



All About



Sector - Construction / Reality



Issue Opens - Sept. 0, 2023 to Sept. 22, 2023

Price Band
₹366 to ₹385

Face Value
₹1

Lot Size
38 Shares

Issue Size
₹730.00 Cr

Issue Type
Book Built

Research@ganeshstock.com

Important Events



Issue Size

18,961,039 shares (₹730.00 Cr)

Fresh Issue

15,662,338 shares (₹603.00 Cr)

Offer for Sale

3,298,701 shares (₹127.00 Cr)

Basis of Allotment

Sept. 27, 2023

Initiation of Refunds

Sept. 29, 2023

Credit of Shares to Demat

Oct 03, 2023

Signature global IPO Listing

Oct 04, 2023

Promoters

- Pradeep Kumar Aggarwal (Chairmen & Whole-time Director)
- Lalit Kumar Aggarwal (Vice Chairman and Whole-time Director)
- Ravi Aggarwal (Managing Director)

Promoters collectively hold 78.36% (Post Issue) of the Equity Share.



About the Company

In terms of units supplied (in the below 80 lakh price category) between 2020 and 2023, Signature Global (India) Limited (SGL) is one of the largest real estate development companies in the National Capital Region of Delhi (Delhi NCR). SGL has a market share of 31%. Nearly all of the projects have been, or are being, undertaken under the Affordable Housing Policy (AHP), the Affordable Plotted Housing Policy, or the Deen Dayal Jan Awas Yojana (DDJAY -APHP). The majority of the Completed Projects, Ongoing Projects, and Forthcoming Projects are located in Gurugram and Sohna in Haryana. . In terms of sales in Gurugram, the company. had a market share of 31% in the affordable and mid-segment, and a market share of 24% in all budget categories, in the period from 2020 to 2023.

Product Portfolio

The company places a strategic emphasis on the Affordable Housing (AH) segment (prices under ₹4 million) and the Middle Income Housing (MH) segment (prices between ₹4 and ₹2 million). As of March 31, 2023, 88.49% of their saleable area was situated in Gurugram and Sohna in Haryana, the location of the majority of their finished, current, and upcoming developments.

Almost all of their projects have been carried out in accordance with the Deen Dayal Jan Awas Yojana - Affordable Plotted Housing Policy (DDJAY - APHP) or the Affordable Housing Policy (AHP)(Revenue-56.2%). (Revenue-43.8%)

Synera, Serenas, and Sunrise are some of their finished projects; they are situated, respectively, in Gurugram, Sohna, and Karnal in Haryana. City 37D and Prime, both in Gurugram, Haryana, are noteworthy ongoing projects.



Objects of the offer

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

- Re-payment or pre-payment, in full or in part, of certain borrowings availed by the Company;
- Infusion of funds in certain of our Subsidiaries, namely Signatureglobal Homes, Signature Infrabuild, Signatureglobal Developers, and Sternal Buildcon for re-payment or pre-payment, in full or in part, of certain borrowings availed by the Subsidiaries;
- Inorganic growth through land acquisitions and general corporate purposes.

Track Record Of Financial Performance

Particulars	As of and for the years ended March 31,			CAGR ⁽¹¹⁾ (Fiscal 2021 to Fiscal 2023)
	2021	2022	2023	
Sales ⁽¹⁾⁽¹⁰⁾ (₹ million)	16,902.74	25,900.38	34,305.84	42.46%
Sales (million square feet)	4.25	5.46	4.35	1.17%
Sales (number of units)	6,069	7,001	4,512	(13.78)%
Revenue from operations (₹ million)	820.57	9,012.98	15,535.70	335.12%
Gross Collections ⁽²⁾⁽¹⁰⁾ (₹ million)	7,790.95	12,821.48	19,200.27	56.99%
Completed area (occupation certificate received) ⁽³⁾ (million square feet)	0.09	3.03	4.10	567.50%
Operating Surplus before Land advance/acquisition ⁽⁴⁾ (₹ million)	2,488.56	4,701.43	6,912.15	66.66%
Adjusted Gross Profit ⁽⁵⁾ (₹ million)	96.90	1,278.32	4,078.58	548.77%
Adjusted Gross Profit Margin ⁽⁶⁾ (%)	26.30%	14.78%	26.78%	-
Adjusted EBITDA ⁽⁷⁾ (₹ million)	(582.85)	273.82	2,155.64	-
Adjusted EBITDA Margin ⁽⁸⁾ (%)	(71.03%)	3.04%	13.88%	-
Net Debt ⁽⁹⁾	5,573.24	5,173.43	10,938.92	40.10%

Particulars	As at March 31,		
	2023	2022	2021
Total income	15,858.78	9,396.00	1,547.19
Earnings per Equity Share			
- Basic	(5.44)	(10.23)	(7.56)
- Diluted	(5.44)	(10.23)	(7.56)
Net profit/(loss) after tax for the period/year	(637.15)	(1,155.00)	(862.78)



Strengths

- The largest developer of lower-mid and mid-priced properties in Delhi-National Capital Region, with a track record of successfully completing and handing over more than 12 projects.
- The Signature Global brand is well-known for inexpensive and mid-range home complexes in Gurugram, Haryana, and the broader Delhi NCR region.
- There is a significant unmet need for affordable housing across the nation, particularly in the main urban areas, which presents greater development potential and market share gains. The company's AHP initiative, which was introduced in FY2021/FY2022, averaged 2.95 times more subscriptions than it could accommodate.

Risks

- With no presence in other significant real estate markets or cities, operations are entirely concentrated in the NCR real estate market and the Gurugram region.
- Limited ability to set prices in AHP developments where States and Union Territories set a maximum price cap on the sale of EWS homes.
- The real estate industry requires a lot of capital, and demand is cyclical in nature.
- Had previously experienced net loss and negative net worth, and they might not be able to attain or maintain profitability going forward.

Valuation and Outlook

The issue's price range, in terms of valuation, is INR 366–385 per share. A P/E ratio of -Ve is based on a price range above INR 3858 and FY22 EPS of INR -10.23 (FY22).

The Signatureglobal (India) Limited According to DRHP peers company is listed whose PE Multiple is shown in this table.

S.No.	Company	PE Ratio
1.	DLF LTD	62.78
2.	Godrej Properties Limited	131.78
3.	Macrotech Developers Limited	42.82
4.	Prestige Estates Projects Limited	17.21
5.	Sobha LTD	57.60

Signature global India focus is on affordable and lower mid-segment housing. The company has demonstrated its ability to scale up rapidly. However, it has incurred losses and its revenue is dependent on one region, which could be a risk factor. The company has large projects on hand and with its sale realization, the company is likely to turn the table in the nearer term. But based on its performance so far, it's a "High Risk/Low Return" bet.

We, therefore, recommend a "AVOID" rating for the issue.