SIGNATURE GLOBAL
MAKING INDIA AFFORDABLE
AN ISO 9001:2015; 14001:2015 ; 45001:2018 CERTIFIED COMPANY

Date: 18th November, 2023

The Manager
BSE Limited
Corporate Relationship Department,
1st Floor, New Trading Ring,
Rotunda Building
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400 001

Scrip Code : 543990

The Manager
National Stock Exchange of India Limited
Listing Department
Exchange Plaza
5th Floor, Plot no C/1, G Block
Bandra Kurla Complex
Bandra (E), Mumbai – 400 051

Symbol : SIGNATURE

Subject: Transcript of Investors/Analysts Call held on 10th November 2023

Dear Sir/Madam,

With reference to our letter dated 6th November 2023 in respect of Investors/Analysts Call dated 10th November 2023, please find enclosed herewith the transcript of discussion held during the said Investors/Analysts Call.

The aforesaid information shall also be disclosed on the website of the Company at the following link/path:
www.signatureglobal.in/investor.php > INVESTOR MEET / PRESENTATION > Transcripts of Investor Call

Kindly take the above information on your record.

Thanking You,

For SIGNATUREGLOBAL (INDIA) LIMITED
(Formerly known as Signatureglobal (India) Private Limited)

RAVI AGGARWAL
Digitally signed by RAVI AGGARWAL
Date: 2023.11.18 19:04:15 +05'30'

RAVI AGGARWAL
MANAGING DIRECTOR

ENCL: A/a

"Signatureglobal (India) Limited

Q2 FY '24 Earnings Conference Call"

November 10, 2023

MANAGEMENT: **MR. PRADEEP KUMAR AGGARWAL –CHAIRMAN AND WHOLE-TIME DIRECTOR – SIGNATUREGLOBAL (INDIA) LIMITED**
MR. LALIT KUMAR AGGARWAL – VICE CHAIRMAN AND WHOLE-TIME DIRECTOR – SIGNATUREGLOBAL (INDIA) LIMITED
MR. RAVI AGGARWAL – MANAGING DIRECTOR – SIGNATUREGLOBAL (INDIA) LIMITED
MR. DEVENDER AGGARWAL – JOINT MANAGING DIRECTOR AND WHOLE-TIME DIRECTOR – SIGNATUREGLOBAL (INDIA) LIMITED
MR. RAJAT KATHURIA – CHIEF EXECUTIVE OFFICER – SIGNATUREGLOBAL (INDIA) LIMITED

MODERATOR: **MR. ADHIDEV CHATTOPADHYAY – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to Signature Global India Ltd Q2 FY24 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Adhidev Chattopadhyay from ICICI Securities. Thank you and over to you, Mr. Chattopadhyay.

Adhidev Chattopadhyay: Good morning, everyone. On behalf of ICICI Securities, it gives us great pleasure to host the Maiden Results Conference Call for Signature Global India. Today, from the management, we have with us Mr. Pradeep Kumar Aggarwal, the Chairman and Whole-Time Director, Mr. Lalit Kumar Aggarwal, the Vice Chairman and Whole-Time Director, Mr. Ravi Aggarwal, the Managing Director, Mr. Devender Aggarwal, the Joint Managing Director and Whole-Time Director, and Mr. Rajat Kathuria, the Chief Executive Officer and team members.

I would now like to hand over the call to the management for their opening remarks and take us through the key operational highlights. Over to you. Thank you.

Management: Good morning, everyone. A warm welcome to the Earnings Conference Call of the Signature Global for the period of the second quarter and half year ended on 30th of September, 2023. I am happy to speak to our investor friends for the first time after our IPO.

Thank you very much for joining this call. I hope you have had the opportunity to review our results, press release and investor presentation available on stock exchanges. We would like to touch upon the economy updates and developments on the real estate sector before we brief you about our second quarter performance.

India surpassed the UK to become the fifth largest economy in last September and currently on a fast track mode to reach to the third position. In last few quarters, RBI kept rate unchanged, brought positive sentiment with stable economic indicators like controlled inflation, stable raw material prices, positive estimates for GDP. These factors creating a promising ecosystem for the entire Indian real estate business.

The IMF has revised India's projected growth for FY23 to the promising 6.3% to surpassing the earlier expected 6.1%. Gurugram stands out a dynamic real estate market, especially in the national capital region contributing significantly to the residential supply. As per the recent Q2-23 Magic Bricks Reality Index, Gurugram experienced a massive 29% increase in demand. In past this market was investor-driven, now it is shifted to an end-user market due to various factors like growing middle class, buying capacity, job opportunities in the millennium city.

As per a recent report by the Times of India, Gurugram is expected to see a great rise in population upto 55 lakh by 2041. The GMDA has planned basic infrastructure roadmap for this growing population. This will pent up ample demand for the mid-income and value housing.

Gurugram has become now IT hub in North India, hosting both global and domestic corporate operations. It has approximately 60% of the total office and retail space in the NCR. Gurugram attracts companies due to its better infrastructure, connectivity and relatively lower rental and price compared to Delhi.

The city's development has been fast-tracked by various infrastructure projects such as extension of the Delhi Metro, Rapid Metro and significant expressway projects like Dwarka Expressway, Delhi-Mumbai Industrial Corridor, SPR and CPR. Gurugram real estate looks good because it is strong economically, the infrastructure is getting better and more people are coming here. RERA brought confidence among investors, buyers and stakeholders.

According to a report by ANAROCK, 86% of RERA-registered projects have been completed, which was launched between July 2017 and December 2018. This shows that RERA in ensuring project completion and enhancing trust within the real estate sector. Signature Global is well positioned to benefit from the advancement, ensuring continued growth and value for the stakeholders.

The company has delivered over 6 million square feet and ongoing projects right now approximate 17 million square feet. After COVID-19, there has been a rapid 20% increase in demand for mid-income housing. Signature Global's forthcoming projects cover approximately 26 million square feet, mainly focusing on mid-income housing and mixed land use.

Being a responsible corporate, we proactively follow the ESG norm. Signature Global is certified with various ISO certifications through which we are ensuring quality, eco-friendly construction and work-related safety standards. The company is committed to the green building practices.

Our eight affordable housing projects are IGBC Gold-rated and most of our mid-income housing projects have EDGE certification from the IFC. These green homes have saved around 30% energy and 50% water and 35% on the other energy factors on an average level.
In the second quarter, Signature Global's financial performance has shown significant growth within a good rise in pre-sales and increased sales realization and healthy growth in our collections. These positive figures indicate positive sentiment in the NCR real estate market.

The company expects this growth to continue in quarter three or quarter four, supported by a healthy pipeline of good projects. Thank you for your attention. And we look forward to your continued support and engagement.

I will now hand over to our CEO Mr. Rajat Kathuria for sharing financial performance in detail. Thank you.

Rajat Kathuria: Thank you, Pradeep ji, for your thoughts. First of all, thanks to everyone for taking your time out in these busy days of the result season and happy Dhanteras to everyone. I would like to give some brief update on our performance and happy to make this a two-way process.

We can then move on to the Q&A. The Signature Global, we are a product and a geography-focused platform. In terms of product, we have always been trying to provide aspirational value homes to our customers, whether they be in the affordable segment or the mid-income segment.

We have always tried to stick to our core markets of Gurugram and Sohna, where we see a lot of potential and a lot of headroom for growth in the years to come. In the first six months, we stuck to our core strategy and we achieved a pre-sales of about INR1,861 crores.

Over the last three, three and a half years, we have been seeing a very positive upward trend in the sales numbers. If you talk of FY21 to FY23, the sales grew by about 42%. And even if we talk about the current six months the last six months, our sales again grew by about 38%.

This whopping sales growth is driven by both volume and realization in per square foot terms. Especially, if you look at the realization aspect, during these six months, our per square foot realization rose to about INR9,800 per square foot. This number for the year, financial year 2021, which is about two and a half years back, used to be close to about INR4,000 a foot. Even that has grown to almost close to INR9,800. And even in the last year, that number was at INR7,425 a foot.

This growth is driven by two primary factors. One is, of course, industrial tailwinds and in general, a bit of inflation on commodity and land prices, the end product prices have risen. Second is also due to the company factor, which is that we focus a lot more on mid-income housing, and especially in the Gurugram market, that has helped us grow the per square foot realization. So while we are achieving a very strong growth in sales, we've also achieved a very, very strong growth in per square foot realization over the past few years on a consistent basis.

As far as these six months are concerned, we achieved sales of INR1,861 crores, primarily from mid-income housing projects. Six of our projects contributed almost 83% of these sales numbers. These were primarily mid-income, low-rise floors across Gurugram market, whether it be SG City in Sector 93, SG City in 92, 79B. All of these projects were launched within this calendar year and are nearing an almost full sale position.

We provided specific inventory details in our investor presentation, which we've uploaded on the stock exchange last night. So these top five projects, which in a way indicates that our sales did not come from any concentrated project, but from a diversified set of projects, which are effectively in different micro-markets within Gurugram and Sohna, they helped us achieve this strong sales number for the first six months.

Another interesting metric, we sold about 1,956 units at an average price of about INR95 lakhs per unit. So Ballpark, a crore a unit, coming from a very strong brand, a very well-established company with strong distribution network, has been giving a lot of confidence to the customers who are buying these units are getting associated with us.

So this is our core business. I'll just repeat again, doing mid-income housing or value housing in the Delhi NCR market and especially focusing on Gurugram and Sohna markets. This is our core market and this is what we have done in the last six months and this is what we intend to do over the coming years, at least on the foreseeable future we intend to stick to our core strategy itself.

Moving on to the collections during this particular period, we've been doing these sales either on construction-linked or a few on the time-linked plans. There are no back-ended payment plans being offered by the company to achieve fast growth sales.

Hence, our collections tend to grow at a good pace alongside growth in sales. During these first six months, our collections grew to about INR1,327 crores, which is a significant rise over the previous year. Now whether we look at the last three years or this first six months vis-à-vis the previous six months, our collections have been growing at a good pace and we expect this trend to continue in the years to come.

The other interesting aspect, this is more of a trend, if you look at the previous financial year, which is when we collected about INR1,900 crores and created an operating surplus of about INR691 crores. The operating surplus, which is effectively before any investment into land, which tends to be a discretionary expense, the operating surplus, was at about 36% of the total operating collections. Even in these six months, this trend continued.

When we collected INR1,327 crores, we also created an operating surplus of about INR466 crores, which is exactly 35% of the operating cash flows, which we collected during the same period. Such operating surplus gives us a lot of headroom to ensure fast-paced construction and also to ensure that we can do further business development out of operating surplus created by the company on an annual basis.

If you look at the portfolio position as of today, the way even Pradeep ji said, as of today, the ongoing projects add up to about 17 million square foot and forthcoming projects, including the one which we announced last evening, the forthcoming projects will be almost 27 million square foot.

The interesting aspect is that we aim to deliver all the ongoing projects, which is almost 17 million square foot of area within a block of next two and a half years, including this full year and by FY26, we aim to deliver the entire 17 million square foot of area.

The 17 million square foot in value terms is almost close to INR11,000 crores. Bulk of this INR11,000 crores has been sold. There is just INR2,300 odd crores of inventory, which is yet to be sold and is getting sold at a fairly fast pace. Balance INR8,700 crores has already been sold, of which about INR4,000 crores has been collected and approximately INR4,700 odd crores is yet to be collected.

So in simple terms, if we look at our ongoing portfolio, which is equivalent to INR11,000 odd crores, about INR7,000 odd crores of collections are expected by FY26 just out of the ongoing portfolio and almost close to INR11,000 crores of revenue recognition, which is being done under the completed contract method of accounting, will also happen during this same period as well. So that's the scenario with our ongoing portfolio.

Now, if we talk of the forthcoming portfolio, I'll just step back to talk a little bit about the company strategy, how we view Gurugram and Sohna market. So there are three particular micro-markets within the Gurugram and Sohna market, which we've identified to be our core market.

So these markets are Sector 37D, which lies on Dwarka Expressway or the Northern Peripheral Road. Second is Sector 71, where we've made significant acquisitions over the last year or so and we're continuing to acquire more land parcels. Third, it is the Sohna Elevated Corridor.

So if we look at two out of these three markets, which is Sector 37D on Dwaraka Expressway and Sohna Corridor, we've launched multiple projects. We've launched six or seven projects in both of these markets, whether these were in affordable category or mid-income category. And we've seen very strong sales velocities.

So given this experience over the years, we've consolidated our positions. We've created more land inventory in both of these markets. So as of today, if you'll see about seven odd million square foot of forthcoming inventory is in the Sohna Elevated Corridor and about three million plus square foot of inventory is in Sector 37D.

Now, if we talk of Sector 71, there are a few updates to start with. At the time we filed the prospectus, there were few land parcels where an ATS was done, but definitive documents were supposed to happen. So out of that, on 25.75 acres of land, we did the conveyance about a couple of weeks back. There's another 16 acres of land on which collaboration is being done, which was disclosed in the prospectus, that collaboration is expected to happen in a short span of time.

But most importantly, yesterday we announced, we entered into another definitive document to acquire 25 acres of prime land. This land is on the SPR. It has frontage, a very wide frontage on the southern peripheral road. And just from a location perspective, if people are aware of this project called Tata Primanti, which is quite an established housing project on that particular road this is very quite adjacent to that on the same side of the SPR. There's about 25 acres of land, which falls in the TOD zone, which means that we'll be able to utilize almost 3.5 times the FAR. So that project we've acquired on which we expect almost 5.5 million square foot of additional developable area. This is a mixed use project. So that's the other addition in Sector 71.

So put together, till date we have approximately about 11 million square foot of forthcoming projects, which are in Sector 71, about seven million square foot in Sohna Elevated Corridor, and about three million square foot in sector 37D. So put together these three locations are contributing almost close to 22 million square foot of forthcoming projects of the 27 million square foot of forthcoming pipeline, which we have showcased in the investor presentation, which we circulated yesterday.

Moderator: Thank you very much.

Rajat Kathuria: Yes. I'm just continuing, just five more minutes I need.

Moderator: Sure sir.

Rajat Kathuria: Yes. In addition, see, revenue recognition is happening. So two more aspects to talk about, rather three aspects, and then, I'll be done. So, we didn't see a lot of new occupation certificates, which came during these six months. But we would request that, our company be viewed on an yearly basis, because for the balance part of the year, there are a few occupation certificates which have been applied for projects which are nearing, which are, which will be getting completed in these six months.

So if we look at the revenue, which we recognize during these six months, it was INR266 crores, which was out of courtesy the unit which we were handing over. But a lot of even in these projects, the OC had come in the previous financial year. But the good aspect was that we showcased a gross profit margin of almost 36%. This is much higher than the gross profit we showcased in the previous year.

The primary reason is that in FY22, we showcase a GP margin of about 26.7%, which was because we had completions both in affordable and mid-income category. Mid-income category usually contributes more towards profit margin in terms of percentage vis-à-vis affordable category. But during these six months, our completions were only in the mid-income category, which were almost INR266 crores. And that's why the GP margin was at about 36%.

The other good aspect was that because we had a successful public IPO, public offering, we managed to raise about INR600 crores of primary issuance. A lot of that money has already been utilized. We utilized a significant portion of that capital towards repaying some of the existing debt. So our net debt position as of 30th September was at INR362 crores, which I would assume everyone will appreciate for the given size of the company. That's a very modest level of net debt to have on any given date.

I would like to now move on to some guiding principles for the rest of the year. Since we are into the eighth month of the year, we would like to share some guidance for the rest of the year. We intend to do new launches of about INR8,500 odd crores during this financial year. These launches will come in our core markets, which is Sector 37D and on the Southern Peripheral Road in Sector 71.

So put together, we intend to launch projects which will be equivalent to INR8,500 odd crores. These launches will be almost 50% higher vis-à-vis the launches we did in the previous year. Also in terms of pre-sales, we expect a very strong sales momentum. The market sentiment is good all across product segments in the housing market, whether it be value homes, mid-income homes or premium homes. We intend a positive growth in our sales and hope that, we will be achieving INR4,500 odd crores in terms of pre-sales during this particular financial year.

And even in terms of collections, while we have collected above INR1,300 odd crores in six months, we see overall collections to cross about INR2,900 crores within this financial year. We are quite confident that the trend of 35% plus operating surplus should continue for the entire financial year. So we should create more than INR1,000 crores of operating surplus during this particular financial year.

With that, I would prefer to leave the suggestions, any Q&A or anything. That was a broad brief on our financial performance.

Moderator: Thank you very much. The first question is from the line of Mohit Agarwal from IIFL Securities. Please go ahead.

Mohit Agarwal: Yes. Congratulations and thanks a lot for the opportunity. My first question is trying to understand your business development strategy. So do you have an annual guidance in terms of how much GDV you want to add annually?

Also, the 6.3 million square feet that you've added this quarter, could you share what of spend that you've done on that 6.3 million square feet and is it all 100% owned or is there a share of GDA? That's my first question. That's my first question.

Rajat Kathuria: So Mohit, thanks for the question. So see, in terms of strategy, Mohit, we intend to focus on these three sort of micro markets a lot in the years to come. These are very selectively chosen micro markets because we are able to offer products at different price points.

So if you look at the Sohna market, we've currently been selling products at about INR7,000 to INR7,500 odd a square foot. In terms of our new launches, this would be positioned more around INR8,000 odd a foot. If you look at the Northern Peripheral Road Sector, 37D group housing, which we intend to launch, that will be at about INR12,000 odd and Sector 71 will be a little higher than that.

So INR13 to INR14 odd thousand rupees a foot. So effectively, we've chosen these three markets wherein we can provide products at different price points and hence cater to different set of customers who are targeting to buy homes in mid-income housing space.

So as a strategy, see, in terms of GDV, we would like to stick to land inventory, which will provide, let's say, about INR6,000 to INR7,000 odd crores of GDV on an annual basis. That's an immediate sort of a plan. It may change once we've achieved these sales levels. But at this point in time, that's the kind of plan from a GDV perspective.

Mohit Agarwal: Sorry. So annually, you would do INR6,000 crores of GDV addition?

Rajat Kathuria: INR6,000 to INR7,000 crores.

Mohit Agarwal: INR6,000 to INR7,000.

Rajat Kathuria: As 6 million is concerned, bulk of this is going to be in owned land. About 5.5 million is coming out of one particular land parcel itself. We are acquiring an entity which owns this, 25 acres of land. The enterprise value of that particular land will be about INR495 odd crores. But on an overall basis, once we include land and all approval costs which will be incurred, that number will go beyond INR700 odd crores. It will be between INR700 to INR750 odd crores. So a lot of that payment is yet to be made. The balance addition of about INR0.8 million is coming from Joint Development Agreements.

Mohit Agarwal: So did I understand this correctly? This is... Sorry, can you repeat that number? How much did you spend? INR750 crores, you said, right?

Rajat Kathuria: So, on this particular land parcel of 25 acres which will provide us a development potential of 5.5 million square foot, so overall, business development or the land addition is of about 6.3 million, of which INR5.5 million is from owned or yet to be owned sort of land. The balance is coming from the JDA land parcels.

In this yet to be fully acquired entity, which is called GCPL, the enterprise value as far as the land is concerned is about INR500 odd crores. And once you load in all approvals, costs, et cetera, the entire capital expenditure on the particular land will go to a number of about close to INR750 odd crores.

Mohit Agarwal: Okay, this is perfect. And of this total amount, how much have you spent so far?

Rajat Kathuria: And of... So we've gone into definitive agreements only yesterday. So yesterday, we got the board approval and late last night, we signed the definitive documents. The GDV of this particular project will be in excess of INR7,000 crores.

Mohit Agarwal: Okay, understood. And the payments will be made in due course, right? In the next one or two quarters?

Rajat Kathuria: Yes.

Mohit Agarwal: The land payments.

Rajat Kathuria: Six to nine months, we will be making the payments.

Mohit Agarwal: Okay. My second question is you mentioned about the prices, the selling prices that you have mentioned in the presentation as well. We've been hearing that the prices have price increases have been healthy. So could you give a sense on these three markets, the prices that you've shared currently? How much would have been? What would have been the year back and what kind of growth have you seen in the micro markets in pricing?

Rajat Kathuria: So Mohit, I'll give a slightly longer perspective. So in the Sohna market, we launched the first project back in January 2020. This was just before the pandemic. At that time, we launched a similar product, we've enriched the product, improved designs over the span of time. But the first product which we did on mid-income housing in the Sohna market was at about INR4,500 odd. Okay.

In that same micro market, we saw very good, response from customers and we kept launching more and more, projects within that sector 36 Sohna market. We've gone anywhere between INR7,000 to INR7,500 odd in terms of per square foot during the previous financial year. And by and large run out of inventory we have just some inventory, very marginal inventory left in the Sohna market.

So that's the kind of price trend of last three years, if you look at Sohna from about INR4,500 to about, INR7,500 is that, pricing trend. Sector 71 is going to be a new launch. We are not taking very aggressive price points while giving this guidance, the markets, I would say quite buoyant, but we are assuming a base selling price of INR13,000 at which it will be a very profitable sort of, sale for us once we initiate it.

Mohit Agarwal: And 37?

Rajat Kathuria: 37 D, we are launching a group housing project for the first time. Till now, we've been selling, making low rise independent floors. We started selling these floors in middle of calendar year 2021. The first project which we launched was in July 2021, wherein we price these products at about INR6,500 odd. Lately, this product has been selling at about INR9,500 odd, per square foot.

But, since we'll be coming up with a group housing product, which is a much more, not much more, but a little more premium than our existing product, we are targeting a price of about INR12,000 a foot.

Mohit Agarwal: And, assuming that Dwarka Expressway we will finally get completed this financial year, do you expect further price increases in the year immediately?

Rajat Kathuria: So see, Mohit we are quite in the money with these sort of product pricing will. If the prices go up from here, which we do expect they will. Our still preference would be to sell bulk of the inventory at these price points. And, let our customers enjoy any further growth from these price points.

But in our modeling, in our business plan, we usually don't assume escalations. And we just kind of try to achieve volumes on these particular, on any given product, which we launch, rather than trying to keep skimming the market with increase in product pricing.

Mohit Agarwal: Okay. I just had one more question on the INR11,000 crores revenue recognition that you're expecting between 2024, 2026, what is the kind of EBITDA margins that one should expect?

Rajat Kathuria: So on a holistic basis, we'll cross 30% EBITDA margins on this entire revenue recognition.

Mohit Agarwal: 30% EBITDA margins.

Rajat Kathuria: Yes.

Mohit Agarwal: Yes. Thanks a lot. That's all from my side. And wish you all a very happy Diwali.

Rajat Kathuria: Thank you. Happy Diwali to you as well, Mohit.

Moderator: Thank you. Next question is from the line of Samar Sarda from Axis Capital. Please go ahead.

Samar Sarda: Yes. Good morning, everybody and congratulations once again for the IPO as well as a good H1. I had a few questions. The first question was on the cash flows. While on slide 12, you've given a snapshot. But if you could just run through a little more detailed cash flow statement as in like how much was the spend on construction, how much was given to the landowners, admin expenses, some of these other things. And related to that is you mentioned roughly INR3 billion or a little less than INR300 crores on land outgo for the first half. How much of that was in the second quarter?

Rajat Kathuria: So, samar construction spend, we can provide the exact numbers, but I'm sharing approximate numbers with you. Out of INR300 odd crores which we collected, hard cost construction would be somewhere close to about INR600 odd, INR550 to INR600 odd crores out of that.

Second, on the land acquisition front, we will make payments in Sector 71 during the second half. So, our land spend would be, would remain slightly higher. It would be around anywhere between on an estimated basis about INR500 to INR600 odd crores during the second half of this year. And bulk of these land payments would be happening towards our acquisitions which we are doing in Sector 71.

Samar Sarda; Okay. So, the details we can probably discuss offline. The INR1,100 odd crores of gross debt, what would be the cost of debt after the IPO repaid off roughly INR30 crores of debt?

Rajat Kathuria: So, we'll be on ballpark, you could say about 11.5% to 12% in terms of our cost of debt as of today.

Samar Sarda: Would we see gross debt going up over the next six months, 12 months?

Rajat Kathuria: As a policy, Samar our thought is that, in any given year, the operating surplus which we are creating, our net debt should be in that similar range and should not cross that. So, for instance, once we make these land acquisitions, our net debt number, even if it was in that INR800 to INR1000 odd crores, we are creating that similar operating surplus. And this is more of a guiding principle which we intend to follow in the years to come.

And the simple reason is that in any given year, if we intend to bring down net debt level to a very low-level, we could simply not buy land in that particular year and bring down our level of debt significantly. So, that's the guiding principle. And that's why we say that we would want to keep our operating surplus for a year and net debt at similar sort of levels.

Gross debt will definitely grow because as we make these acquisitions, the gross debt will grow and over a span of time, which could be, let's say, whether these six months in the balanced part of the year or the quarter thereafter, since collections and operating surplus is being created in the company, which is very good, the gross debt levels will come down.

Samar Sarda: And just two more questions. Since you're launching a normal group housing or a premium group housing for the first time in Sector 37D, thereafter Sector 71, would you be using external EPC contractors this time for high rises?

Rajat Kathuria: Yes, that's correct, Samar. That's exactly our plan as well. And thanks for asking this. We do intend to hire some good quality EPC contractors for both of these group housing projects.

In Sohna, which is the third, bigger launch, which we'll do after these two launches, we'll be doing a similar product, which we've done in the past that will be done in-house. But in both of these projects, we'll be launching, using larger premium EPC contractors.

Samar Sarda: Yes. And one last question is on the ticket size per unit on these forthcoming launches, especially 71 and 37D. So tentatively, what will be the apartment cost in both these projects, when you launch these projects?

Rajat Kathuria: So see, the way the exact pricing or unit sizes are getting worked out, but on a very fundamental basis, Sohna is going to be like a INR1 to INR1.2 odd crores ticket size product. 37D will be more like INR2 to INR2.25 odd crores sort of a ticket size. And Sector 71 will be around INR2.5 to INR3 odd crores. So we'll play this entire spectrum of, on an average, we hope that we'll be going closer to about INR1.5 odd crores a unit, which currently stands at about INR95 lakhs.

Samar Sarda; Perfect. Chalo. Thanks for this. Happy Diwali to everybody at Signature Group and all the best.

Rajat Kathuria: Thank you, Samar. Thanks a lot and happy Diwali to you as well.

Moderator: Thank you. Next question is from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.

Adhidev Chattopadhyay: Yes. Thank you for the opportunity. I've got a couple of questions. The first is now that for Southern Peripheral Road, we have done most of the land acquisitions. So when can we see all the approvals coming through and how will the launches come through over here? Are we targeting something in the next few months or it could spill over to next year? That is the first question.

Second question is on our sales and marketing strategy, because historically we are focused on AHP and DDJAY projects, but now a lot of our incremental projects will come under group housing. So what is going to be our sales strategy in terms of using channel partners and using our own brand equity, which we have created so far? Yes, those are the couple of questions I have. Thank you.

Rajat Kathuria: Adhidev, thanks for the question. So as far as Sector 71 is concerned, our first project launch, we are targeting within this financial year itself. This will be a group housing project. So out of the 25.75 acres project, which we launch, on about 22.5 acres, there are quite advanced approvals, which are already in place. We do intend to take further approvals and launch this particular project within this financial year. And on a sustained basis, since this is going to be one of our core markets going forward, we intend to keep coming up with new launches as and when we are selling these projects. So we will try to maintain that level of consistency in terms of product supply.

I would also like to add one of the basic reasons Adhidev, why we have been growing in terms of sales is, definitely because of good market conditions, but also because as we are growing in size, we are able to supply more products. We've always maintained that this is a hugely supply constrained market. From large branded developers, there is only so much supply being added in the Gurugram market. And hence, as we are managing to launch more projects, come up with more and more inventory, we are growing in terms of our sales value. So in Sector 71, starting with financial itself, we intend to come up with consistent launches.

As far as sales and marketing strategy is concerned, we have a very strong distribution network. So like for any B2C or a consumer company, we have a very strong brand in our local market. And also a very diversified or very wide sort of distribution network. As of today, we have almost close to 1,000 channel partners 984 to be precise who are associated with us.

Even in terms of our earlier mid-income housing sales, which are these independent floors we've been this channel partner strength has been helping us a lot. And we continue to leverage on the strength going forward as we launch our group housing projects.

Adhidev Chattopadhyay: Okay, fine. But I'm just saying, is there any different, something you want to do differently to considering the higher ticket size of these products?

Rajat Kathuria: So, Adhidev, we don't plan to do something very different. Signature Global is a very strong brand and a very trusted brand in the local market. We've already sold products which are in these ticket size.

For instance we sold mid-income floors in Sector 63A, which is on the Golf Course Ext Road the ticket size over there is about INR2.5 crores. We very successfully sold those projects. Even in Sector 37D, we are almost running out of inventory when we are selling products at these close to INR10,000 price points.

So likewise, for group housing we don't intend to do something very different. We are very confident that with our sort of brand name and our distribution network, we'll be able to achieve good sales volumes in the group housing product as well. And we're very confident.

Adhidev Chattopadhyay: Sure, sure. That sounds great. Yes. Thank you for all of the answers. And wish you a happy Diwali. Yes. Thank you.

Rajat Kathuria: Happy Diwali to everyone on the call on behalf of Signature Global. Thanks a lot.

Moderator: Thank you. As there are no further questions, I will now hand the conference over to the management, for closing comments.

Rajat Kathuria: Well, thanks a lot to everyone for being on this call, for taking your time out and being on this call. I know this is a busy day in the result season, but we are very positive with regard to the outlook of the housing sector and also with regard to our participation in our core market. We very strongly expect sales to show an upward trend in times to come.

And also, we want to ensure that we keep improving on the levels of governance relentlessly. We intend to improve the levels of governance in the company and deliver good product to our customers and deliver our promises to every stakeholder associated with us in the company. Thanks a lot.

Moderator: Thank you very much. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.