SIGNATURE GLOBAL
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Date: 12th February, 2024

The Manager **BSE Limited** Corporate Relationship Department, 1st Floor, New Trading Ring, Rotunda Building Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	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
Scrip Code : 543990	**Symbol : SIGNATURE**

Subject: Transcript of Investors/Analysts Call held on 5th February, 2024

Dear Sir/Madam,

With reference to our letter dated 31st January, 2024 in respect of Investors/Analysts Call on 5th February, 2024, 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)

MEGHRAJ BOTHRA
Digitally signed by MEGHRAJ BOTHRA
Date: 2024.02.12 18:39:33 +05'30'

(M R BOTHRA)
COMPANY SECRETARY

Encl: A/a

"Signatureglobal (India) Limited
Q3 FY '24 Earnings Conference Call"
February 05, 2024

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) Limited Q3 FY24 Earnings Conference Call hosted by ICICI Securities. As a reminder, all participants' 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 the conference call, please signal an operator by pressing star then zero on your touchtone telephone. 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, sir.

Adhidev Chattopadhyay: Good morning everyone. On behalf of ICICI Securities, I'd like to welcome you to the Signature Global India Q3 FY24 Results Call. 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, Managing Director, Mr. Devender Aggarwal, the Joint Managing Director and Whole-Time Director, and Mr. Rajat Kathuria, the Chief Executive Officer and the rest of the team.

I'd now like to hand over the call to the management for their opening remarks. Over to you. Thank you.

Pradeep Aggarwal: Thanks, Adhidev. Good morning everyone. Welcome to the earnings conference call for Signature Global, covering the third quarter and nine months ended 31st December, 2023. We hope that you have had a chance to review the company's financial performance details for Q3, press release and investor presentation available on our website and stock exchanges. Let's understand some macro aspects of the India economy first. The government's ambitious goal of transforming India into a Viksit Bharat by 2047 is prepared to create a conducive environment for the expansion of the overall economy and the real estate sector as well.

The third quarter saw a positive shift in investment sentiment as the nation continued its step towards becoming an economic powerhouse notable prior to the upcoming elections. Even in the recent interim budget, the Finance Minister highlighted the government's commitment towards the home ownership of the middle class. In her speech, her budget speech, the effort stated a housing scheme would be announced soon targeting the middle class, extending to those living in rented houses with the aim of enabling the construction or purchase their own homes.

This initiative is expected to further boost the middle income housing and affordable housing sector. Moreover, with the economic scenario improving and the average real income of the individual with a 50% increase, optimistic expectations abound for the real estate sector to thrive across all segments. In a favorable development to the government, firm focus is on infrastructure development reflected in the 11.1% increase in the expenditure for the infrastructure in the interim budget.

Impressively, the country's growth for the last quarter exceeded expectations, clocking in the 7.6% The robust performance led the International Monetary Fund to upwardly revise India's GDP forecast for both FY24 and FY25. The Reserve Bank of India recently approved a revision of the forecast to 7% for the fiscal year 2024, assuring that India remains a shining flame in the fast-changing global economic landscape. This foundation of the economy's stability and growth is further proved by the robust performance of the Indian real estate market.

Gurugram stands out as a dynamic real estate market, especially in the NCR, contributing significantly to the residential supply. According to the latest Magic Brick report, Gurugram has experienced a remarkable 43% growth in its average real estate rate over the last eight quarters. This substantial increase not only reflects the market strength but also points out its sustained and robust nature.

Millennium City witnessed a remarkable 13.8% quarter-on-quarter rise in the last quarter, advocating Gurugram's key role in the NCR real estate sector. In the current economic scenario, Signature Global is strategically positioned to leverage the unfolding opportunities. Our track record includes steadily achieving operational milestones in recent years.

We were dedicated to sustain this momentum in the coming quarter. The company has delivered over 8 million square feet and our ongoing projects are around 17 million square feet. Signature Global's forthcoming projects are over 28 million square feet, mainly focusing on mid-income housing.

Moving on to the financial and operational performance of the company, Signature Global achieved best ever nine-month FY'24 pre-sale performance with a reported growth of 41.4%. The realization of the period also grew 30.7% to INR9,800 per square feet, significantly encouraging company profitability. Strong pre-sales and realization numbers added our company to have a net profit of INR21.8 million against the losses in the earlier quarters. This is a significant milestone for the company.

We believe the robust housing demand from Gurugram or suburbs, which are the focus of our operations, would help us to continuously delivering value to our shareholders, investors and customers. 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: Hi. Good morning, everyone. Thanks a lot for joining us this Monday morning, first thing. Thanks a lot. And I'll like to go a little deeper into some of the key operational and financial aspects and then happy to take up any questions.

So, pre-sales tend to be good. I think we are going through a fairly good phase wherein a lot of supply which is being created by the company is getting absorbed at a fairly comfortable pace and this is happening across our portfolio of projects.

So, stepping back a little, if we really look at our sales growth over the last two years, we grew from about INR1,600-odd crores of sales which was done back in fiscal year '21. We doubled it by fiscal year '23. We took it up to about INR3,400-odd crores. And this year also we took up a target to achieve about INR4,500-odd crores which is about 30% higher than the previous year.

So, by and large we are fairly comfortable in stating that we stick to that guidance and we look fairly comfortable in achieving it. So, if you look at the first nine months itself, we have crossed INR3,100-odd crores of sales. This is about 70% of the annual target.

Breaking it down a little further, we sold about 3,100-odd – 3,135 units of homes or retail shops which averaged about INR1 crore each. So, very much playing that mid-income theme across our portfolio of projects. So, for about INR3,100-odd crores of pre-sales, we sold roughly similar number of units.

So, sales have been good. This was deconcentrated. So, if I look at the projects, we made these sales across six or seven of our projects. Top six projects contributed more than 80% of the sales. And it's kind of a comfortable run at various locations or micro-markets within Gurugram.

If we look at the geography, most of these sales came from the Gurugram region. About 95% of the sales were done in the Gurugram region. About 5% came from the Sohna region. And as this entire nine-month block, we clocked a growth of almost 41% over the previous year which is quite staggering sort of a growth number.

So, our intent remains the same on a forthcoming project basis that we continue to do mid-income housing, play across the spectrum, these homes which are in INR1 crore to INR3 crores sort of range and across various micro-markets, we intend to sell similar sort of products only. As far as collections are concerned, I think they were also fairly robust. We clocked more than 2,100 odd crores of collections during the first nine months.

This was more than a 50% rise in collections over the same period past year. And we are in a fairly comfortable position to achieve our annual guidance of about INR2,900-odd crores of operating cash flows. We've already done about 72%. Both sales and collections are growing on quarter-on-quarter basis. So, one, there is an annual increase and second, there's a quarter-on-quarter increase which shows like a systemic change in the housing market on a continuous basis. We are seeing an uptrend in both of these key business parameters.

Also, to add on, as a thumb rule, we've witnessed about an operating surplus being created in the company which is about roughly 35% of the operating cash flows. So, even during this nine-month period, we achieved about 36% operating surplus of about INR756 crores. This is the operating surplus which is available for either growth or distribution purposes. But this somehow, it's more of a thumb rule, but it tends to be in this range of 35%-odd even in the previous period.

If we jump on to the portfolio, the way it stands and so the on-going portfolio, as Pradeep ji mentioned, is at about 17-odd million square foot of which about 30% is in the AHP category, the affordable homes category, and about 70% is in the mid-income category. So, while we've pivoted a little more towards mid-income, but these are projects which we are completing and we are very hopeful of completing them in the rightful timeline.

So, this 17 million square foot is under development. Almost 90% of this on-going portfolio is already sold out. The balance 10% is being sold at a fairly good pace. And in terms of completion, this should get completed by quarter ending March 2026. Two months earlier or later is something which we can't predict with absolute precision at this stage. But, our guidance and our endeavour is that we complete entire portfolio, the entire block by March 2026.

This block of 17 million square foot has a revenue potential of INR12,000 crores. So, which means substantial collections and even more revenue recognition, since it's done on a completed contract basis should happen by March 2026. So, that's on the on-going portfolio. But if we talk of the forthcoming portfolio, which is more exciting, this is almost now stands at about 28.4 million square foot.

The portfolio gives us enough comfort and inventory to grow at a good pace over the next few years to come. If I was to break down this forthcoming portfolio of about 28-odd million square foot, bulk of it is in our three prime strategic locations. Sector 71, which is on the southern peripheral road is the most strategic and the most prime location within our portfolio, in which now we have 12 million square foot.

A lot of you who are seeing us over the last one or two years we've been talking about this acquisition, but we reported a couple of joint development agreements getting registered last week. So, this entire 12 million square foot is majorly owned by us. And there is a small portion, which is now held in the form of JDAs, is all, is almost kind of now coming towards the completion.

Besides that, we have about close to 7 million square foot, which is in the Sohna belt, Sohna elevated corridor, which we usually use it in our sort of communications. That's another strategic location where we've been selling a lot of products in the past. And about 3 million odd square foot is on the northern peripheral road, which is the Dwarka Expressway expected to be flagged off sometime soon, the Gurgaon portion of it.

So, if you add up these three primary locations of the company, 12 million in sector 71, about 7 odd million in Sohna elevated corridor and about 3 million on the Dwarka Expressway adds up to a little more than 22 million square foot. The balance 6 million square foot is held across multiple locations. And that's also in our core area, which is the Gurgaon and Sohna and nearby regions.

If we look at the GMV for this entire portfolio that will be upwards of INR35,000 or INR40,000 crores. So, that gives us a lot of comfort that on a continuous basis for the next three to four years, we'll continue to create more supply. And we are fairly hopeful that the upward trend in the housing market is here to stay. So, we are fairly comfortable with our land position in the land inventory, so to say, in the company at this point in time.

As far as completions are concerned, we expect a lot of completions to take place during this coming calendar year. On the basis of the completions which happened over this nine month, there are a couple of interesting points to be noted. So, we completed, we recognize a revenue of about INR519 odd crores, in which 60% of the recognition has come from the mid-income projects, mid-income housing projects, and about 40% has come from affordable homes.

On a weighted average basis, we've reported an adjusted gross margin of about close to 32%-odd. Margins on the mid-income side are -- so if you look at the trend, as we are doing more completions on the mid-income side as the proportion of mid-income completions is improving, our gross margin percentages are going up, because on the mid-income side, the margins tend to be good. Or rather, I would say better. However, AHP also is profitable, and our GP margins have usually varied in that 23% to 24%-odd level, whereas on the mid-income side, they've tend to cross 35% in the past.

Also to add on, while we are witnessing all of this growth, both on sales, collections, we've managed to put together a fairly robust sort of forthcoming inventory on the land side. We've stayed fairly disciplined on the debt aspect of the balance sheet. So our net debt is above just INR840-odd crores. This stays within our guidance that we will keep our net debt lower than 1x of the operating surplus. So within nine months itself, we've created an operating surplus of about INR756-odd crores. The net debt as of today stands at about INR843 crores.

During this nine-month period, we've done a fair bit of investment on the land side. And hence, net debt number has gone up a little, but that's because a lot of investments have gone in sector 71 primarily, which is going to be a strategic location for us on a going forward basis. Just to add on, as an estimate, if we were to talk of this INR3,100-odd crores of sales which the company has done, we anticipate that, the embedded or implicit EBITDA margin on this, sales which has been done is upwards of 30%.

As per our estimates, it's actually closer to 32% of embedded EBITDA, which we are earning on these sales. And while I agree that accounting tends to be, a little confusing to me personally, but yes, I think if you, look at our estimates on the embedded EBITDA being earned on the sales, or if you look at the operating surplus, which is almost stands at about, 35% of collections, which is again about INR756-odd crores, these two parameters or yardsticks, are critical for understanding, development company, which uses complete contract method of accounting. So with that, I would broadly, leave it to the floor for any questions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Mr. Adhidev Chattopadhyay from ICICI Securities. Please go ahead.

Adhidev Chattopadhyay: Yes, thank you. You could just tell us about the upcoming launches which are planning around Dwarka Expressway and especially on sector 71. If you could give us a flavour of what are the sort of ticket sizes and what sort of product and what is going to be a sales strategy for these projects? And also how would you want to phase out these launches? That is the first question.

Rajat Kathuria: So, Adhidev, thanks for the question. So, our next two launches are of group housing projects. The first one in line is on the Northern Peripheral Road. This is about 2.7 million square foot of group housing being launched. We are just awaiting the final stage approvals before we launch this project. As you are aware that, we have a massive sort of, distribution at play. There are hundreds of channel partners who are associated with us and there's almost like 150, sales members which are within the company. So, with this massive sort of, sales sort of distribution strength, we are fairly confident of a good response and a good outreach, of these projects. So, that's the first project which is going to come up sometime soon.

Immediately thereafter, we are readying our second project which is on the, Southern Peripheral Road in sector 71. This is again going to be another group housing project to be launched by the company.

Adhidev Chattopadhyay: Sure. And also, in the beginning, Pradeepji in is offering remarks alluded to the Gurgaon market and how it is now pretty hot. Do you also help us understand the recent infrastructure developments or the infrastructure which is going to come up in various belts in that area? How it will or maybe already has had a positive impact on the property prices in and around that area? If you could just help us understand that.

Rajat Kathuria: Aditya, effectively, if you look at the entire last decade, Gurgaon has really seen lot of changes both in terms of physical and social infrastructure. If you talk of the physical infrastructure, there have been good sort of, highway development which has been driven a lot by NHAI, and the local authorities.

So, whether it's the, you know, Golf Course Road or the Sohna Elevated Corridor or, you know, this new elevated, you know, Dwarka Expressway which is now getting opened and so many other sort of, interlinkages between these highways, have happened.

So, that's on the hard infrastructure side. But more importantly, a lot of growth has happened on the social infrastructure. So, whether it be the best in class, schools in the entire NCR region or healthcare facilities or retail spots.

So that's what's created lot of buzz around Gurgaon and has prompted lot of people especially from Delhi or South Delhi or affluent places in Delhi to move towards Gurgaon. In parallel, if you really look at the housing growth over the last decade, enough homes weren't built, you know, in Gurgaon to the extent that demand got created. So, that's why, because of this why we see some sort of sudden price jump which has happened over the coming few years, we feel that demand will stay robust.

Supply should be better than what it was over the last five to seven years. But still, prices may go up but at a more moderate pace. But I think Gurgaon now stands out clearly as a preferred sort of, you know, location in the entire Delhi NCR region for a lot of families while it tends to be a personal decision. But for a lot of families, you know, it's quite a sort of preferred location to stay.

Adhidev Chattopadhyay: Sure, sure. Thank you. That was very helpful. I'll come back if there are more questions. Thank you.

Moderator: Thank you very much. The next question is from the line of Prem Khurana from Anand Rathi, Shares and Stock Brokers. Please go ahead.

Prem Khurana: Good morning, sir. Thanks for taking my questions. So, I have two questions. One was, I think in your opening remarks, somebody mentioned that the prices would have gone up by another 46%-odd over the last 7, 8-odd quarters, which appears to be, I mean, I think on the basis of it appears to be very, very sharp jump we've seen over the last 7, 8 quarters.

So, given the fact that you expect the price to appreciate even further, I mean, do you see a risk where there could be a situation wherein some of these end users start feeling that they're already being priced out and it is no more affordable? Because I think this entire recovery in the cycle side, because of the fact that it's a conveyor belt, it's a corner...

Moderator: Prem sir, sorry to disturb you. Your audio is not that clear.

Prem Khurana: Is it better now?

Moderator: Sir, it's echo. Can you use your hands-free device? Yes, sir, it's now.

Prem Khurana: I think if you could share your thoughts on, I mean, whether there's a risk of the end users start thinking about only seeing 45%, 46% of price growth, and then there's this perception that the prices will keep on rising. And since the entire, [inaudible] because of the fact that people started feeling that it's become affordable, because wages have gone up and the prices have not been able to keep up with the wage inflation. And you feel that it is possible to be able to buy a residential unit today. How do you see the price appreciation in the recent past?

Rajat Kathuria: So, Prem, that's a good question. And the ideal way to look at this price increase or the way we look at it is that while in last 6 to 8 quarters, the prices have risen significantly. But if you look at almost like, 4 to 6 years prior to this block period you'll find that prices were almost stagnated. So it has so happened that, this re-rating has happened, in terms of capital values after a reasonable time. But if you look at, prices over the last six to seven years, the rise is kind of moderate only.

Talking of affordability, yes, if you talk of now prime areas within Gurgaon, it is more expensive. And with prices going up, needless to say that, yes, it is less affordable than what it was two years ago. But what has also happened is that, with this infrastructure developments happening, there are new areas of inhabitation or, choices which are being opted by customers who want more affordable homes.

And a perfect example of that would be, let's say, the Sona Corridor. So while it is called, Sona as a separate, subsidy, but it's just on the periphery of Gurgaon, with the Sona Elevated Corridor, you can actually, do like a 12 to 15 minute ride and be into, prime areas of Gurgaon with lots of, IT offices.

We still continue to sell homes at these locations which are mid-income with all sort of, good specs at roughly about a crore per unit. So, or INR90 lakhs or less than a INR1 crore as well. So point is, if someone wants more affordable homes, yes, there are options available. They won't be at the prime locations, but there are still options which are within a drivable distance of the, city center.

Moderator: Oh, Prem sir, you're not audible.

Prem Khurana: Hello.

Moderator: Yes, sir. Please go ahead.

Prem Khurana: I think you shared it, wherein I mean, you don't intend to kind of let the debt go beyond one time.

Moderator: Prem sir, there is some disconnection from your end.

Rajat Kathuria: So, Prem, while we can't hear you, you can email us your query. And, we've done a bit of, more detailed analysis of the cash which was created and the way it was spent, during the year. In our presentation, you could refer to that. It clearly shows on how, we've collected almost close to about INR2100 odd crores of, cash, the way the surplus was about INR756 odd crores. And how we've, spent the surplus and the IPO proceeds, and how that has impacted the debt level.

With current level of our ongoing and forthcoming inventory, we feel that leverage levels are, fairly, disciplined. And on a going forward basis, we are going to stay cautious that this stays within sort of very disciplined levels. And at some stage, we would want to bring even our net debt to a zero level for which, we'll talk more in times to come. But we are very cautious of the debt level in the company.

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

Rajat Kathuria: So, thanks everyone again. I think thanks for taking out time Monday morning. Mondays tend to be very disorienting for me because of random things. But Yes, I think thanks for your time out first thing Monday morning and wish you a great week ahead. Thank you.

Management: Thanks. Thanks, everyone. Thanks a lot. Thank you, everyone.

Management: Thank you.

Moderator: On behalf of ICICI securities, that concludes this conference. Thank you for joining us. And you may now disconnect your lines. Thank you.