SG FINSE₹VE

SG Finserve Limited

Date: July 18, 2026

To,

Secretary Listing Department BSE Limited Department of Corporate Services Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001	National Stock Exchange of India Ltd Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051
BSE Scrip Code: 539199	**NSE Symbol: SGFIN**

Sub: Transcript of Conference Call held on July 14, 2026.

Dear Sir/Madam,

This is with reference to our intimation dated July 07, 2026 regarding Conference Call with investors and analysts on July 14, 2026 (Tuesday) – 04.30 PM IST. Please find the attached transcript of the aforesaid conference call.

The above information is also available on the website of company i.e. www.sgfinserve.com

Kindly take the same in your record.

Thanking you

For SG Finserve Limited

Kush Mishra
Digitally signed by Kush Mishra
Date: 2026.07.18 11:35:40 +05'30'

Kush Mishra
Company Secretary & Compliance Officer
M.No. A62001

"SG Finserve Limited

Q1 FY27 Earning Conference Call"

July 14, 2026

MANAGEMENT: **MR. VINAY GUPTA – CHIEF EXECUTIVE OFFICER – SG FINSERVE LIMITED**
MR. ANUBHAV GUPTA – GROUP CHIEF STRATEGY OFFICER
MR. ABHISHEK MAHAJAN – CHIEF RISK OFFICER – SG FINSERVE LIMITED
MR. LALIT GUPTA – CHIEF BUSINESS OFFICER – SG FINSERVE LIMITED
MR. SANJAY RAJPUT – CHIEF FINANCIAL OFFICER – SG FINSERVE LIMITED

MODERATOR: **MR. SHREEPAL DOSHI – EQUIRUS SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY27 Earnings Conference Call of SG Finserve, hosted by Equirus 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risk and uncertainties that are difficult to predict. I now hand the conference over to Mr. Shreepal Doshi from Equirus Securities. Thank you, and over to you, Mr. Shreepal.

Shreepal Doshi: Thank you, Swapnali. Good evening, everyone. We welcome you to the earnings conference call of SG Finserve to discuss the Q1 FY27 performance of the company. Today, we have the management of the company represented by Mr. Vinay Gupta, CEO, and Mr. Anubhav Gupta, Group Chief Strategy Officer, along with other senior management team. I would now like to hand over the call to the management for their opening remarks, post which we can open the forum for question and answer. Over to you, sir.

Vinay Gupta: Thank you, Shreepal. Jai Hind, everyone. My name is Vinay Gupta, CEO of your NBFC, SG Finserve Limited. With me, I have my senior colleagues Anubhav, Group Chief Strategy Officer; Abhishek, CRO; Lalit, CBO; and Sanjay, CFO of the company. Thank you all for your continued interest in SG Finserve, and thanks to the Equirus team for hosting us today.

We are pleased to share that we have delivered an excellent performance during Q1. We have achieved our highest ever quarterly PBT of INR72 crores, representing 27% quarter-on-quarter growth. Our loan book also has reached a record INR4,552 crores, growing 16% quarter-on-quarter and 82% year-on-year basis.

Our net worth stands strong at INR1,539 crores, supported by a moderate leverage of 2.2x and capital adequacy ratio of strong 32%. This gives us ample headroom for future growth. During Q1, our annualized return on asset has been 5.1% and annualized return on equity has been 14%. We continue to maintain best-in-class asset quality with nil NPAs. Our lean team structure and strong digital capabilities have helped us achieve per employee profitability of more than INR2 crores per annum.

Today, we are among approximately 1% of financial institutions in the country who are offering Factoring and TReDS solutions, which we have commercialized during the month of March and April. We continue to follow our deepening and widening strategy to grow our business by acquiring new customers and increasing our business with existing customers. We continue to launch new products and new structures to augment the growth.

We have clear visibility to achieve a PBT of around INR300 crores given the current run rate which we are operating at. The INR300 crores PBT during the financial year FY27, which we have the visibility to, would entail around 75% year-on-year growth. With that, I would like to hand over the call back to our host, Equirus team. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have the first question from the line of Abhi Jain from AJ Capital. Please go ahead.

Abhi Jain: Hi, good evening. Am I audible?

Vinay Gupta: Yes, Abhi, you are.

Abhi Jain: Fine, Mr. Gupta. First of all, congratulations. I mean, you have delivered a staggering result and you are continuing with your promise of nil NPA, which is unheard of. So, there is a magic wand that you have, only of how you're doing it, but incredible results. So, congratulations to you and your team.

So, just taking the fact forward of your guidance of INR300 crores of PBT this year, I'm just doing a back calculation and it seems like that the year-ending book will be close to about INR6,000 crores for the loan book, roughly taking into account the ROAs there at around 5%, 5.2%.

So, with regard to that, I just want to understand your plan or if you can just give me a walkthrough of how do you see the end equity position at the end of the year? Because even if we -- because we already have a very strong CRAR and the debt-to-equity is quite strong.

So, do you plan to continue that debt-to-equity ratio, which we roughly we are looking at year-end net worth of close to about INR2,500 odd crores, which means an equity raise of about INR600 crores, INR700 crores this financial year? Can you give some guidance or can you give some idea around how are you looking at equity raise this year?

Vinay Gupta: Yes, thanks a lot, Abhi, for your well wishes. We don't have any magic wand. You know, the magic is in the business itself, in which we are operating. We are a supply chain focused NBFC, and we have seen supply chain inherently have lower credit cost. But nevertheless, coming to your question, we had 1.9x leverage on 31st March. Currently, we stand at 2.2.

We are maintaining return on asset at around 5%, which has been stabilized now more or less. Now, with return on asset being stabilizing at 5%, our endeavour is to transit ourselves from a 2x leverage to 3x, so that our return on equity expand.

INR1,460 crores was the equity base on March, INR20 crores we raised as a warrant conversion in April. With accumulated profit, I think we should exit the financial year around INR1,700 crores kind of equity. So INR6,000 crores number may be a little aspirational for March 2027 but INR5,500 crores is something which we have a visibility to.

Abhi Jain: So, this INR1,700 crores excludes PAT for this year, right?

Vinay Gupta: No, it includes. Because INR300 crores PBT translates to around INR225 crores kind of a PAT. So, it roughly reaches around INR1,700 crores kind of equity base as FY27 closing.

Abhi Jain: So, you're basically saying that you are not planning to raise any equity during this financial year? Because you -- I think with this quarter results, you're already at about INR1,510 odd crores of book value, if I'm not wrong?

Vinay Gupta: INR4,500 crores is the book when we exited the June quarter.

Abhi Jain: No, no sorry. I meant the net worth is already around INR1,510 odd crores, right?

Vinay Gupta: INR1,539 crores already on 30th of June.

Abhi Jain: Okay.

Vinay Gupta: Abhi, we don't plan to raise any equity because we don't need to raise any equity.

Abhi Jain: I know, I know. I mean, with the capital adequacy and everything, you don't need to. The only thing for investing perspective and it's a very technical thing is just that the phenomenal growth will not be captured in the book value. Obviously, you don't need equity. The only point is that the book value growth will be much slower than the financial growth. But that's okay. I mean, for long-term perspective, it doesn't matter, but I was just trying to understand that part. That's okay. It's okay.

Vinay Gupta: Our focus is to maintain return on asset at 5%. Over a period of two-year, if we transit from a 2x leverage to 3x leverage, our return on equity will naturally transit from present 14% to towards 16%. And that has been the guidance we have been giving.

Abhi Jain: Yes, I think you will land up at a higher ROE, I think. But yes. Great, sir, I mean, I don't know what to say of this quarter's balance sheet, the way you're going at that kind of debt-to-equity, that kind of leverage, the kind of results that you're showing is just fabulous. Sir, just some there is still a lot of tension about this geopolitical tension. It is hitting the MSME sector, the SME sector. Any red flags, any early warning signs that you're seeing, any sort of disturbance that you see might creep in the businesses in your supply chain network or do you think that it's fairly robust even after the prolonged war?

Vinay Gupta: The geopolitical uncertainty is a reality. Thankfully, we are not seeing that as a challenge to our credit cost. But certainly, it has a challenge to our business. You know, it's a business risk, in a way because the kind of enhancements or incremental working capital requirements that traders and the end users needed in the past, that has come down. Now, since that had come down, we are resorting back to acquiring new customers, expanding ourselves with new products, new geographies. So, that is the kind of pressure we have on the business, but that is not translating into credit pressure as of now.

Abhi Jain: Right. No, I think your Slide number 13 is an interesting addition in the deck, which talks about where you are and where you aim to be at. Can you just provide to all the investors a little update going forward also around what is your target area? This amber, red, green is a beautiful slide that you have laid out in there in terms of what your future plan is?

But can you just give some details around what your thoughts are around the areas that you are not targeting yet and when do you plan to go after those areas and what do you see on the surface? So, that would also help because it's a very good vision statement, that Slide number 13.

Vinay Gupta: Yes, thank you, Abhi. The area of our interest continues to be supply chain, but there are areas which may not be directly supply chain but in & around the ecosystem. We are a MSME focused NBFC, we are a digital-first NBFC. Now, with the combination of MSME and digital stack which we have, it creates an opportunity to naturally expand ourselves to maybe a digital lending business.

Then we have the team size spread across 30 locations - it gives us an opportunity to do cross-sell in terms LAP business. So, these two products are clearly in our mind. While we continue to remain focused on the distribution ecosystem, we started with Tier 1, we slowly gradually started capturing Tier 2. With factoring, we started capturing B2B business. So, we remain on the sales side of the corporate, and we try and cover the entire sales ecosystem.

Abhi Jain: Yes. Great, sir. Congratulations again on a great set of numbers. As I said, if you have some magic wand, I've unheard -- these numbers are unheard of in the industry at least. So, yes, all the best to you and hope you have your eyes on this and hope you keep delivering. Thank you.

Vinay Gupta: Thank you so much, Abhi.

Moderator: Thank you. We have the next question from the line of Daksh Jain from Sagun Capital. Please go ahead.

Daksh Jain: Hello. Sir, congrats on a good set of numbers. I just have a few questions on your lending side. So, the cost-to-income has been low at this quarter at 7% against your guidance of 14% for the year. So, going forward, do we expect any significant increase in the expenses to justify this? And if so, where do these expenses will be going into?

Vinay Gupta: Daksh, if you look at our return on asset tree, 1% is the opex cost which we envisage and we have been maintaining. In Q4 also, we had around 1%. Q1 also around 1%. So, as business is growing, our cost-to-income may look lower, but the right way to look at would be look at as percentage of asset base, which is 1% of our average book. And this we plan to maintain going forward also.

As I said in my previous answer, we have a lean structure from operating leverage perspective. We leverage our digital capability and we don't expect ourselves to grow in to large team sizes.

Daksh Jain: Okay, but the 14% number, how will it be achieved then? Because the expenses have to rise eventually compared to your revenue?

Vinay Gupta: No, so we don't plan to achieve 15% cost-to-income. Our guidance is to maintain cost-to-income below 15%.

Daksh Jain: Okay, got it. Okay. And sir, can you give a breakup of your loan book in terms of SCF versus retail or MSME versus -- sorry, MSME versus SCF?

Vinay Gupta: We are not doing any retail financing or consumer financing. So, that limit ourselves to only doing business financing. Now, within the business financing, around two-third of our business hover around working capital solutions, supply chain solutions, factoring solutions, which is a bouquet of working capital solutions across MSMEs and corporates. And around one-third would be beyond supply chain and working capital. That may be in terms of cross-sell, we are doing in terms of LAP or some transactions which are more opportunistic in nature.

Daksh Jain: Okay. And how much percentage of our SCF AUM is coming from Apollo-linked group, Apollo-linked entity?

Vinay Gupta: Around one-third of our AUM, it is lower in June quarter, but historically and going forward, we see that around one-third of our overall AUM should be coming from APL Apollo ecosystem. So, one-third, one-third, one-third - APL Apollo supply chain, non-APL Apollo working capital and beyond supply chain.

Daksh Jain: Okay, got it. And if you can also share -- earlier you used to share the MoU numbers the memorandum of understandings, the number you have with the anchor clients. So, if you could also share going forward?

Vinay Gupta: Daksh, last quarter earnings call also we said that is more of a dummy limit. It does not give any visibility of the book. Unfortunately, it only raises the expectation high because today, if I were to tell you we have 52 anchors, we have signed up MOU worth INR7,700 crores, but that number does not give any visibility of with the book because that may not translate into the actual book or AUM. But since you asked, I'm telling you, there are 52 anchor mandates with INR7,700 crores worth MOU signed.

Daksh Jain: Okay, thank you.

Vinay Gupta: Thank you.

Moderator: Thank you. We will take the next question from the line of Kushal Jajodia from Kushal Jajodia and Associates. Please go ahead.

Kushal Jajodia: Hi, Vinay. Good afternoon.

Vinay Gupta: Yes, good afternoon, Kushal.

Kushal Jajodia: Yes. So, I have two questions, Vinay, for you. So, in the investor presentation, I could see an in the corporate list, few hospitals are there. So, wanted to understand what business do you do with the hospitals?

Vinay Gupta: Factoring.

Kushal Jajodia: Factoring. Can you elaborate?

Vinay Gupta: I will not be able to divulge too much detail, but hospital has receivable and payable in their balance sheet. And at times, they need B2B solutioning like factoring of their receivables and payables. So, that is the kind of a solution we have provided.

Kushal Jajodia: Okay, okay. Now, second part, and what is the component of this? Because I could see like two to three hospitals there. So, only factoring will be a very small amount, right, of the total revenue of the total AUM?

Vinay Gupta: Around 5% of our total AUM is around factoring today.

Kushal Jajodia: Okay. Second part of the question is, wanted some elaboration about the ESOP policy. I could see like 55,000 options has been granted in this month, in this board meeting. So, in the prior board resolution, I could see there was a intimation that you guys are basically giving 10 lakh employee options, right? So, 55,000 might have been given at this board meeting. So, what is the policy per se? Like, are you guys opening a trust in which the trust will purchase or it's like that the direct allotment will come from the company?

Vinay Gupta: So, it's the direct allotment from the company, Kushal. So, we have ESOP pool of 20 lakh, which we have approved from shareholders. And the 50,000 new ESOPs have been given to new joiners.

Kushal Jajodia: Okay. So, the earlier 20 lakh, has have those been already given or its pending?

Vinay Gupta: 20 lakh is total pool, out of which 10,32,000 lakh we given in month of April and around 50,000 we are giving now.

Kushal Jajodia: Okay. So, it's still left of approximately 9 lakhs and all.

Vinay Gupta: Around, yes, you can say that.

Kushal Jajodia: So, every time, just wanted to understand, Vinay, every time a new employee comes or a senior designation employee comes, so additional pool you guys will be creating for the new employees?

Vinay Gupta: No, no. the total pool approved by the shareholder is 20 lakhs.

Kushal Jajodia: Okay. So, the maximum limit has been committed, right? It will not exceed 20 lakhs, right?

Vinay Gupta: Not, without approvals from shareholders. If we need more, we need to create a new pool, we'll come to the shareholder, take approval. So, anything which we are granting today, it is part of that same pool of 20 lakh only.

Kushal Jajodia: Okay. So, the balance 9 lakhs approximately, the employee pool option, what is the approximate time have you decided to give them?

Vinay Gupta: No, Kushal, we have not decided yet.

Kushal Jajodia: Okay, okay. Thank you so much.

Moderator: Thank you. We will take the next question from the line of Akash Shrivastava, an Individual Investor. Please go ahead.

Akash Shrivastava: Hello. Good afternoon, sir. Congratulations for very good set of number. Sir, we are at nil NPA now. So, whether we will be able to maintain such low NPA in future? And my second question is, what CAGR growth can we expect in our loan book in next three years? And if we will able to if we will maintain 3:1 debt-to-equity ratio, when we will require to raise equity? And one last clarification, you have mentioned INR300 crores PBT for FY27 and INR225 crores of PAT. Whether mean, have I heard right?

Vinay Gupta: Akash, thank you so much for your wishes. I'll answer one by one. In terms of the three-year trajectory, we are maintaining our same guidance. Over a period of three to four years, we plan to grow our AUM around 25% to 30% growth. However, profitability we are targeting to grow at 30% to 35% CAGR.

We are currently leveraged at 2.2 and accumulation of profit will happen in tandem with the growth of the book. So, up to INR10,000 crores of AUM, we don't need any equity. With a 3x leverage, INR10,000 crores book over a period of three to four years with a 25% to 30% CAGR, we don't need any equity and we'll be able to organically grow and achieve that number.

Akash Shrivastava: And what about NPA, sir? We are at nil NPA now. Whether we will be able to maintain such tremendous number in future?

Vinay Gupta: I'm not sure that, Akash. Although aspiration, target, efforts are towards maintaining nil NPA and that has been our stated objective and the guidance from the management as part of the investor presentation also. But we do understand that we are into a lending business. And in the lending business, the accident, losses may happen, may occur in future.

But by the time, I think we will be able to expand ourselves to a good level of net worth and good level of profitability to absorb any sudden shock, at all if they happen. But that's not what we are targeting. Our target and aspiration is to maintain nil NPA.

Akash Shrivastava: Yes. And one more question, sir. We are entering into factoring business. Can you explain that what is the TAM regarding this business? How big it is? And next and last question is, you are targeting for INR10,000 crores AUM. Can we expect that AUM in next two to three years?

Vinay Gupta: Three years, yes. Not two years. INR10,000 crores AUM is what we are targeting in 3 years. Regarding the TAM, I'll just say on the sales side, we did some numbers. It's approximate. Around top 1,000 corporates in the country, their receivable on the balance sheet is around INR25 lakh crores.

So, that is the target market for us. Because target market in our eyes is not factoring that has already been delivered or a channel financing that has already been delivered, which is sitting in the balance sheet of the bank and NBFC. For us, the target market is to hunt the new corporates, look at channel financing, look at factoring, because both complement each other. One is for the B2B solution, other is a B2D solution. And with the combination of two, our aspiration is to target that market which is unaddressed, untapped. So, INR25 lakh crores is the target market in as per my estimation.

Akash Shrivastava: Yes. Thank you, sir. Last clarification, INR10,000 crores AUM for next three year, in this calculation, FY26 is included or excluded?

Vinay Gupta: Excluded. FY30 is when we are targeting to reach INR10,000 crores.

Akash Shrivastava: Okay. Thank you, sir. Thank you very much.

Vinay Gupta: Thank you, Akash.

Moderator: Thank you. We will take the next question from the line of Yash from SS Tools. Please go ahead. Due to no response, we will take the next participant. We have the next question from Vipul Lamba from [inaudible 0:23:44]. Mr. Vipul has left the queue. We will move on to the next participant. We have the next question from the line of Vaibhav Mehta from Axis Mutual Fund. Please go ahead.

Vaibhav Mehta: Hi, sir. Congrats for the good set of numbers. Actually, I would -- I was looking to the company for the first time. So, my question would be a bit qualitative. Can you help me understand the deepening and the widening strategy of the company in terms of acquiring corporates, as the growth in AUM is phenomenal? And also to understand on the moats of our business as to how we differentiate from our competitors, as business is very attractive. So, how do we differentiate? Yes, that would be my question?

Vinay Gupta: Thank you so much, Vaibhav. Supply chain finance market is very big market, but it still continues to remain a niche product because there only handful financial institution who are catering to this. But as our strategy of deepening and widening, the deepening is purely across existing anchors. Idea is to grab more and more dealers under the existing programs we already tied up.

So, for example, we today have 52 anchor mandates we are running with. So, idea is to get more leads and deepen that relationship with that anchor. Acquiring new dealers become a new customer for us. Number one.

Number two, deepening also happening across by selling new products, for example, there are anchors we used to do channel finance, we have started doing factoring also. So, that also helps in deepening. So, this is the deepening cohort for us.

Then the widening is a little overlap between the deepening and widening because widening is new products, new geographies, new anchors. We acquired five new mandates in Q1. Idea is to acquire more supply chain mandates and then start engaging them for the new business as well as widespread ourselves in terms of new dealers, new customers, new MSMEs so that we can look at growing our business.

We continue to innovate and launch new product. For example, in my previous question, I said digital lending and loan against property are the two products which are there in our mind and we are thinking about it to launch in the market.

Generally, we don't compete, we believe if there are large banks and NBFCs who can deliver a particular solution at a particular competitive pricing, so it is only helpful for the anchor and dealer. What we do, where we chip in, if there is a market which remain unaddressed. If a dealer need X amount and if they are able to garner large part of that X amount from other banks/NBFCs, the amount which is left unaddressed, is the gap which we fill in.

Vaibhav Mehta: Got it. So, what would be the reasons why this would not be fulfilled by normal channels or banks? If you can help me understand, do we have a better underwriting in terms of getting these dealers? And what would be current TAM for this particular market that is unaddressed?

Vinay Gupta: I can only make guesses here, Vaibhav. I would not be able to comment why. But I have few examples to quote. If there is a dealer who needed INR10 crores of working capital to manage its trading business and procurement from a particular anchor, and the banks and NBFCs banking with this dealer have an appetite of only INR8 crores.

Now, that INR8 crores requirement is fulfilled, but it does not mean the dealer reduces its requirement, or dealer reduces his business, or anchor will allow the dealer to reduce the business. That two crore gap, somebody has to fill in. There are many companies like SG Finserve who are operating in a supply chain space and they are filling this gap. Because every bank has its own appetite, commercials, policies around it, that how much they can take on a particular dealer.

Vaibhav Mehta: Understood, understood. Thank you.

Moderator: Thank you. We have the next question from the line of Akhilesh Kumar, an individual investor. Please go ahead.

Akhilesh Kumar: Hi, Vinay. I wanted to know, we have started factory business recently. What kind of yields what we are generating here? Is it similar to what we are getting in supply chain finance?

Vinay Gupta: There are two parts to the factoring business, Akhilesh. One is the TReDS business, another is the bilateral factoring business. Now, TReDS, as I'm sure you would know, it's a very competitive market. But we are still able to generate yield which is at par with our channel finance business. However, in case of a bilateral factoring, it really depends.

There are cases where we are doing at par with the channel financing kind of yield, but there are cases where we may be doing slightly higher. But on an average, we continue to maintain the average yield of 12.5% on our overall AUM. That was the stage in Q4, Q3, and now Q1 also. So, that something has not changed. So, clearly, by adding factoring, although it's a very small in our overall book, we have not neither diluted nor enhanced our overall yield on the portfolio. It remain in and around 12.5%, 0.1% here and there.

Akhilesh Kumar: Okay, that's great. And in GIFT City what kind of business we have in mind which we are targeting now?

Vinay Gupta: It's a long-term plan, Akhilesh, because it's subject to dual regulatory approval from RBI and IFSCA both. The idea is - today we are only catering to domestic demand. But when we meet our anchors, corporates, when we meet our MSME suppliers or the vendors, we see there is a lot of inbound and outbound business which is happening between India and outside.

So, that particular opportunity from a supply chain perspective, we plan to target and augment from a GIFT City. It gives lot of advantages from tax perspective also, and from the overall government and RBI initiatives perspective. But it subject to approvals and business strategy to do that. But our objective is to look at international supply chain from a GIFT city.

Akhilesh Kumar: Okay, that's great. And part of those few new areas of business what we were looking for, including that insurance broking, in this quarter will there be any chances of getting on track on them?

Vinay Gupta: No, I don't envisage this in Q2 because there are two-three layers to it. We have already incorporated the company. Now we are going to IRDAI for the application and license. Once we have that, then we'll have the team, infrastructure, process, policies around it, and then we start marketing. Because, this is not our main business. This is a cross-sell fee-based business which we are planning to do. So, we are going little cautious, little slow, but we would want to launch it in steady manner. But I think I don't expect it to happen before Q4. Not even Q3.

Akhilesh Kumar: But what kind of insurance we are targeting, like say retail?

Vinay Gupta: No, no. It would be within our existing ecosystem. It is not going to be a full-fledged insurance broking as any large insurance broking company would be doing. There are two elements to it. Number one, can this insurance broker company help us connect with the better insurance companies to create certain product which are more in-tuned and applicable for the supply chain business? Number two, from MSME cohort and the anchor cohort perspective, can we use this insurance as a product more of a cross-sell opportunity? So, there's only two objective.

Akhilesh Kumar: Okay, Because of what I was wondering -- Okay, because I was wondering since your interest is only with the SMEs and corporate, so how and what kind of insurance you will give to them?

Vinay Gupta: There can be keyman insurance, there can be group health insurance, there could be any trade credit insurance. There are many insurance product which are evolving in the country. And from a supply chain perspective, from the MSME perspective, in bits and pieces there are few products which are available in the market, but there are few products which need better marketing or maybe better thinking as in, how that can be monetized.

Akhilesh Kumar: Okay, thanks a lot. That clarified. That's it from me.

Vinay Gupta: Thank you, Akhilesh.

Moderator: Thank you. We will take the next question from the line of Bhagavanth Reddy, an individual investor. Please go ahead.

Bhagavanth Reddy: Yes, hi, sir. So, currently we are able to grow at 80% year-on-year, double-digit growth quarter-on-quarter. But just wanted to understand why is our guidance to grow at 25% to 30%? Is it just a risk management or it is the base effect or the opportunity size or we are just being conservative? Wanted to understand regarding that.

Vinay Gupta: We are a conservative lender. That conservatism is reflecting in our NPAs and credit cost. That is also reflecting in our opex cost. You know, we are a cost-focused NBFC. We want to maintain low cost of borrowing, low cost of acquisition, low operating cost, low credit cost. You know, that is the objective with which the entire team is aligned and we are working with these objectives. So, 25% to 30% CAGR over a period of three to four year, I think it's still a very healthy growth.

We want to grow in a steady manner, we don't want to grow just for the sake of growing. We would want to grow profitable, we want to maintain sustainable and stable growth.

Bhagavanth Reddy: Understood. Thank you.

Moderator: Thank you. We will take the next question from the line of Akash Shrivastava, an individual investor. Please go ahead.

Akash Shrivastava: Thank you for the opportunity again. Sir, on the 28th June, we have a notification regarding wholly owned subsidiary formation doing a business SG Insurance Brokers business. So, just want to understand what type of business this is. And second, on our Q3 FY26 investor presentation, we have guided for FY30 AUM of INR7,500 crores and currently in this call you are guiding for INR10,000 crores of AUM.

So, whether we are increasing our guidance? And similarly for the PAT, we have guided for INR375 crores PAT for FY30 and I think in FY27 alone we will be able to do INR225 crores. So, are we increasing our guidance in terms of PAT and AUM?

Vinay Gupta: Akash, thank you so much. On insurance broking - SG Insurance Brokers, we have set up a wholly owned subsidiary. Now we are taking IRDA license. The idea is to have an insurance broking. That insurance broking is a fee-generating avenue from SG Finserve perspective.

The fee-generating revenue through insurance requirement of our ecosystem. So, our objective is to do cross-sell in form of insurance to our existing ecosystem borrowers or the anchors and the corporates we are dealing with. So, that is the objective with which this company is set up. But this is subject to IRDA approval. We will be going to IRDA and take approval.

So, it is subject to regulatory aspects before we commercialize this business. It is still, at least two-three quarters away from here. Now, on the guidance, we have been maintaining our guidance of 25% to 30% CAGR growth on AUM and 30% to 35% CAGR on the profitability. However, the Q1 has been a stellar performance.

So, as the base increases, our growth aspiration does not die. We have grown our book from a INR4,000 crores approximately at March end to around INR4,500 crores now. So, the INR500 crores kind of an incremental AUM which we built during Q1, it will stay with us.

As the base is increasing, probably we may end up achieving our stated objective of FY30 in FY29 itself because the speed and the velocity of the business is faster than anticipated. But INR10,000 crores with the current run rate which we are looking to achieve in March 30. From visibility perspective, I have visibility of FY27, which I said INR300 crores kind of PBT.

Maybe INR225 crores kind of a PAT with around INR1,700 crores kind of equity and around INR5,500 crores kind of AUM for FY27. Unless few things drastically change because of geopolitical and the business perspective, this is something which have a clear sight and visibility as per the current run rate.

Akash Shrivastava: Okay. And sir, for the insurance broking business, we will be work like as a direct selling agent, means just generating fee only. Not we are setting up our own insurance entity?

Vinay Gupta: No. We are not going to underwrite. It is only a broker, only fee-based business. It is not an insurance underwriting business.

Akash Shrivastava: So, sir, what time we can expect in this business? Are we doing -- are we going to do similar kind of business like PB Fintech or Policybazaar or it is something a type of business between a B2B business type of -- B2B business type of insurance?

Vinay Gupta: It will be B2B because we as a NBFC we are doing B2B business. So, naturally as a cross-sell strategy within our ecosystem, the borrower we are dealing with, if there is an particular loan we have given to a borrower and if we want to insure that particular borrower or our loan, then it is naturally for us to expand ourselves into the broking business also, which is something which we are not trying to do first time. There are benchmarks of a large NBFCs and banks who have done it and we are trying to follow the same model and it is a well-tested business success.

Akash Shrivastava: Okay. Thank you. Thank you very much, sir.

oderator: Thank you. We have the next question from the line of Vipul Lamba from [inaudible 0:38:47]. Please go ahead.

Vipul Lamba: Yes, hi. Hi, Vinay. First of all, congrats on a significantly higher growth on a year-on-year as well as quarter-on-quarter basis. So, Vinay, I mean, typically in past, the second half of the year is much better than the first half. And when you are showing this kind of growth in the first half itself.

Do you expect the subsequent quarters -- because the visibility which you just shared looks to be that we will remain to the similar numbers for next coming quarters that we will -- I mean, without any quarter-on-quarter growth. So, do you think that maybe we have done pretty good in this quarter and subsequently maybe our for this year at least the numbers may not go with the same pace the way we have done in the Q1?

Vinay Gupta: It is a very good question, Vipul. When we ended our March, , we front-loaded all our efforts to Q1 because we believe, if we build a book and front-load it, it will help us throughout the year. That as a kind of strategy, we worked with.

So, now when we are sitting with around INR4,000 crores kind of an average book in Q1, so this INR4,000 crores average book is going to sustain throughout the year. But whatever incremental business we do, it will be add-on. So INR71 crores annualized basis, you are right, INR280 crores is a no-brainer without any growth.

So, incrementally are we going to only look at INR20 crores, INR30 crores kind of a profitability from a PBT perspective? So, that is something I may be under-committing, plan to over-deliver. But there may be, I am keeping some cushion. as a conservative cushion. We want to grow, sustain, maintain and then probably look at the next growth avenues.

Vipul Lamba: Okay. So, what you are saying is that maybe subsequent quarters, we may remain at the similar run rate which is going on, right?

Vinay Gupta: Run rate like 27% growth quarter-on-quarter, definitely we are not going to maintain because there is an element of INR337 crores equity which we received towards the fag end of March and the beginning of April. So we have to normalize its impact in Q4 because we did not had that money in Q4.

So, a growth 27% quarter-on-quarter may not be the right number to look at. The growth if I were to normalize that equity in Q4, then the growth may be only 14%, 15%. So, quarter-on-quarter maybe 8% to 10% is something which we are targeting because that will be more sustainable and it will only help us maintain credit cost in check.

Vipul Lamba: Okay. So, you are saying 8% to 10% quarter-on-quarter from a PAT perspective, from a AUM perspective we may remain 15%, 16% Q-on-Q, right?

Vinay Gupta: Yes, you may be right.

Vipul Lamba: Got it. And I mean, just considering that our AUM is also not very large and we are -- sorry, I mean, I may be repeating the same questions a lot of people was trying to ask you. Considering that we are not that big a base and we are saying that 25% or 30% and maybe 10,000 crores in another 3 years we are talking about. I mean, isn't it very, very conservative? Because if you see we are already at 4,500 and doubling it in 2 years if we even go by 15%, 16% quarter or even 10% on quarter-on-quarter basis, it will easily happen. I mean, two to two and a half year max?

Vinay Gupta: Yes, Vipul, because it is an evolving dynamic business. But we also need to look at, what kind of a shock a balance sheet can sustain. INR54 crores quarterly PAT, I would not like to venture and be very aggressive. We would rather be conservative, sustain and build the net worth to a level that, if there is any sudden shocks which does happen in the business, we can absorb that. So, 25% to 30% growth on the AUM, although the base is small, is still a very healthy growth.

Anubhav Gupta: Vipul, hi. Anubhav here. See, I mean, we can always go for 30%, 40%, 50% growth, why not? Provided there is no NPA. Okay. So, our mission number one is not growth, but to ensure that there is no NPA. In the system, if there are like bad accounts and we keep on lending to those accounts, we can always show aggressive growth.

But that is not our mission number one. Our mission number one is that we ensure zero NPAs. We started this company October 2022. Now it is the like 4 years we shall complete in next 1, 1.5 quarters. The most wonderful thing which we have been able to prove is that there is no NPA. From zero loan book today we are at INR4,500 crores loan book, zero NPA. Then this can be INR10,000 crores number also provided there is zero NPA or it can be 25% CAGR provided there is zero NPA.

Vipul Lamba: No. Of course, of course. I completely understand what you are saying and I agree with you that the NPA remains -- has to be on the priority. Understood sir. And how do you see the factoring business growing? Because as of now, the factoring business in India is not that explored vis-à-vis if we see developed world.

I mean, most of the businesses -- I do some business for US in logistics, all business, the whole logistics businesses run on factoring. I mean, there are large factoring companies there. How do you see that? Because right now we are very, very small in factoring. And how do you see the -- that pie growing in part of our overall AUM?

Vinay Gupta: With the blessing of Government of India, helping the MSMEs to contribute significantly to the GDP, success of TReDS, success of Factoring Act, there are growth happening in corners, but as I said there are only 1% banks and NBFC put together, maybe even less than 1% banks and NBFCs in the country who are doing factoring business.

So, there is lot of opportunity for many banks and NBFC to join this business and expand the market because the market will expand when more players come to the play together. But the factoring is growing at decent rate. We cannot compare ourselves to maybe US, which is a more mature market. Factoring, personally I believe, the factoring is going to grow at a very, very massive pace and success of TReDS should help the banks and NBFC to gain the confidence and do bilateral factoring also besides the TReDS.

Vipul Lamba: So, when you say bilateral factoring that is different than a normal factoring which is done where you get a bill and you kind of finance that?

Vinay Gupta: No, when I said bilateral means the arrangement between the buyer, the seller and the financer. When I said TReDS, so it becomes four-party, right? The platform exchange also come into picture.

Vipul Lamba: Got it. And do we have a like a separate team primarily focusing on factoring, growing the AUM in parallel to our supply chain AUM? Because I'm sure in the factoring, it's not only the supply -- the sectors will remain same or it will expand to many more new sectors also which we doing other than the supply chain sector like auto and others which we doing in supply chain?

Vinay Gupta: No, the factoring has completely different sectors. In auto and steel, the factoring is less because channel finance has matured. Generally, factoring is happening on those industry where the channel finance is very nascent stage or not applicable. Because there are many business who are doing B2B business where the channel finance is not applicable or there are many business who are too small or they are too new as industry.

They are not very well-versed and comfortable doing channel finance, so they're doing factoring. But from a team perspective, we have a very, very dedicated team. We have hired senior level people based out of Mumbai and Delhi and Kolkata. So, we have people at a senior level who understand this product, who have done factoring in the past in their previous organization.

For example, Lalit who is our CBO, has done factoring in his earlier organisations. I have done factoring in my earlier organization. So, there are people who understand this product. That's why, when the new management took over and the new people joined us, we went to RBI and took factoring license.

Vipul Lamba: Got it. And what was the factoring AUM for the current quarter and how much was the growth in Q-on-Q basis?

Vinay Gupta: I think INR225 crores was the factoring outstanding in June. We had INR175 crores outstanding in the month of March. So, on a comparable basis, we grew by INR50 crores in Q1.

Vipul Lamba: Got it. And one very, very long-term question, if you see when Bajaj Finance started, it also had an advantage of a parent group and they started with normal vehicle financing and then entered into many more and they came with a consumer finance as a unique product, which you kind of is entering into supply chain and the factoring business, which is again a very wide space. So, within the financing horizon, do you see you also entering into many more new products and maybe expanding the way -- replicating the Bajaj Finance model? Considering as you have the backing of large corporate and good credit ratings since the starting?

Vinay Gupta: Definitely, we're very proud of our parent, the entire genesis of having this NBFC started with 100% dependency on the ecosystem of APL Apollo. That's how we found our feet on the ground. But as we are growing and maturing, we would like to expand ourselves, as I said 52 anchor corporate we are already banking with.

Our dependency on APL Apollo ecosystem, if I were to use dependency word, has come down to one-third today. But we would definitely continue to grow within the ecosystem of our parent but we will grow outside the ecosystem of parent also. Maybe the growth of SG Finserve will outpace the growth of APL Apollo. So, naturally our dependency on the parent or group would reduce going forward.

Vipul Lamba: Got it. One last. Any vision for say five years, seven years, anything which you guys as a corporate you have thought of from a vision perspective, five year, 10 years down the line, any vision you would want to share with us?

Vinay Gupta: Vipul, we would like to be seen as a comprehensive financial solution provider and not only the NBFC. We have approval from board to look at AIF business, and ARC. We also got approval to set up ourselves into GIFT City. We have already incorporated an entity for insurance broker.

So, there are multiple businesses which are natural expansion to align ourselves into adjacent services. So, in 5 to 10 years, we would like to see ourselves as a very strong financial service provider covering the entire spectrum of supply chain, lending, equity, broking that is the mandate which we are currently operating at.

Vipul Lamba: Got it. AIF you meant from a wealth management perspective, right?

Vinay Gupta: That's right.

Vipul Lamba: Got it, Thanks and again many, many congrats for such great numbers.

Vinay Gupta: Thank you so much, Vipul.

Moderator: Thank you. We will take the next question from the line of Prince Choudhary from PINC Wealth. Please go ahead.

Prince Choudhary: Hi, sir. Sir, I want to understand more on the competitive, like -- even at the niche business growing in India at 20%, 25% of AUM. Why don't we see.

Moderator: Sorry to interrupt in between Prince. Your voice is breaking. Can you please use your handset mode and speak?

Prince Choudhary: Yes. So, I want understand more from the competitive landscape perspective like even in the niche businesses are able to provide 20%, 25% of AUM, why don't we see NBFCs or other large banks to enter into this space?

Vinay Gupta: Prince, you may be looking at banks' and NBFC's overall balance sheet and maybe looking at their NPAs, which is comparable to their overall AUM. But if you were to dissect that AUM with supply chain and non-supply chain finance, you will see that supply chain finance, has long gestation and it does not grow at high rate because it's a high churning business.

For example, we did disbursement of maybe more than INR7,000 crores to build AUM of INR4,500 crores. It needs high level of velocity in terms of business, number one. Number two, the credit quality of a supply chain business across all banks and NBFCs, exception may be there, you will see the credit quality is top-notch. But you would have not get those numbers dissected in the balance sheets divided between a supply chain and non-supply chain.

Prince Choudhary: Okay. In previous some of your answers, you have also mentioned some sectors get matured then they don't need the factoring part. Could you explain that part also?

Vinay Gupta: For example, automotive. The entire auto sales are happening through dealer distribution model. So, dealer distribution in automotive sector we know is in country for last almost 45 years, right? Now, these 45 years of a history of an anchor OEM selling the vehicle to the dealer and then dealer is attracting the consumers like you and I and who are buying the vehicles.

So, we have seen more than 500 cycles so far, right? Now, the cycles have matured. Now the anchor, the dealer, the financer, the consumer, everybody is aligned. The consumer knows if they were to buy a vehicle, there will be ready financers to give them auto loan.

Dealer also knows if I were to open a new showroom and have inventory for a particular OEM, there will be financers to provide them inventory financing or a supply chain financing. Anchor also knows if they were to build inventory and they go to the financer, there will be financers available to finance that inventory or their sales to the dealer.

So, that was the maturity I was talking to. That maturity beyond auto definitely we have witnessed now in steel, electronics, electrical, white goods, IT peripherals. So, these are the industries which go through these maturity cycles from purely channel finance perspective.

Prince Choudhary: Okay. Fine.

Vinay Gupta: In steel, 10 years back the steel was not even participating in the channel finance. But in last 10 years, we see steel has grown big.

Prince Choudhary: Right. Thank you, sir. I understood.

Moderator: Thank you very much. Ladies and gentlemen, we will take that as a last question. I now hand the conference back to the management for the closing comments.

Vinay Gupta: Thank you so much, Equirus team for hosting us today. Really happy to answer all the questions and thank you all the stakeholders for joining on this earnings call. For the sake of repetition, as a management, we remain committed to maintaining a strong and sustainable growth and creating value for all our stakeholders, from employees to customers to investors.

On the overall trajectory, 25% to 30% CAGR growth for AUM over a period of next three to four years is something which we are targeting. However, we continue to operate on a lean structure, which will help us grow the profitability at a 30% to 35% CAGR.

But if I were to dissect that PBT and PAT from FY27 and beyond then FY27 we look to achieve PBT of INR300 crores in FY27 so that it creates a strong equity base by the time we exit the financial year. We are on track to maintain our return on asset ranging from 4.5% to 5%, and we have already seen in Q1 that we already achieved 5.1%.

We are on track to grow our return on equity. We have already expanded from 12% in FY26 to 14% in Q1. Our aspiration is to grow from 14% to 16% as we move forward. Our aspiration is to maintain top-notch credit quality.

So, that's it from the management.

On behalf of entire SG Finserve, we thank all the stakeholders joining us today. Look forward to meeting you all again in the next quarter’s earnings call.

Thank you. Jai Hind.

Moderator: Thank you members of the management. On behalf of Equirus Securities, we conclude this conference. Thank you everyone for joining with us today and you may now disconnect your lines. Thank you.