



Signature Global

BSE Sensex 79,649 S&P CNX 24,347

CMP: INR1,453 TP: INR2,000 (+38%) BUY



Stock Info

Bloomberg	SIGNATUR IN
Equity Shares (m)	141
M.Cap.(INRb)/(USD\$b)	204.7 / 2.4
52-Week Range (INR)	1575 / 444
1, 6, 12 Rel. Per (%)	-3/-2/-
12M Avg Val (INR M)	673
Free float (%)	30.4

Financial Snapshot (INR b)

Y/E Mar	FY24	FY25E	FY26E
Sales	12.4	37.3	52.3
EBITDA	-0.3	8.8	12.8
EBITDA Margin (%)	-2.2	23.6	24.5
Adj PAT	0.2	6.7	9.7
Cons. EPS (INR)	1.2	47.4	69.2
EPS Growth (%)	NA	NA	46.1
BV/Share (INR)	44.6	92.0	161.2

Ratios

Net D/E	1.9	0.3	-0.2
RoE (%)	4.9	69.4	54.7
RoCE (%)	5.8	28.9	40.5
Payout (%)	0.0	0.0	0.0

Valuations

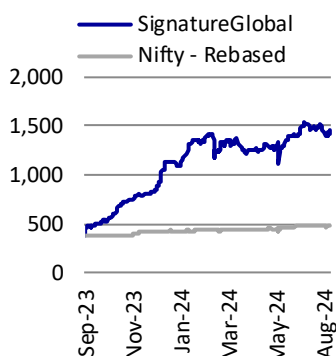
P/E (x)	NM	30.7	21.0
P/BV (x)	32.6	15.8	9.0
EV/EBITDA (x)	NM	23.6	15.5
Div Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Jun-24	Mar-24
Promoter	69.6	69.6
DII	5.3	5.1
FII	8.3	6.1
Others	16.7	19.2

FII Includes depository receipts

Stock Performance (1-year)



Growth gem in making!

Expect to clock pre-sales CAGR of 35% over FY24-27; Initiate with BUY rating

SignatureGlobal India (SIGNATUR) began its operations in 2014 and in just a decade, it has become one of the leading real estate developers in the Delhi-NCR market. The company commenced its journey in the affordable and low/mid-income housing segment by leveraging the state government’s housing policies. Through its standardized offerings and quick turnaround strategy, SIGNATUR has scaled up rapidly and delivered a 42% CAGR in pre-sales over FY21-23. Its agility in adapting to changing market preferences has enabled SIGNATUR to foray into the premium segment, which doubled its pre-sales to INR73b in FY24. Its strong execution capabilities have enabled it to churn the capital and gear up with a strong ~30msf project pipeline to be launched over the next two years. We, thus, expect the growth momentum to remain intact and expect SIGNATUR to deliver 35% CAGR in pre-sales over FY24-27E to INR178b. The management’s disciplined land acquisition strategy has enabled it to curtail costs and report margins of over 35% (better than peers). We initiate coverage on SIGNATUR with a BUY rating and a DCF-based target price of INR2,000, implying 38% upside potential.

Key risks: 1) High concentration in Gurugram, 2) inability to replenish its project pipeline, and 3) slowdown in demand.

Solid track record of execution in just one decade of operations

Since commencing operations in 2014, SIGNATURE has focused on the underserved segment of affordable and mid-income housing in Gurugram through the state government’s policy. Development through government initiatives has allowed the company to improve its cost economics and gain exposure to a wider customer base. Its quick turnaround strategy (land acquisition to launch) has led to a rapid scale-up. Further, its focus on value home products led to oversubscription (3x demand on average) of units at the time of launch. In a short span of a decade, the company has sold over 32,000 units or ~25msf and reported a pre-sales CAGR of 63% over FY21-24. Its standardized offerings with respect to design, layout and adoption of construction technology have helped SIGNATURE shorten its construction cycle and reduce the cost. As of Mar’24, the company has delivered 6msf and expects to deliver 16msf by FY26, within just one decade of operations, whereas some of its peers took more than a decade to reach this scale.

Exposure to strategic locations of burgeoning Gurugram market

Right from the onset, the management has set its sights on the fast-growing Gurugram and Sohna markets in Haryana. In CY23, Gurugram’s residential demand surpassed its CY09 highs and reported absorption of over 21,000 units. However, we believe the market is still some distance away from unlocking its full potential, considering some key infrastructure projects that have been delivered in Gurugram over the last decade, which can continue to result in job creation and attract migration. Unlike West or South India, Gurugram is the only metro city and the commercial hub in North India,