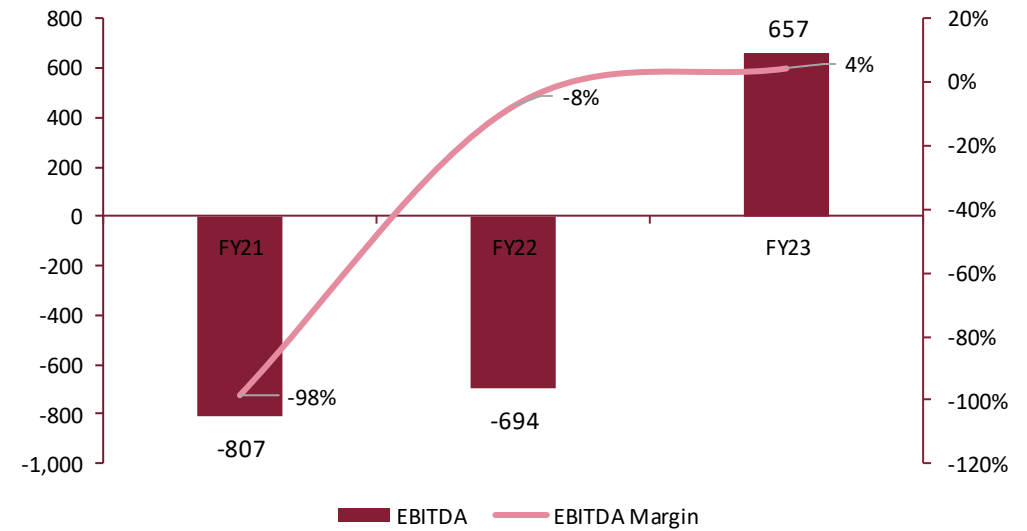
Company Name	CMP (Rs)	RONW (%)	Ebitda %	Rev CAGR (2 yr)	EBITDA CAGR (2 yr)	FY23 EPS (Rs)	BV (Rs)	P/E (x)	P/BV (x)
Signature Global Ltd	385*	NA	4%	335%	NA	5.4	502	NA	0.8
DLF Ltd	522	5%	30%	3%	8%	8.22	152	62.54	3.43
Godrej Properties Ltd	1,592	5%	9%	72%	NA	20.6	333	69.02	4.8
Macrotech Developers Ltd	780	7%	22%	32%	22%	5.1	131	49.30	5.91
Prestige Estates Projects Ltd	605	8%	25%	7%	4%	23.5	249	24.51	2.4
Sobha Ltd	667	4%	11%	25%	-26%	11.0	263	25.62	2.6

SignatureGlobal (India) Limited

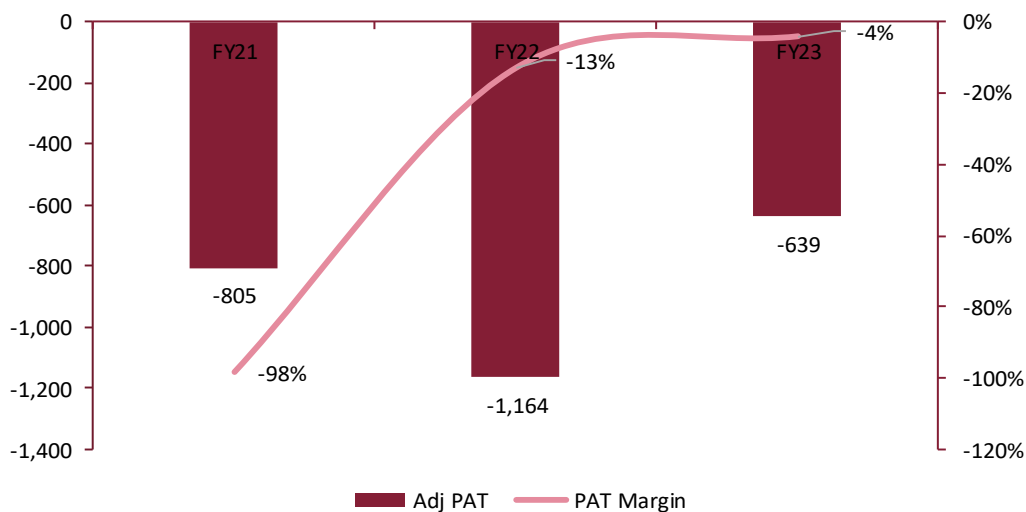
Revenue from operations (Rs. Mn)



EBITDA (Rs. Mn) and OPM (%)



PAT (Rs. Mn) and PAT Margin (%)

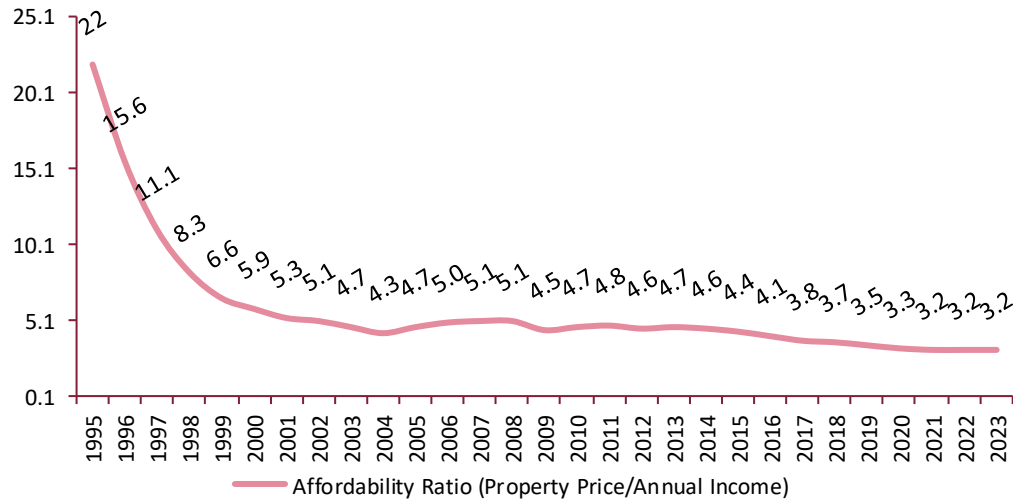


Status of Projects

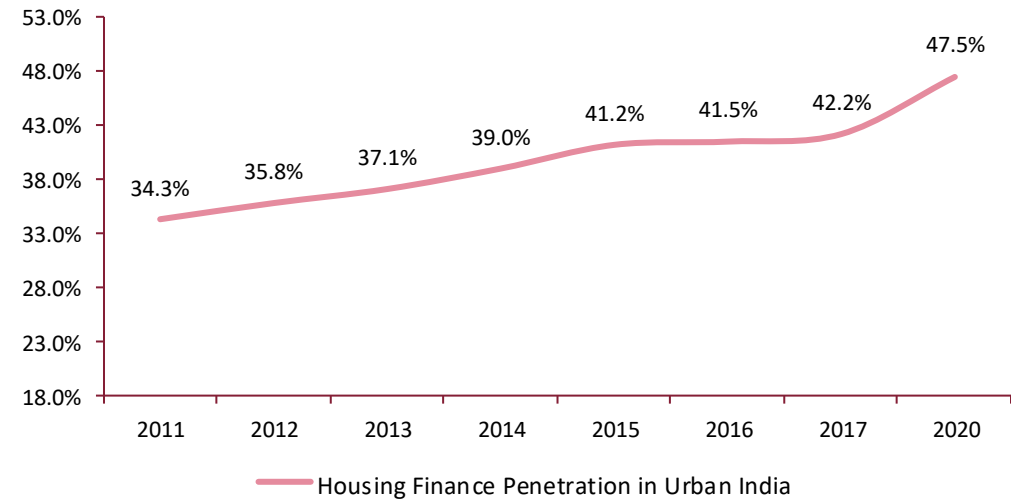
Category	No. of Projects	Land (in Acres)	Land (in Mn sq ft)	Saleable Area (in Mn sq ft)	Developable Area (in Mn sq ft)
Completed Projects	12	95	4.1	6.1	7.6
Ongoing Projects	29	217	9.4	17.2	21.4
Forthcoming Projects	19	379	16.5	21.3	24.5

Industry Outlook

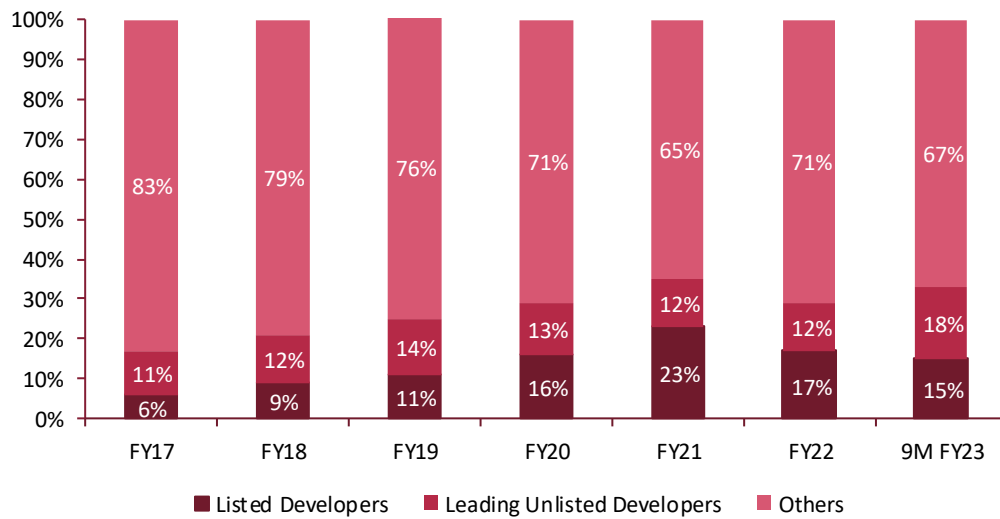
Housing Affordability Ratio



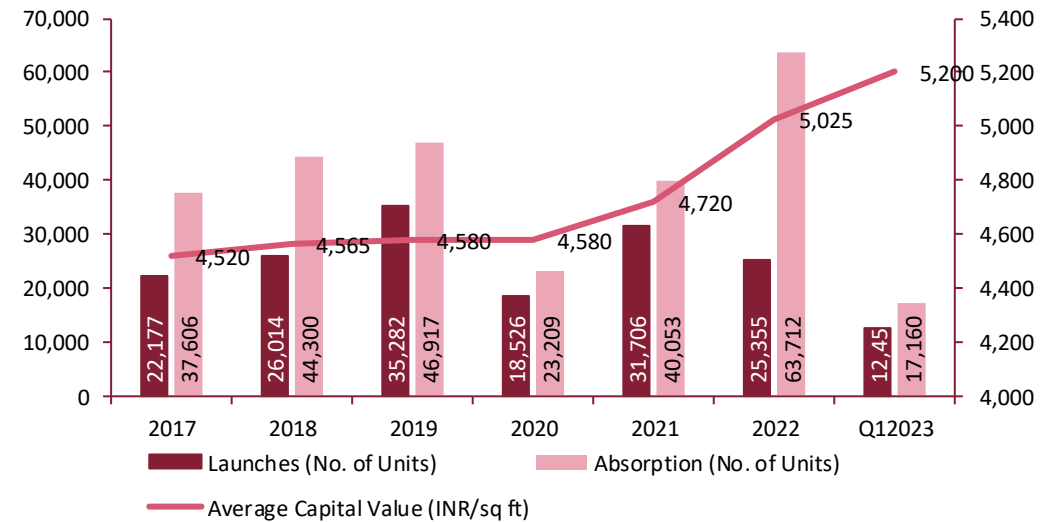
Housing Finance Penetration in Urban India



Industry Sales share



Supply, Absorption and Price Trend for Residential Units –Delhi NCR



INDSEC Rating Distribution

BUY : Expected total return of over 15% within the next 12-18 months.

HOLD : Expected total return between 0% to 15% within the next 12-18 months.

SELL : Expected total return is negative within the next 12-18 months.

NEUTRAL: No investment opinion, stock under review.

Note: Considering the current pandemic situation, the duration for the price target may vary depending on how the macro scenario plays out. Therefore, the duration which has been mentioned as a period of 12-18 months for upside/downside target may be higher for certain companies.

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