

Signature Global (India) Ltd



Making India affordable



Kyon ki bhaiya, sabse bada rupaiya.

Not Rated

Making India Affordable

Signature Global Ltd is the largest real estate development company in the Delhi NCR in the affordable and lower mid segment housing in terms of units supplied (in the below INR 8 million price category) between 2020 and the three months ended March 31, 2023, with a market share of 19%.

The company has strategically focused on the Affordable Housing ("AH") segment (below ₹ 4 million price category) and the Middle Income Housing ("MH") segment (between ₹ 4 million to ₹ 2.5 million private category) through Gol and state government policies. The state government of Haryana under its various policies allows development of AH and MH. The company has been extensively involved in developing projects specifically the Affordable Housing Policy, 2013 notified by the Town and Country Planning Department, Government of Haryana ("AHP") and the Affordable Plotted Housing Policy or the Deen Dayal Jan Awas Yojana ("DDJAY - APHP").

As of March 31, 2023, SGL had sold 27,965 residential and commercial units, all within the Delhi NCR region, with an aggregate Saleable Area of 18.90 million square feet. Its sales (net of cancellation) have grown at a compounded annual growth rate ("CAGR") of 42.46%, from ₹ 16,902.74 million in Fiscal 2021 to ₹ 34,305.84 million in Fiscal 2023. As of March 31, 2023, the company has sold 25,089 residential units with an average selling price of ₹ 3.60 million per unit.

SGL's proposed issue size is INR 730 crore out of which INR 603 crore is a fresh issue and the remaining INR 127 crore is OFS. The price band for the issue is in the range of INR 366-385 and the bid lot is 38 shares and multiples thereof.

The Company proposes to utilise the Net Proceeds towards funding of the following objects:

- INR 2640 crore towards re-payment or pre-payment, in full or in part, of certain borrowings availed by the company
- 1680 towards infusion of funds in certain of the Subsidiaries, namely Signatureglobal Homes, Signatureglobal Developers, Signatureglobal Business Park and Sternal Buildcon for re-payment or pre-payment, in full or in part, of certain borrowings availed by its Subsidiaries
- Balance towards inorganic growth through land acquisitions and general corporate purposes

Key Financial Data (INR Cr, unless specified)

Industry Real Estate

Issue Details

Listing	BSE & NSE
Open Date	20th Sept 2023
Close Date	22th Sept 2023
Price Band	INR366-385
Face Value	INR 1
Market Lot	38 shares
Minimum Lot	1 Lot

Issue Structure

Offer for Sale	17.40%
Fresh Issue	82.60%
Issue Size (Amt)	INR 730 Cr
Issue Size (Shares)	18,961,039 shares
QIB Share (%)	≥ 75%
Non-Inst Share (%)	≤ 15%
Retail Share (%)	≤ 10%
Pre issue sh (nos)	124,848,354
Post issue sh (nos)	140,510,691
Post issue M Cap	INR 5409.66 cr

Shareholding (%)	Pre (%)	Post (%)
Promoter	78.36	69.63
Public	21.64	30.37
TOTAL	100	100

	Revenue	EBITDA	PAT	EBITDA (%)	PAT (%)	Adj EPS (₹)	BVPS (₹)	RoE (%)	RoIC (%)	P/E (X)	EV/Sales (X)
FY21	82.1	-81.9	-86.9	-99.8	-105.9	-6.2	-13.9	41.8	-14.0	-62.4	76.6
FY22	901.3	-84.8	-115.8	-9.4	-12.9	-8.2	-24.7	32.8	-20.5	-47.1	7.0
FY23	1553.6	6.3	-63.7	0.4	-4.1	-4.5	3.6	-134.0	-1.5	-85.1	4.2

Growth Strategies

- **Continue to focus on the affordable and lower mid segment housing**
There continues to exist a large supply gap in the affordable housing segment. This is demonstrated by the fact that the inventory of affordable and mid segment units has been witnessing a continuous decline in the last five years. This unmet demand for affordable housing provides them with an opportunity to grow their market share. As of March 31 2023, they had a portfolio of 29 Ongoing Projects and 19 Forthcoming Projects aggregating to 38.50 million square feet. The company intend to utilise affordable housing policies in Delhi NCR and focus on projects having residential units with ticket sizes ranging from ₹ 4 million to ₹ 25 million, based on changing customer preference.
- **Further consolidate its leadership position in Gurugram, Haryana and expand selectively in micro-markets within Delhi NCR**
Favourable policies of the Haryana government focused on affordable housing and income and group housing together with incentives provided to real estate developers makes Gurugram an attractive market for real estate development. This presents an opportunity for SGL to grow its market share. The Company intends to leverage its brand, experience in construction, extensive regulatory experience and market insights to consolidate its leadership position in Gurugram, Haryana
- **Focus on growth with cost and price optimization**
The company intends to increase cost efficiency in its operations and optimise expenses. It focuses on improving its project designs to optimize the use of land that they are allotted. They have witnessed increases in the price of raw materials but have been able to navigate the regulatory ceiling on sale price under the AHP, in spite of fluctuation in the prices of commodities such as steel and cement and intend to focus on maintaining its margins against inflationary trends. It intends to continue to leverage policy changes introduced by state governments to absorb and offset the price increase of commodities
- **Selectively acquire land to ensure efficient utilization of capital and enter into collaboration agreements to further grow its operations**
It intends 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 its target market of Delhi NCR. Further, it intends to continue to focus on land parcels where the lead-time between acquisition of land parcels and the launch of the project is short, which is typically up to 18 months

Key Risks & Concerns

- SGB's business and profitability are significantly dependent on the performance of the real estate market in the Delhi NCR region, generally, and particularly in Gurugram and Sohna micro-markets in Haryana. Fluctuations in market conditions may affect its ability to sell its projects at expected prices, which may adversely affect its revenues and earnings.
- The withdrawal of certain benefits under the Haryana Affordable Housing Policy, 2013 and the Deen Dayal Jan Awas Yojna, may adversely affect its business, prospects and results of operations.
- It may not be able to successfully identify and acquire suitable land or enter into collaboration agreements, which may affect its business and growth prospects. Further, while acquiring land parcels or other properties or entering into collaboration agreements after conducting due diligence and obtaining independent title reports for the land, it may not be aware of legal uncertainties and defects, which may have an adverse impact on its ability to develop and market projects on such lands.



Issue Structure and Offer Details

SGL's proposed issue size is INR 730 crore out of which INR 603 crore is a fresh issue and the remaining INR 127 crore is OFS. The price band for the issue is in the range of INR 366-385 and the bid lot is 38 shares and multiples thereof.

Issue Structure	
Investor Category	Allocation
QIB	Not less than 75.00% of the Net offer
NIB	Not more than 15.00% of the Offer
Retail	Not more than 10.00% of the Offer

Number of shares based on a higher price band of INR 385

Source: Company Reports

Details of the selling shareholders			
Selling shareholders		Amount offered	No of shares
International Corporation	Finance	127 Cr	32,98,701

The amount is based on a higher price band of INR 385

Source: Company Reports

Financial Summary and Analysis

Fig in INR Cr (unless specified)	FY21	FY22	FY23	Fig in INR Cr (unless specified)	FY21	FY22	FY23
Income Statement				Per share data & Yields			
Revenue	82.1	901.3	1,553.6	Adjusted EPS (INR)	(6.2)	(8.2)	(4.5)
<i>YoY Growth (%)</i>	<i>(66.0)</i>	<i>998.4</i>	<i>72.4</i>	Adjusted Cash EPS (INR)	(5.3)	(6.7)	(2.9)
Raw Material Cost	66.8	820.0	1,256.0	Adjusted BVPS (INR)	(13.9)	(24.7)	3.6
<i>RM Cost to Sales (%)</i>	<i>81.4</i>	<i>91.0</i>	<i>80.8</i>	Adjusted CFO per share (INR)	2.6	14.6	(19.8)
Employee Cost	43.2	64.0	88.5	CFO Yield (%)	0.7	3.8	(5.1)
<i>Employee Cost to Sales (%)</i>	<i>52.6</i>	<i>7.1</i>	<i>5.7</i>	Adjusted FCF per share (INR)	(54.1)	(21.8)	(59.4)
Other Expenses	54.0	102.0	202.8	FCF Yield (%)	(14.0)	(5.7)	(15.4)
<i>Other Exp to Sales (%)</i>	<i>65.8</i>	<i>11.3</i>	<i>13.1</i>				
EBITDA	(81.9)	(84.8)	6.3	Solvency Ratio (X)			
<i>Margin (%)</i>	<i>(99.8)</i>	<i>(9.4)</i>	<i>0.4</i>	Total Debt to Equity	(6.0)	(3.3)	34.1
<i>YoY Growth (%)</i>	<i>124.1</i>	<i>3.5</i>	<i>(107.5)</i>	Net Debt to Equity	(4.5)	(2.5)	20.7
Depreciation & Amortization	11.8	20.7	22.2	Net Debt to EBITDA	(10.7)	(10.2)	164.1
EBIT	(93.7)	(105.5)	(15.9)	Return Ratios (%)			
<i>Margin (%)</i>	<i>(114.2)</i>	<i>(11.7)</i>	<i>(1.0)</i>	Return on Equity	41.8	32.8	(134.0)
<i>YoY Growth (%)</i>	<i>128.0</i>	<i>12.6</i>	<i>(85.0)</i>	Return on Capital Employed	(8.5)	(11.1)	(1.0)
Other Income	72.5	38.3	32.3	Return on Invested Capital	(14.0)	(20.5)	(1.5)
Finance Cost	71.4	69.6	73.2				
Interest Coverage (X)	(1.3)	(1.5)	(0.2)	Working Capital Ratios			
Exceptional Item	(5.5)	0.0	0.0	Payable Days (Nos)	1,470	321	236
PBT	(98.1)	(136.8)	(56.7)	Inventory Days (Nos)	12,322	1,374	1,035
<i>Margin (%)</i>	<i>(119.6)</i>	<i>(15.2)</i>	<i>(3.6)</i>	Receivable Days (Nos)	66	2	7
<i>YoY Growth (%)</i>	<i>31.7</i>	<i>39.4</i>	<i>(58.5)</i>	Net Working Capital Days (Nos)	10,917	1,054	805
Tax Expense	(11.2)	(20.9)	7.0	Net Working Capital to Sales (%)	2,991.1	288.9	220.6
<i>Tax Rate (%)</i>	<i>11.4</i>	<i>15.3</i>	<i>(12.3)</i>				
PAT	(86.9)	(115.8)	(63.7)	Valuation (X)			
<i>Margin (%)</i>	<i>(105.9)</i>	<i>(12.9)</i>	<i>(4.1)</i>	P/E	(62.4)	(47.1)	(85.1)
<i>YoY Growth (%)</i>	<i>52.5</i>	<i>33.3</i>	<i>(45.0)</i>	P/BV	(27.6)	(15.6)	107.9
Min Int/Sh of Assoc	0.3	0.9	0.1	EV/EBITDA	(76.7)	(74.0)	1,019.3
Net Profit	(86.7)	(114.9)	(63.6)	EV/Sales	76.6	7.0	4.2
<i>Margin (%)</i>	<i>(105.6)</i>	<i>(12.8)</i>	<i>(4.1)</i>				
<i>YoY Growth (%)</i>	<i>52.0</i>	<i>32.6</i>	<i>(44.7)</i>	Cash Flow Statement			
				PBT	(98.1)	(136.8)	(56.7)
Balance Sheet				Adjustments	754.5	470.2	609.2
Share Capital	5.7	11.4	12.5	Change in Working Capital	(631.6)	(149.5)	(823.7)
Total Reserves	(201.6)	(357.8)	37.7	Less: Tax Paid	11.2	20.9	(7.0)
Shareholders Fund	(195.9)	(346.4)	50.1	Cash Flow from Operations	35.9	204.9	(278.1)
Long Term Borrowings	840.8	779.3	1,298.8	Net Capital Expenditure	(52.8)	(89.1)	(15.8)
Deferred Tax Assets / Liabilities	(95.7)	(114.2)	(122.0)	Change in Investments	26.5	142.9	23.4
Other Long Term Liabilities	111.4	127.3	11.9	Cash Flow from Investing	(26.2)	53.8	7.6
Long Term Trade Payables	0.0	0.0	0.0	Change in Borrowings	167.9	(199.0)	746.6
Long Term Provisions	5.0	10.9	15.7	Less: Finance Cost	(71.4)	(69.6)	(73.2)
Total Liabilities	665.7	456.8	1,254.4	Proceeds from Equity	0.0	0.0	0.0
Net Block	103.8	168.6	136.0	Buyback of Shares	0.0	0.0	0.0
Capital Work in Progress	0.0	0.0	0.4	Dividend Paid	0.0	0.0	0.0
Intangible assets under developmer	0.0	0.0	0.0	Cash flow from Financing	96.5	(268.5)	673.4
Non Current Investments	46.0	5.1	0.1	Net Cash Flow	106.2	(9.9)	402.9
Long Term Loans & Advances	0.0	0.0	0.0	Forex Effect	0.0	0.0	0.0
Other Non Current Assets	106.0	108.2	75.5	Opening Balance of Cash	138.6	245.4	235.9
Net Current Assets	409.9	175.0	1,042.5	Closing Balance of Cash	244.8	235.5	638.8
Total Assets	665.7	456.8	1,254.4				

Source: Ventura Research

Disclosures and Disclaimer

Ventura Securities Limited (VSL) is a SEBI registered intermediary offering broking, depository and portfolio management services to clients. VSL is member of BSE, NSE and MCX-SX. VSL is a depository participant of NSDL. VSL states that no disciplinary action whatsoever has been taken by SEBI against it in last five years except administrative warning issued in connection with technical and venial lapses observed while inspection of books of accounts and records. Ventura Commodities Limited, Ventura Guaranty Limited, Ventura Insurance Brokers Limited and Ventura Allied Services Private Limited are associates of VSL. Research Analyst (RA) involved in the preparation of this research report and VSL disclose that neither RA nor VSL nor its associates (i) have any financial interest in the company which is the subject matter of this research report (ii) holds ownership of one percent or more in the securities of subject company (iii) have any material conflict of interest at the time of publication of this research report (iv) have received any compensation from the subject company in the past twelve months (v) have managed or co-managed public offering of securities for the subject company in past twelve months (vi) have received any compensation for investment banking merchant banking or brokerage services from the subject company in the past twelve months (vii) have received any compensation for product or services from the subject company in the past twelve months (viii) have received any compensation or other benefits from the subject company or third party in connection with the research report. RA involved in the preparation of this research report discloses that he / she has not served as an officer, director or employee of the subject company. RA involved in the preparation of this research report and VSL discloses that they have not been engaged in the market making activity for the subject company. Our sales people, dealers, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein. We may have earlier issued or may issue in future reports on the companies covered herein with recommendations/ information inconsistent or different those made in this report. In reviewing this document, you should be aware that any or all of the foregoing, among other things, may give rise to or potential conflicts of interest. We may rely on information barriers, such as "Chinese Walls" to control the flow of information contained in one or more areas within us, or other areas, units, groups or affiliates of VSL. This report is for information purposes only and this document/material should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This document does not solicit any action based on the material contained herein. It is for the general information of the clients / prospective clients of VSL. VSL will not treat recipients as clients by virtue of their receiving this report. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of clients / prospective clients. Similarly, this document does not have regard to the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The securities discussed in this report may not be suitable for all investors. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Persons who may receive this document should consider and independently evaluate whether it is suitable for his/ her/their particular circumstances and, if necessary, seek professional/financial advice. And such person shall be responsible for conducting his/her/their own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this document. The projections and forecasts described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. Projections and forecasts are necessarily speculative in nature, and it can be expected that one or more of the estimates on which the projections and forecasts were based will not materialize or will vary significantly from actual results, and such variances will likely increase over time. All projections and forecasts described in this report have been prepared solely by the authors of this report independently of the Company. These projections and forecasts were not prepared with a view toward compliance with published guidelines or generally accepted accounting principles. No independent accountants have expressed an opinion or any other form of assurance on these projections or forecasts. You should not regard the inclusion of the projections and forecasts described herein as a representation or warranty by VSL, its associates, the authors of this report or any other person that these projections or forecasts or their underlying assumptions will be achieved. For these reasons, you should only consider the projections and forecasts described in this report after carefully evaluating all of the information in this report, including the assumptions underlying such projections and forecasts. The price and value of the investments referred to in this document/material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. Future returns are not guaranteed and a loss of original capital may occur. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. We do not provide tax advice to our clients, and all investors are strongly advised to consult regarding any potential investment. VSL, the RA involved in the preparation of this research report and its associates accept no liabilities for any loss or damage of any kind arising out of the use of this report. This report/document has been prepared by VSL, based upon information available to the public and sources, believed to be reliable. No representation or warranty, express or implied is made that it is accurate or complete. VSL has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. The opinions expressed in this document/material are subject to change without notice and have no obligation to tell you when opinions or information in this report change. This report or recommendations or information contained herein do/does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. The report is for the use and consumption of the recipient only. This publication may not be distributed to the public used by the public media without the express written consent of VSL. This report or any portion hereof may not be printed, sold or distributed without the written consent of VSL. This document does not constitute an offer or invitation to subscribe for or purchase or deal in any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document is strictly confidential and is being furnished to you solely for your information, may not be distributed to the press or other media and may not be reproduced or redistributed to any other person. The opinions and projections expressed herein are entirely those of the author and are given as part of the normal research activity of VSL and are given as of this date and are subject to change without notice. Any opinion estimate or projection herein constitutes a view as of the date of this report and there can be no assurance that future results or events will be consistent with any such opinions, estimate or projection. This document has not been prepared by or in conjunction with or on behalf of or at the instigation of, or by arrangement with the company or any of its directors or any other person. Information in this document must not be relied upon as having been authorized or approved by the company or its directors or any other person. Any opinions and projections contained herein are entirely those of the authors. None of the company or its directors or any other person accepts any liability whatsoever for any loss arising from any use of this document or its contents or otherwise arising in connection therewith. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Securities Market.

Ventura Securities Limited - SEBI Registration No.: INH00001634

Corporate Office: I-Think Techno Campus, 8th Floor, 'B' Wing, Off Pokhran Road No 2, Eastern Express Highway, Thane (W) – 400608