AN ISO 9001:2015; 14001:2015; 45001:2018; 27001:2022 CERTIFIED COMPANY

Date: 14th August, 2024

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 8th August, 2024

Dear Sir/Madam,

With reference to our letter dated 3rd August, 2024 in respect of Investors/Analysts Call dated 8th August, 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

MEGHRAJ BOTHRA
Digitally signed by MEGHRAJ BOTHRA
Date: 2024.08.14 18:17:54 +05'30'

(M R BOTHRA)
COMPANY SECRETARY

Encl: A/a

-

"Signatureglobal (India) Limited
Q1 FY '25 Earnings Conference Call"
August 08, 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
MR. MANISH GARG – DEPUTY CHIEF FINANCIAL OFFICER – SIGNATUREGLOBAL (INDIA) LIMITED
MR. GAURAV MALIK – CHIEF FINANCIAL OFFICER – SIGNATUREGLOBAL (INDIA) LIMITED
MS. PREETIKA SINGH – HEAD OF INVESTOR RELATIONS – SIGNATUREGLOBAL (INDIA) LIMITED

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

Moderator: Ladies and gentlemen, good day and welcome to Signature Global India Limited. Q1 FY25 Earnings Conference Call hosted by ICICI Securities. 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 the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Adhidev Chattopadhyay. Thank you and over to you, sir.

Adhidev Chattopadhyay: Yeah, good morning everyone. On behalf of ICICI Securities, I would like to welcome everyone to the Signature Global India Q1 FY25 Results Call today. From the management we have with us today, Mr. Pradeep Kumar Agarwal, 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. Mr. Rajat Kathuria, the Chief Executive Officer. Mr. Manish Garg, the Deputy CFO. Ms. Preetika Singh, Head of Investor Relations. And I would also like to welcome Mr. Gaurav Malik, who has been appointed as the Chief Financial Officer today by the Board of the company.

Now I would like to hand over the call to the management for their opening comments. Thank you and over to you.

Pradeep Kumar Agarwal: Good morning everyone. Welcome to the Q1 FY25 Earnings Conference Call for Signature Global. I am pleased to discuss our first quarter operational and financial performance with you all.

I hope you have had time to review our investor presentation and results released. In the first quarter of this year, India witnessed a significant political event with the election of a new union government. This political shift is expected to have far-reaching effects across various sectors, including real estate.

The real estate sector is ready to transform changes following the reform introduced in the recent budget. These steps are likely to create a more favourable environment for those looking to purchase homes. Overall, the budget reforms are anticipated to bring significant changes, influencing both investors and homebuyers in the real estate market.

Capitalization on strong performance and positive trends observed in the previous year, the residential real estate market in Delhi NCR, particularly in Gurugram, continued to display impressive growth in the first quarter of the current financial year. Gurugram has been the most active real estate market in recent years. According to recent data from ANAROCK, NCR total housing sales recorded approximately 32,200 units in H1-24, with the Millennium City Gurugram accounting for approximately 17,570 units sold across the different residential segments in H1-24-5.

These indicate that Gurugram is leading, contributing more than 54% of the NCR residential sales across the segment. This upward trend underscores the market's robust expansion and the ongoing effort to meet the housing needs of the population. Notably, this growth has been focused in the territory areas of Delhi NCR and the micro-market of Gurugram, like Sector 71 on the Southern Peripheral Road, Sector 37D at Dwarka Expressway, and south of Gurugram, Sohna region are emerging as a key hub for new residential launches.

These three areas have become focal points of development, attracting both developers and homebuyers with their strategic location and promising infrastructure development. In alignment with industry development, our company has demonstrated significant growth in this quarter. We have achieved pre-sale amounting to INR31.2 billion in Q1 FY '25, reflecting a year-on-year increase of 255%.

Our revenue recognition increased to INR4 billion in Q1 FY '25 from INR1.7 billion in Q1 FY '24 on account of the OC certificate received as per target completion. Notably, we have already achieved more than 31% of the FY '25 PA target of INR100 billion in this quarter alone. Our average sales realization has significantly grown to INR15,369 per square feet in Q1 FY '25 versus INR11,762 per square feet in FY '24.

Our collection in Q1 FY '25 served by 102% reaching INR12.1 billion. Furthermore, we have significantly reduced our net debt by 16%, bringing it down to INR9.8 billion at the end of Q1 FY '25 from INR11.6 billion at the end of FY '24. Our operational and financial performance undercuts our operational and financial performance underscores our firm commitment to delivering high-quality products and amenities in the mid-housing and premium segments.

Our strategy focuses on offering the right price, right size and right location real estate products in each segment. By constantly focusing on excellence and innovation, we have been able to meet and exceed the expectations of our clients, thereby strengthening our market position. Our strategic, initiative and robust execution capability support our efforts to drive growth, enhance operational effectiveness and maintain the competitive threshold in the industry.

Through this activity, we are dedicated to build a strong and successful future for our company and its stakeholders. Concluding my remarks, I will now hand over to our CEO, Mr. Rajat Kathuria, to share the financial performance in detail. Thank you once again for joining today's call and for your patience. Thank you.

Rajat Kathuria: Hi, good morning. Thanks a lot to all of you for joining us on this call this morning. I will take another 10-odd minutes to talk about a few things in greater detail. As far as sales are concerned, we are witnessing a continued strong momentum around sales and absorptions continue to stay good and also in line with the launches which are happening or are being done by the company. In the last quarter, we had launched this first premium project of ours by the name of DE-Luxe DXP that contributed extensively to our previous year sales number. During this quarter, we launched our first project in Sector 71, which is a very key micro market location for the company.

The response was quite positive. We sold bulk of the inventory which we had launched just before the end of the quarter. Out of this INR3,100 crores which we have achieved in sales, almost 90-odd percent of the sales came from the Titanium SPR project. Just to talk of the significance of achieving about INR3,000 crores of sales, again, in back-to-back quarters, we are exceeding that sales velocity and numbers.

We have invested extensively in our capabilities, whether it is in terms of the land inventory or the sales and distribution machinery or the development side of it. I will talk through this over the next coming discussion points. On the sales front, since we are managing to achieve these kinds of numbers on a consecutive quarterly basis, it gives us a lot of confidence that if we are launching more projects like we plan to do in the coming quarters, we feel much more confident achieving the INR10,000 crores annual guidance which we have given.

It is significant because if you look at the last 4-year trend, we have grown at about 60%-odd plus sales CAGR. Even in this year, this target was quite stiff. We are planning to achieve about 35% plus sales growth for this year. With this good quarter gone, we feel more confident achieving that milestone.

Talking about realizations per square foot basis, the number was quite good. It exceeded INR15,000 a foot. That is primarily because we have launched the most expensive in tomes per square footage project in our portfolio. This was the premium side of the product which we launched during this quarter and that witnessed a good absorption.

During the coming quarters, we do intend to launch a fairly large project in sohna which is targeting the mid-income strata of the society. The ticket size would be lower. On a per square foot basis, it would be lower than Sector 71. On an yearly basis, we do anticipate this per square foot realization to settle anywhere between INR13,000, INR14,000 a foot.

But it is going to be upwards of INR13,000 is what we anticipate. With growth in scale, the positive change which is happening is if we look at the cash flow situation. Our operating cash flows were good. We collected about INR1200 crores during this quarter. More interestingly, we created a surplus of about INR530 crores.

Since SG&A is not expected to grow in line with the cash flows, this is throwing up a good operating surplus for the company. For this year, we anticipate to collect in excess of INR6,000 crores through operating cash flows. We had anticipated a surplus of about 45% of that collection at the start of the year. The current quarter is a good reflection that with growth in collections, the surplus tends to grow.

For the entire previous year, just putting things in perspective, the entire previous year, our operating surplus was about INR911 crores. Within this quarter itself, we have achieved a surplus of about INR530 crores. We have also been pragmatic and functioned in line with the kind of guidance we have been giving on the business development side.

Since the company has good levels of yet to be launched projects, which is almost like 30-odd million square foot of land inventory still exists with us, we only intend to do land acquisition going forward on a replenishment basis. And we do not need to do any large expenditure or significant expenditure on the business development side. In line with that, since we collected INR1200 crores, we created a surplus of about INR530-odd crores.

About 55% of that surplus went towards new land acquisition. About INR290-odd crores went in an acquisition which we did in Sector 37D. We added about 2.6 million square foot of developable area for the company. The balance went towards debt servicing and primarily for net debt reduction. That's why we saw that the net debt came down from about INR1150-odd crores to about INR980 crores. It's a healthy sign.

I don't think the leverage level is very high for the company. But irrespective, it's on a declining trend. In terms of our portfolio, we stand at a good situation. Overall, about 51-odd million square foot of portfolio is there. 16 million at very advanced stages of completion. 5-odd million which we've recently launched and is being developed and starting around that.

And about close to 30 million square foot which is yet to be launched. I'll talk in all of these three buckets a little bit more in detail. So the first bucket which projects at advanced stages of completion which is about 16 million square foot. This comprises of more than 25 odd projects which are under completion.

These are projects which are under affordable housing or under the mid-income housing scheme or the few projects which are plotting developments which are being done by the company. There's a lot of focus going on in completing these projects. Our more than 500 member construction team is fully focused to deliver these projects within the committed timelines.

And we are hopeful that over the coming 7 to 8 or at the most 9-odd quarters, we'll complete these projects which will give a revenue recognition in excess of 110 billion to the company. And collections from these projects in itself will be closer to about 65-odd billion. So this is an important segment for us because these projects are there's a lot of volume getting completed and it will free up a lot of our capability.

And that's why we are focusing on very timely execution on this. On the second bucket which is this 5 million square foot, this comprises of these two recent projects, Deluxe DXP and Titanium SPR. Deluxe DXP, we started the development work, the piling work has begun. And we are quite close to appointing a general contractor who will take over the bulk of the development load of this project.

So, sometime over the coming weeks, we'll announce the general contractor which will be appointed for the Deluxe DXP project. And Titanium SPR also, there's a lot of development, early stage development activities, which are kind of being initiated by the company. The third bucket, which is the 30 million square foot, bulk of this land inventory is in our key locations, whether it be the Sector 71, which is like a very prime area in Gurgaon as of today, and a very important development corridor.

There was also a recent announcement that on the infrastructure side that the government intends to connect the National Highway 8 with the sohna Elevated Corridor, which then connects to the Delhi-Mumbai, corridor effectively. So these two large sort of highways are being connected to an elevated corridor. And anyways, the work of the second phase of Gurgaon Metro has begun. So that's also kind of improving the connectivity and the footprint of our Sector 71 location.

So a lot of our inventory, unlaunched inventory of almost 15 million square foot is sitting in Sector 71, which is a very prime and very distinguished sort of position for the company within the Gurgaon micro market. Second, we continue our focus on Sector 37D, which is just off the Dwarka Expressway.

So in the last to last quarter, once we sold Deluxe DXP, we've again taken up a position of about 2.6 million square foot in that micro market, because we want to come up with like a sustained supply in Sector 37D. In addition, sohna is an important market. We've literally worked towards creating a new category of mid-income homes or creating that new micro market. We've literally been market leaders over there.

Geographically, it's a very good location because from the main, sohna road sort of SBD area of Gurgaon, it's like literally a 5 or 10 minute drive away. So that's the place where we intend to launch a large project of about 130 acres within this year. And that's where we will kind of try to create continued supply over the coming years.

So all these three buckets, we are quite well placed and we have a targeted plan. We are not sitting on any land, which we don't know what to do for a very long span of time. So we are very conscious of utilizing capital in a very efficient way in all these three buckets. And for every acre of land, which is there in the company, there's a plan in place.

So we intend to stay focused and continue with our theme of being a home manufacturing company. It's just that over the years, we've created a good amount of land inventory and hence, that will continue to give us a very differentiated positioning within this micro market.

Our revenue recognition in the first quarter was for projects of about, valued at about INR400-odd crores. However, there's a lot of catching up happening during the coming quarters because project completions tend to be lumpy in nature. We stand by our targeted number of about INR3800-odd crores of completion during this particular financial year, wherein, we'll be completing projects anywhere between five and a half to six odd million square foot.

So there's a reasonable amount of completions taking place. Value wise, the number is at INR3800 crores because still we are completing a lot of projects which we had launched under the affordable scheme or under the very, you could say early level mid-income, projects which we had launched about three to four years ago. But in terms of volumes, I think there's a significant amount of completion, which is starting to take place starting this year.

Nothing more, I think I'll prefer that we answer any questions which we have from people.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Ayushi, an Individual Analyst. Please go ahead.

Ayushi: Sir I wanted to ask how confident is the company about achieving the guidance of launches of INR16,000 crores and sales of INR10,000 crores in the current financial year? What are the possible headwinds or tailwinds that you are facing with respect to this guidance?

Rajat Kathuria: Ayushi the trend in the past years which we witnessed and this is not a one or two-year trend. Honestly, the experience of the last decade is that the market is hugely supply constrained. And like Pradeepji was saying that if you are offering the right product at the right location at the right price, if you can manage to create that balance within the broader sort of industry contours, the demand is significant.

None of us are able to estimate the exact demand. So it has remained a factor of supply and not demand. This year, what we are very confident is to create the supply of INR16,000 crores of fresh inventory. In the past, the proportion of sale to the launched inventory has been very high. We are confident of creating the supply and on the sale side, we have an extensive distribution at play. We have lot of in-house capabilities and a good channel partner mix working with us.

So we are reasonably confident that we will achieve both the launch and the sale guidance for this year.

Ayushi: Okay, sir and my second question is about the company's debt. In the press release, you mentioned that the company's debt reduced to INR9.8 billion at the end of Q1 FY25. So what is the next debt level expected towards the end of this financial year? How much reduction can we expect in this year and going forward?

Rajat Kathuria: See talking of two principles here, honestly, I can't predict the exact debt level at the end of the year. But the first principle being that we'll do land replenishment out of the operating cash flows being created by the company. So in this quarter, if we created INR530 crores of operating surplus, we deployed a little more than half of that towards land acquisition.

So we do intend to follow that approach, which would mean that some bit of net debt reduction will keep happening through the course of the year. And hence, the numbers should continue to go down on a quarterly basis because we don't need to do any mega expenditure on business development. Our current land portfolio is quite significant and gives us the supply of product, which we are intending to create.

So the net debt number will be much, much lower by the end of the year. But I can't commit to a number at this stage.

Moderator: Thank you very much. The next question is from the line of Pritesh Sheth from Motilal Oswal. Please go ahead. Mr. Sheth, please go ahead with your question. Sir, please use your handset? Sir, the current line of the participant in the question queue seems to have disconnected. May we move on to the next question? The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: So my question revolves around your revenue recognition, right? We had guided that about INR3800 crores kind of revenue recognition we are likely to do in FY25. And I think INR400 crores we have done in the first quarter. So remaining nine quarters, we have to do about 34. So are we on track? are we confident of doing this?

Rajat Kathuria: Yeah, Deepak, see, revenue recognition is happening only once you complete the project, receive the occupation certificate and also collect more than 90% of the collections from customers. So, the activity tends to be a little lumpy in nature. And hence revenue recognition is seen on an yearly basis gives a much better guidance and the trajectory of completions for the company.

Since we are, we have the granular project wise data, which we couldn't have, shared with a larger investor set. But, by and large, I can say that, we are on track of achieving, this INR3800 crores equivalent completions and achieving the collection milestone as well. So we are quite confident that in the coming quarters, this number of revenue recognition will go up. And hence, we'll be able to achieve this annual target.

Deepak Poddar: Understood. And what sort of EBITDA margin one should build in? If you have to project this kind of revenue, so what sort of EBITDA margin we should considering the new launches that we would be going ahead with, right?

Rajat Kathuria: So, Deepak, first, I'll give you a sense on the profitability on the project at advanced stages of completion and future, projects. I'll talk about EBITDA margins on both of these, segments. So the 16 million square foot of pipeline projects, which are at advanced stages of completion, they are adding up to about a total revenue potential of about, INR12,000 odd crores, which means that the average per square foot realization on these projects is anywhere between INR7,000 to INR7,200-odd a foot.

These will comprise of projects, primarily three or four buckets, one is affordable projects, there's still about eight-odd affordable housing projects, which are yet to be completed, which we sold at about, INR4000 on a carpet area basis. Then we've launched projects in the mid-income segment in Sohna, Gurgaon, and there are some plotted developments. And these were, these projects would have been launched anywhere around that, calendar year 2021, or even '22 in certain situations.

So on this, the per square foot realization will be on a weighted average basis between INR7,000 to INR7,500-odd a foot. And the EBITDA margin on this should come anywhere between 20% to 25%-odd. EBITDA margin also gets impacted because revenue recognition is happening on projects which were launched, let's say, four years earlier, whereas our SG&A expenses, which are supporting the current scale and the current capabilities of the company is, getting knocked off against those, projects where revenue is getting recognized, which are the past projects.

What is also important to factor in is the embedded EBITDA, which is being earned on the current sales being done by the company. And that's why we've given a separate disclosure around it that for this year, if we are planning to, do sales of about INR10,000-odd crores, we stand comfortable with this guidance of about, 35%-odd EBITDA, embedded EBITDA being earned on these sales, which will, of course, get recognized as per accounting policy in years to come.

But, once you've launched the project, done significant collections, etcetera, it's important to give that guidance that what kind of embedded EBITDA will be earned. And we are comfortable with about a 35% embedded EBITDA. Also, logically think of it that, since the average realization on the current sales is twice as much as it is for the erstwhile inventory, today our average selling price will come at about INR13,000 to INR14,000-odd a foot.

And that's why, we are very comfortable to say that about a 35% EBITDA margin is getting earned on the sales which are currently being done by the company. So, one should factor in both of these, buckets with a different, pair of lens.

Deepak Poddar: Okay. So, I understood. So, basically, what we are saying this INR10,000 crores of pre-sales on that the embedded EBITDA would be 35%, embedded PAT margin would be 25%. But on a revenue recognition of INR3,800 crores, it would be more fairer that EBITDA margin of 20%-25% we can do it on a reported basis. is my understanding correct?

Rajat Kathuria: You are bang on, Deepak on this.

Deepak Poddar: Okay, okay, great. And just my last query is what sort of revenue recognition we might target for next year FY26 out of this INR12,000 crores that we are booking, we are looking to book revenue over next two-three years, right?

Rajat Kathuria: See, Deepak we'll be able to give a very precise guidance, at the towards the later part of this year, but that number will again jump anywhere close to about INR5,000 crores-INR6,000 crores of revenue recognition will take place in the coming year as well.

Deepak Poddar: INR5,000 crores-INR6,000 crores, probably in FY26, right?

Rajat Kathuria: Yes, it has to happen. we are working on those numbers. So, it will be in that range only. It will significantly grow upwards of INR3,800 crores in the coming year.

Deepak Poddar: Okay. Great, great. I think that's it from my side. All the best to you. Thank you so much.

Rajat Kathuria: Thank you, Deepak.

Moderator: Thank you very much. The next question is from the line of Pritesh Sheth from Motilal Oswal. Please go ahead.

Pritesh Sheth: Hi. So, first question is on, what you mentioned about some big general contractors that you are looking to sign up, right? Now, just to delve on that point, are we looking to just, have a makeshift general contractors considering, a big construction team of ours is right now busy in, delivering the ongoing projects that we have or, we are giving these contractors a clarity of a bigger scale and by which they can, go along with us in terms of, scaling up the business further. So, what's your strategy? whatever larger projects now you execute would be through, larger general contractors?

Rajat Kathuria: Yeah, Pritesh, thanks for asking the question. So, Pritesh, we'll talk about the broader strategies to a principle being followed by the company and hence you'll be able to relate to, how we'll function in years to come. So, for all our existing portfolio projects, which range from affordable to mid-income primarily, they are being done by our in-house team and we have very strong in-house construction capability, okay? So, all of those projects are being done by our in-house team.

Anything which will fall into this mid-income bracket will again be done by our mid-income team but for anything which is being done in the premium segment where, we have, in other words, luxury of spending a little more in construction because, pricing is currently ranging anywhere between 14,000 to 15,000 and hence we can afford to spend more on construction and we are committing much superior quality to our customers as well.

We do intend to bring in good quality grade-A general contractors. These are not makeshift guys. These would be the best-in-class sort of general contractors, with whom one can work in the country right now. So, these are good quality contractors being onboarded.

Pritesh Sheth: Sorry, that's fair and, second is on the micro-markets that we are in, right? We are already into three very big emerging micro-markets in Gurgaon. going ahead, will we be adding a few more micro-markets within Gurgaon, which can further contribute to growth? Since you said your focus right now would be just to replenish the inventory but, if you want to further scale up, are we looking at any few other micro-markets within Gurgaon and, your plans beyond Gurgaon over the next two-three years, how one should look at?

Rajat Kathuria: So, Pritesh, see, as far as Gurgaon is concerned, we are sitting pretty with a fair bit of land inventory and hence, if we play this replenishment game as far as Gurgaon is concerned, it takes us home. We can achieve good, sales growth both in volume and value terms, with our current land base and this replenishment strategy. We should also appreciate that, in our country, most of the larger cities technically have almost country-sized sort of, population.

Today, NCR, for instance, has like, 40 million population which is huge and, we are talking about supply of, let's say, 5,000-6,000-7,000-odd units coming from, one of the leading players which is us in this micro market. So, two things don't match up, if you really kind of look at it.

As far as the Gurgaon strategy is concerned, we will stay put on these three locations. We may do something opportunistically but we don't need to add something very significant, we don't need, we are not missing out on any very specific significant location per se.

We are also open to entering new markets within the NCR market, whether it be the main Delhi region, capital region or the Noida market. You may not see a launch happening, within this financial year but, over the next financial year, you will probably, see us kind of coming up with a project which is outside of Gurgaon but, so that's the strategy, we are kind of, cautiously expanding the horizon and even here, see, the principle will remain that any market we enter, we would want to create a relevant scale, not to seed the market by just saying for the heck of it, you've launched one project.

And that's why, we want to do our sort of prep work properly and once we are entering any other market like Gurgaon, we have like a relevant sort of, share today, we would want to create that sort of positioning in any new market as well once as and when we enter it.

Pritesh Sheth: Sure and, this year, we'll have, two launches for sector 71, one we've already done and second phase would come up, by in second half. going ahead, should we see that as a trend that in each of these micro markets that we are in, we will have at least two to three launches in one year so that, these markets individually can scale up for ourselves because last two years, we have just had, one-one launch each in this micro market. So, how are you preparing the land pipeline to have those many launches in one year?

Rajat Kathuria: So, Pritesh, what I would like to say is that as a principle, we would like to create sustained supply in all of these three micro markets. So, if you look at this calendar year only, we've done a launch in 37D, we've done a launch in sector 71, as our launched inventory is getting consumed, it's near consumed situation, we'll, add up more inventory. We did a replenishment sort of, acquisition in sector 71. Oh, sorry, sector 37D. And in sector 71, we have enough or I would say reasonable amount of land inventory.

Our next key launch during this year is in the Sohna market so that, we have all the three, markets providing fresh supply and an optionality to our, mid-income customers to buy at any of these three locations depending on, what works well for them. Each of these launch, Pritesh, is fairly big in terms of volume and value. So, I don't want to comment whether we'll do one launch a year or two launches.

But, these are like projects worth two and a half, two and a half-three million square foot, adding up to few INR1000 crores in value, on an individual basis. So, don't want to say whether we'll do one or more in a year, but it will be a sustained supply.

Pritesh Sheth: Sure, sure. That's it from my side. All the best.

Rajat Kathuria: Thank you, Pritesh.

Moderator: Thank you very much. The next question is from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.

Adhidev Chattopadhyay: Yeah, thank you. So, Rajat, you alluded to the upcoming launch in the Sohna market, right? Maybe in this spot or the next one. Could you help us understand how the phasing of the launches would be over here in terms of the industrial portion and the floors, how it would be a broad split and indicative ticket sizes, if you could share, what would be the ballpark over there? And our overall strategy to monetize this, yeah, over the longer term. Yeah, thank you.

Rajat Kathuria: So, Adhidev, you're right that in the Sohna market, we have, mix of three products which will be launched. The most important one is the, low-rise floors, which we've very successfully done over the last three, four years. So, we are coming up with a significant inventory of these mid-income sort of low-rise floors, which we'll be launching in Sohna. In addition to that, there'll be a retail component, which will be typical convenience retail and we'll do a build to sell over there.

Also, we have certain, plotting plots, whether these be called industrial or multiple business use sort of, plots, which will be there in this market. So, out of these three, the most important for us are these low-rise sort of floors, which we'll be, coming up with. Our, thesis of the company has always remained to liquidate, the launched product rather than playing that, value increase game over a span of time. It's a little premature for me to say at this stage whether we launch the 100% of the floor at one go or we'll kind of, phase it into, two or three quarters.

We are yet to decide on it, but we are sitting at a good stage of approvals on that project. There are few more anticipated, but we are confident of that launch. And that's a very, big launch for the entire market because low-rise floors sometime back were, stalled in Gurgaon and Faridabad. But, Sohna, which is just on the periphery, is a market where, one can come up with that project. And it stands very differentiated. a lot of companies have come up with group housing projects, but, our product positioning and launch will be very differentiated.

And, even Adhidev if you look at this year, the first quarter itself, we've launched a premium project. And, we are yet to come up with mid-income projects, which will be priced between INR1.5 crores, INR2 crores. These would be like premium luxury floors, more affordable in ticket size. And that gives us greater confidence of achieving, our overall annual guidance of INR10,000 crores for the year.

Adhidev Chattopadhyay: Okay, sure. So, that is very helpful. Thank you.

Rajat Kathuria: Thanks.

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: Yeah, thank you for taking my question, sir. And congratulations on good set of numbers this quarter. in terms of what we've seen is some of these national players seem to be coming to good ground now. Would it be possible, we're going to talk about competition, given the fact that back in the days, it was competition between developer who's been able to deliver and there is a track record now, some of these developers, who are essentially, good brands, their own geographies and are trying to make a break in your market.

And so, which is where, at least, customer tends to have this feeling that, it's a brand and that they would deliver. So, earlier, we were able to differentiate between developers with track record and no track record, but then now, the brands seem to be competing. So, how easy or difficult is it to be able to compete? And second is, given the fact that the competition seems to be rising, would you say, the land prices would have gone up and to a certain, in some of the location, to an extent that the new projects are not affordable anymore?

Rajat Kathuria: So, Prem, couple of points here. So, yes, competition intensity has increased over the last year, 12 months to 24 months. There are quite a few newer players who've entered the market. We feel there is enough and more work to be done by everyone. And hence, we don't think that it's like with newer players coming in, they'll kind of, eat into our pie. Our focus remains that we continue to supply the right product at a good location for the right value for the customer.

And, so far, we've been successful with that strategy. And hence, whatever we are supplying is getting consumed. You also need to understand that, see, in our local market, we have a very strong brand name, we have a very extensive distribution network. And for a lot of, customers, there is proof of concept, even someone, today buying, let's say, a mid-income home has the ability to go and look at our previous projects and, gain confidence on the product quality which, Signature delivers.

Whereas, some of these newer players will take that much, they'll have to see that time to, create that bit of comfort factor for the customer who's buying. But as a larger thesis, I think there is work and it's a rightful entry by newer players into the market. We welcome, newer players to come and perform well in this particular micro market and it's beneficial for the customer in the larger context. The point which you should always view while considering this is that the land prices have gone up.

Last couple of years, the land prices have definitely gone up. And that was one of the factors while we started with affordable housing, but we had to pivot our strategy to do mid-income stock premium homes because land prices have gone up. Having said that, we've created significant land inventory at, pre-spike levels. Today, there's so much of inventory which we are holding, which let's say is by and large at about a INR1,000 a square foot of FSI cost.

That number may be much higher as of today and for any new entrant, they may not be able to source land at the prices or create this land bank at the prices, we've created. So that will continue to give us a competitive edge, in the times to come. But, so there is, enough work, I would say for, newer players who are entering the market.

Prem Khurana: Sure, that explains. And second was on this, our strategy to rope in general contractor for luxury development. Is it, temporary till the time we've gained size, even in this segment, wherein we have more frequent launches and we have size with, could there be a size where we would start thinking of having capabilities of execution in this segment as well? Like the way we do it in mid-income or let's say affordable, where we have our own in-house execution capability.

So would you say, once we've reached 5-10 projects in luxury, you would think of having your own capabilities in this segment as well or this would remain like this where, you would want to outsource, you would want to hire general contractor in luxury?

Rajat Kathuria: So Prem, a little early to comment on it. See, we are not averse to any sort of capability building, but at this stage, our construction team is deeply focused on completing, the erstwhile 16-odd million square foot of inventory. And hence, at this stage, it doesn't make sense to try to do everything on our own. And it was an easier form of capability addition, wherein our in-house team is also working and, we have some of these larger general contractors also working.

So, it gives us that, we're firing from both the guns and hence, we thought at least for a medium term basis, this is a good strategy. But, let's, so no decision on, how it will pan out on a longer term basis.

Prem Khurana: Sure. Thank you. All the very best for future. Thank you. That's it from me.

Rajat Kathuria: Thank you, Prem.

Moderator: Thank you very much. The next question is from the line of Pritesh Sheth from Motilal Oswal. Please go ahead.

Pritesh Sheth: Yeah, thanks for the follow-up. Just, a couple of questions. One on this, government switching sides for G plus four, earlier they have agreed to, now again, they have backtracked to that. So, how does it impact your, Sohna or low rise floors project? What is the potential you are building in there? And is it already incorporating this G plus four being allowed? Or, how are you strategizing it?

Rajat Kathuria: See, we don't think government's backtracking on that G plus four, approval strategy. Of course, I think whenever there are these changes taking place, there could be certain sort of, PILs getting filed or some sort of, this legal environment, few things, confusions happen. But we feel governments, taken its time and come up with, very clear notification around it. So, it's a clear strategy at the government's end around going ahead with G plus four development.

Pritesh Sheth: Sure. So, Sohna will see G plus four project. And does it add on to the existing potential that you had in Sohna or it still remains the same?

Rajat Kathuria: So, we'll be working out the detailed plans and there will be addition on to the numbers which we've earlier stated. But, only once we've done that detailing that we'll come up with the exact numbers.

Pritesh Sheth: Sure. And, just one clarification on earlier question on gross margins or EBITDA margins for the revenue recognition that is that will be recognized over the next couple of years or two, three years. You said 20% to 25% EBITDA margin for that INR12,000 crores revenue potential or just the mid-income projects that you had and probably affordable will have a lower EBITDA margins?

Rajat Kathuria: No, no. It's an overall basis.

Pritesh Sheth: Okay. And that may get impacted because of these period costs getting recognized, because of the kind of scale that we are seeing in our organization. Right. So, that is, excluding that impact of higher period cost or that 20% to 25% is including that portion?

Rajat Kathuria: This 20% plus is post-considering that impact.

Rajat Kathuria: Okay. Perfect. That sounds good. That's it from my side.

Rajat Kathuria: Thank you.

Moderator: Thank you very much. Ladies and gentlemen, that was the last question for today's call. I would now like to hand the conference over to the management for closing comments.

Rajat Kathuria: So, thanks everyone for joining us on this update and we hope to give more positive updates in the quarters to come. But thanks a lot for getting associated and taking out your time this morning. Thanks a lot. Thanks everyone. Thanks a lot.

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