



SG Finserve Limited

Date: October 17, 2025

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

Dear Sir/Madam,

Sub: Transcript of Conference Call held on 14.10.2025

This is with reference to our intimation dated 09th October, 2025 regarding Conference Call with investors and analysts on 14th October, 2025 (Tuesday). Please find attached the transcript of the aforesaid conference call.

This above information is available on the website of the Company i.e. www.sgfinserve.com. We request you to kindly take the above information on your record.

Thanking you.

For SG Finserve Limited

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

Encl.:a/a

SG Finserve Limited

(CIN: L64990DL1994PLC057941)

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“SG Finserve Limited
Q2-FY26 Earning Conference Call”
October 14, 2025



MANAGEMENT: **MR. SORABH DHAWAN – CHIEF EXECUTIVE OFFICER – SG FINSERVE LIMITED**
MR. SAHIL SIKKA – CHIEF OPERATING OFFICER AND CHIEF FINANCIAL OFFICER – SG FINSERVE LIMITED
MR. ANUBHAV GUPTA – GROUP CHIEF STRATEGY OFFICER – SG FINSERVE LIMITED

MODERATOR: **MR. RAGHAV KHEMANI – MOTILAL OSWAL FINANCIAL SERVICE**

Moderator: Ladies and gentlemen, good day and welcome to SG Finserve Limited 2Q-FY26 Earning Call, hosted by Motilal Oswal Financial Services Limited. As a reminder, all participants line 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 touch-tone phone.

Please note that this conference is being recorded. I now hand over the conference to Mr. Raghav Khemani from Motilal Oswal Financial Services. Thank you and over to you, Mr. Khemani.

Raghav Khemani: Yes, thank you. Good afternoon, everyone. I am Raghav Khemani from Motilal Oswal and it is our pleasure to welcome you all to this earnings call. Thank you very much for joining us for the SG Finserve call to discuss the 2Q-FY26 earnings. To discuss the company's earnings, I am pleased to welcome Mr. Sorabh Dhawan, Chief Executive Officer, Mr. Sahil Sikka, Chief Operating Officer and Chief Financial Officer, and Mr. Anubhav Gupta, Group Chief Strategy Officer. We will have the opening remarks from the management followed by Q&A.

On behalf of Motilal Oswal, we thank the senior management team of SG Finserve for giving us this opportunity to host you today. I now invite Mr. Anubhav Gupta, Group Chief Strategy Officer, to take the proceedings forward. Thank you and over to you, sir.

Anubhav Gupta: Thanks, Raghav, and thanks to Motilal Oswal for hosting SG Finserve for its Q2-FY26 earnings call. Good afternoon, everyone. I welcome each one of you on behalf of SG Finserve to listen to our Quarter 2-FY26 earnings call.

As the opening remarks, I would like to highlight two things. One is the performance for the company in the quarter 2 and first half of FY26, the change in the management which we are having. Thirdly, I would like to welcome Mr. Vinay Gupta as the new CEO of SG Finserve, who would join in the month of November, and Mr. Deepak Goyal, who joined as the Independent Director and Non-Executive Director in SG Finserve.

Coming to the quarter 2 and first half FY26 performance, I am glad to share that the loan book grew by 15% on quarter-on-quarter basis in Q2 to around INR2,878 crores, which led to a 14% increase in PBT and a 16% increase in the net profit. Going forward, we believe that 10% quarter-on-quarter earnings growth is feasible given the current loan book we have and the new accounts which we are opening. On the management change, I would like to highlight that Sorabh, the current CEO, and Sahil, the current CFO and COO, they have been with us since we started the company.

We wish them best of luck as they decided to move on. At the same time, we have ensured that there is a very smooth transition which is taking place, which will not impact or disrupt business operations in any way. All of our best wishes are with Sorabh and Sahil.

Secondly, we are also ensuring that the quality of loan book also remains top A class. So far, we have disbursed INR 52,000 crores since we started the company 36 months ago and there has been zero NPA. I am again repeating zero NPA and the focus of existing management, new management, the Board will always remain to be zero NPA because of the quality of loan book what we chase for and the type of accounts what we are adding, the quality accounts, the corporate accounts which are India's top 50 corporates and they are going to be our anchor customers as always.

So, the risk will always be very, very minimal as we grow the business from INR2,800 crores loan book to INR5,000 crores loan book in next two to three years. In short to medium term also, the clients, how they are growing their businesses and we are funding the receivables, we are confident that quarter on quarter earnings growth should be 10% on Q-o-Q basis and when the company gets fresh equity in March-April of 2026 from the warrant conversion, we shall go slightly aggressive in expanding the loan book but with the mindset that whatever comes on our table, it has to have minimal or almost zero risk.

That's all from my side. Now, Sorabh will take you all in detail about the quarter 2 performance.

Sorabh Dhawan:

Thank you, Anubhav. Good afternoon, everyone, and thank you for joining us for the Q2 FY26 investor call of SG Finserve Limited. It gives me immense pride to share the continued momentum we have built across our business and strong results we have achieved in the first half of FY26.

Over the past few years, SG Finserve has certainly evolved from a young NBFC into a key player in MSME supply chain financing, powering over 1,000 plus MSMEs and facilitating disbursements of over INR52,000 crores. Our loan book has now grown to INR2,878 crores as of September 2025, reflecting a 15% increase over the previous quarter, along with a similar increase of 16% quarter on quarter growth in profitability. We continue to maintain zero NPAs, reaffirming robustness of our business model, the strength of our anchor partnerships and the trust we have earned across our ecosystem.

Our focus remains clear to expand our reach digitally, deepen relationships with existing anchors and onboard new industry leaders who share our commitment to building a resilient and inclusive supply chain ecosystem. With a strong equity base of INR1,071 crores and additional equity of INR338 crores expected by April 26, we are well positioned to achieve the target AUM of INR6,000 crores by FY27. As we continue this journey of growth, I would like to share some organisational updates.

After a rewarding and fulfilling journey with SG Finserve, building it from the ground up, I have decided to pursue a new corporate opportunity. It has been an incredible privilege to lead this organisation, nurture it since inception and work alongside a talented team that has built SG Finserve into one of India's most trusted names in supply chain finance. I continue to believe that supply chain finance will remain one of the most powerful enablers of India's growth story, empowering MSMEs and strengthening the nation's industrial backbone.

To take this belief forward on a larger canvas, I have chosen to embark on a new professional chapter. I am delighted to share that Vinay Gupta, Chartered Accountant and a seasoned banker with over 20 years of experience, will take over the baton as CEO. I wish him and the leadership team the very best in achieving the vision we have collectively envisaged for SG Finserve over the coming years.

There is another change in the leadership team wherein Sahil Sikka, Chief Operating Officer and Chief Financial Officer, who has been instrumental in shaping our business and financial strategy, has decided to move out and pursue another career opportunity. Sanjay Rajput, who has been part of our journey as Head of Finance and Accounts for the last two years, will now take over as Chief Financial Officer, bringing with him over 18 years of rich experience in finance and accounting across leading institutions.

Additionally, Saurabh Mishra has been appointed as Head of Internal Audit. He is a Chartered Accountant with prior experience of working with Grant Thornton that is to further strengthen our governance and risk oversight framework. I have complete confidence that under this strengthened leadership team, SG Finserve will continue to build on its strong foundation, deliver sustainable growth and create long-term value for all stakeholders. I thank you each one of you for the continued trust and support.

And we are open for questions now. Thank you.

Moderator: The first question is from the line of Mr. Rehan Saiyyed from Trinetra Asset Managers. Please go ahead.

Rehan Saiyyed: Good afternoon, and thank you for giving me the opportunity. So, my first question is on the loan book side. So, here are your substantial loan book growth limits in quarter 2. How do you see the momentum sustaining over the next couple of quarters and are there any capacity or capital constraints that you put in order to grow?

And just continuing with the first question, my second question is on the operating leverage side. With scale benefits seeking, will you expect operating leverage to improve meaningfully in the second half? How should we think about the cost-to-income ratio trajectory going forward? This is my two questions.

Moderator: Thank you. Our next question is from the line of Rajesh Jain from RK Capital. Please go ahead.

Rajesh Jain: Yes, thanks for the opportunity. So, I wanted to ask that the management had guided for INR250 crores of profits for the financial year 27. I just want to clarify whether that is the full year PAT or that is the exit run rate that the management is referring to?

Anubhav Gupta: So, that is the PBT, not PAT. It is profit before tax. And given the current business in hand, we are confident that INR250 crores PBT can be achieved for FY '27.

Rajesh Jain: So, that is the full year PBT you are targeting or that is the exit run rate, basically?

Sorabh Dhawan: It should be full year.

Rajesh Jain: Okay. And in your recent business update, you have published some average loan book figures. So, is the average taken based on the daily loan book? Is it the average of the daily loan book?

Sorabh Dhawan: Rajesh, it is taken based on the daily loan book.

Rajesh Jain: Okay. Okay. Thank you.

Sorabh Dhawan: Actual average. It is not opening closing. It is actual average computed on daily basis.

Rajesh Jain: Yes. That helps. And what will be the ESOP expenses per quarter for the rest of the two quarters?

Sorabh Dhawan: So, it is about INR2 crores per quarter.

Rajesh Jain: Okay.

Sorabh Dhawan: With two exits, it is expected to reduce. So, we can, for next two quarters, we can take it at about INR1.6 crores per quarter.

Rajesh Jain: Okay. Okay. Fine. I will get back in the queue. Yes. Thank you.

Sorabh Dhawan: Thanks.

Moderator: Thank you, sir. Next question is from Ram Tavva from Equinox Capita. Please go ahead.

Ram Tavva: Yes. Okay. So, the earlier guidance given for this financial year ending, the PAT will be around INR150 crores. And from H1-'26, we have reached around INR53 crores PAT. So, are you still confident that close to that 100 crores increment will be there in the next six months when it comes to the PAT?

Sorabh Dhawan: Can you repeat again?

Ram Tavva: So, the earlier guidance in the last earnings call, you said for this financial year, the path would be INR153 crores, around INR150 crores to INR160 crores, right? That is the guidance given. But for this six months, the first half of financial year, 53 crores is the path we have achieved.

There is another INR100 crores to go in the next six months. We have to achieve that INR150 crores to INR160 crores PAT, top-to-top. So, are we still confident about that INR150 crores or is there any revision to that PAT?

Anubhav Gupta: So, what we believe is that 10% to 12% quarter-on-quarter EPS growth in Q3 and Q4 is possible. Okay. So, we should be near about INR120 crores-INR125 crores of PAT, which is slightly lower than what was earlier guided, INR150 crores for the full year.

This, of course, is in the backdrop of slowing macro environment in the country, where the businesses have not grown as expected. So, all our customers, whether in building material sector, in metal sector, in auto sector, in FMCG sector, in electronic sector, even they have trimmed their revenue guidance for full year. So, that has also impacted the supply chain funding

where we operate and in the current environment, we do not want to be too adventurous, wherein there is even an IOTA of possibility for any NPA.

So, we are slightly cautious in current environment. So, yes, there will be slightly, the actual performance will be slightly lower than what was earlier expected at the start of the year. But if things improve better than expected in terms of macro, everyone is expecting that economy should start doing better from November onwards. So, there could be slightly positive surprise. But yes, what investors should build in 10% to 15% quarter on quarter growth in EPS for Q3 and Q4.

Ram Tavva: Well, and the second question is, there is a warranty conversion of close to INR500 crores this year, right?

Anubhav Gupta: Yes. So, 25% had already come, right? And the balance INR338 crores will come in April 2026.

Ram Tavva: Does that lead to any equity dilution number of shares will be increased?

Anubhav Gupta: Around 1 crore.

Ram Tavva: 1 crores share. And then from a company side, multiple times we asked this query to the investor relation, but we did not get any response. So, probably maybe selection from your side that investor relation should be active on responding to this call.

Anubhav Gupta: Feedback well noted, we will take care of that.

Ram Tavva: Thank you. That is all from me.

Moderator: Thank you, sir. Next is from Rehan Saiyyed, Trinetra Asset Managers. Please go ahead.

Rehan Saiyyed: Am I audible now?

Sorabh Dhawan: Yes, Rehan, you are audible. I think you asked a question, but we missed answering, right?

Rehan Saiyyed: Yes, yes. So, I am continuing my first question. I think you have answered my first question. So, I am continuing with the second one. So, this is on the operating leverage side and cost efficiency. So, within the scale that we are seeking, do you expect any operating leverage to improve meaningfully in the second half? And so, how should we think about the cost-to-income trajectory going forward in the next two to three years?

Sorabh Dhawan: The cost-to-income, as we said that the vision is to grow digitally, the cost-to-income will always be on the lower side. The major costs which are in the leadership team and middle management, the same shall continue to be at similar levels only. And what we need to do is put some physical presence in place, which is not that expensive. The cost-to-income ratio from about 70 basis points is expected to come down to 60 and then probably 55 basis points over the next two financial years.

- Rehan Saiyyed:** Okay. Okay. And so my last question is, I want just more clarification on the industry-wide. So, with multiple NBFCs and fintechs entering supply chain finance, so are you observing any field compression or competitive intensity in sourcing quality anchor programs here?
- Sorabh Dhawan:** Rehan, we believe that as I mentioned in my words also that supply chain finance is here to grow. It is not only the existing piece of business, it is also the transition from the CC overdraft facilities, which is happening into more controlled end-use-backed limits. So, the industry is extremely large and I think there is space, much and more space for everybody to exist and grow.
- Rehan Saiyyed:** Okay. Thank you for your clarification and I will jump in the queue. Thank you.
- Moderator:** Thank you, sir. Our next line is from Ronil Dalal from Ficom Family Office. Please go ahead.
- Ronil Dalal:** Yes, hi. Thanks for the opportunity and congratulations on a good set of numbers. It is Ficom family office. So, just my first question is that, I just wanted to know what is the reason for Prince Kumar Shukla's resignation as internal auditor and if you can share some more thoughts around the appointment of Mr. Saurabh Mishra in his place?
- Sorabh Dhawan:** Sure. So, Prince has been with us for almost two years now and he was always part of Finance and Accounts Team. While we needed a Head of Internal Audit, we had appointed him. Plus, we also have EY as a full-time consultant supporting us on Head of Internal Audit. So, now we have found a more appropriate person who can manage internal audit and value add and that is the reason that we have appointed Saurabh Mishra.
- The Head of Internal Audit, Prince was appointed only in the month of March or April. So, it was very recent only. He has been there only for six months as Head of Internal Audit and we found Saurabh Mishra to be more appropriate. That is why he has been appointed.
- Ronil Dalal:** Right, right. Just because there are lot of changes altogether. I think even the Company Secretary is new. Mr. Kush Mishra, any relation to Saurabh Mishra?
- Sorabh Dhawan:** No. There is no relation and Kush has been with us since last quarter. So, he joined us in the month of September. The earlier Company Secretary had left end of September and he was there. He was already there with us as a Compliance Officer and appointed as a Company Secretary in the current board meeting.
- Ronil Dalal:** Sure, thanks. The next one is that just the cost of fund, is there any scope for the cost of fund reduction? Last quarter we were around 8.25%. So, with the interest rate cycle cut, are we expecting, when are we expecting cost of funds to get devalued?
- Sahil Sikka:** So, vis-à-vis last quarter, we have substantially reduced our cost of funds. Currently, we have 15 banks on board, banks and financial institutions on board with us and the reduction in cost of funds is an ongoing exercise wherein the Treasury team keeps on discussing, this is the current market conditions.
- And we further envisage and it is a constant endeavor from our side also to reduce the cost of funds. So, quarter on quarter, they will keep on reducing. However, putting a definite number

on the same will not be possible. But there will, yes, definitely be an improvement in cost of funds going forward as well.

Ronil Dalal: Sure, would that be in the next few quarters or like you mean like maybe more longer term measure also?

Management: So, it is an ongoing process, quarter on quarter, there will be an improvement.

Ronil Dalal: Sure. Okay. Thank you so much. Thanks.

Anubhav Gupta: Just for record purpose, I would like to reiterate that we had guided for INR200 crores of PBT for FY26. That means a PAT of around INR150 crores, which was our guidance and now we are saying around INR120 crores and INR125 crores, somewhere it should come. You can go ahead.

Ronil Dalal: Hello, am I audible?

Management: Yes, we are there.

Sorabh Dhawan: Yes.

Ronil Dalal: Yes. Thank you for the opportunity. So, I wanted to ask, what is the reason for, why are we seeing such a sharp reduction in our yield from 12.4% in Q1 to 11.5% in Q2? Are we seeing any competitive pressures or what is the reason for it?

Sorabh Dhawan: So, it is a strategic move as we got two large anchors, which is Tata Motors, Mahindra and Mahindra and Tata Steel where the yields are little on the lower side to begin with and we strategically entered those which is in the range of about 11% and we expect once we are able to penetrate, we will be able to improve yields from here and that is the reason that the overall returns have -- yield has reduced a little bit.

Ronil Dalal: Okay, thank you.

Moderator: Thank you. The next question is from the line of Tushar Verma from Bigshot Trading. Please go ahead.

Tushar Verma: Yes, so my question is on the multiple top management changes recently, the CEO, CFO/COO, all resigned on the same day. So, could you please explain the reason behind this? Was this coordinated or coincidental and how the company plans to ensure smooth continuity going forward?

Sorabh Dhawan: So, Tushar, this is not coordinated. It is a coincidence that we have decided to move on the same day, but the transition is already planned. As we have already mentioned that Vinay, who is joining us from YES Bank, holds about 20 years plus of experience in supply chain finance and trade finance and he will join in.

And similarly, Sanjay, who has been with us for past two years and heading finance and accounts, he takes over as Chief Financial Officer. Transition is extremely smooth and

everything is very well taken care. So, we also want the company to progress well over the years. It has been built from scratch by us and that is the reason that transition has been kept smooth and we will still continue to help in the handovers, takeovers, etcetera, over the next few days.

Anubhav Gupta:

Tushar, just to add to this. See, we appointed Sorabh and Sahil. We knew them for many years as they were in Kotak and HDFC Bank, respectively, and they were handling APL Apollo account also. So, the relationship wasn't new because of Finserve, but it has been there since APL Apollo used to take bank limits, etcetera.

And so is Vinay Gupta, who is coming from YES Bank. He has been handling our account for a very long time. So, our idea is also to appoint, hire people to run NBFC business because as a group we are new here and we want to work with people whom we know for many years and collectively we can create a good business model.

Over and above, we have Mr. Deepak Goel also, who is serving as a group CFO. He has been appointed as a Non-Executive Director so that he also has people who can keep an eye continuously. So, we are fairly confident that there is not going to be any kind of disruption. The business will run as usual and we are implementing all possible business continuity plans.

Moderator:

The next question is from Darshan Patel from Moneyworks4Me. Please go ahead.

Darshan Patel:

Okay, so I just have one question. So, does our competitors have similar level of NPA in supply chain segment?

Sorabh Dhawan:

The NPA levels across supply chain financing are lower in comparison to other vanilla financing. Answer is yes. But do they have nil NPAs? Answer is no. And we also might have some NPAs going forward in next few years. But in comparison, supply chain finance is a much, much safer financing compared to other term lending or personal loan or business loan products.

Moderator:

The next question is from Amitabh Vatsya from Sadhan Venture.

Amitabh Vatsya:

Thank you for taking my question. I have two questions. One is, what is our guidance and what is our internal target as an organization for...?

Sorabh Dhawan:

Sorry, Amitabh, we missed your question.

Moderator:

Mr. Amitabh, please repeat your question.

Amitabh Vatsya:

My question is that what -- currently I can see the return on equity is around 9%. So, what are the target, what we have set as a target for increasing it to any visit we are specifically trying to reach? What is our goalpost in terms of return on equity?

Anubhav Gupta:

Above 15% first milestone and then take it to 18%, 19% eventually.

Amitabh Vatsya:

So, eventually, what is our strategy for reaching to 15% from 9% current level, which we can see?

- Anubhav Gupta:** So, right now, the leverage is around 1 is to 2, right? And we will like to take it to 1 is to 3. As we do that, going forward, ROE shall improve.
- Amitabh Vatsya:** Okay, in terms of yield or NIM what we are looking at comfortably, what we can achieve?
- Anubhav Gupta:** Between 12% to 13%.
- Amitabh Vatsya:** Okay, and that is in line with what we have achieved so far. Or are we going to see some expansion in NIM?
- Anubhav Gupta:** So, definitely, there will be some expansion because at the distributor levels of large brands, now we are targeting retailers under the distributors. So, we have already pilot launched with some anchors. And as that program starts performing well, the NIMs will definitely expand by 50 to 100 bps.
- Amitabh Vatsya:** Okay, so it is more on a -- we will be able to price our product at a higher rate than the peer? Or I mean, is it due to the cost reduction or is it due to the expansion in the yield?
- Anubhav Gupta:** No, expansion in the yield because within the current ecosystem where we are funding a distributor of a brand A, now we will go one tier below where we will start funding the retailers of that distributor, right, keeping his skin in the game. So, once we start lending to retailers, the NIMs will expand by 200, 300 bps. And on average book, our NIMs can go up by 100 bps, 150 bps.
- Amitabh Vatsya:** Okay. So will this shop gap arrangement will be valid for the level two also?
- Anubhav Gupta:** That is right.
- Amitabh Vatsya:** Okay. So I have just another one question with respect to the sector, sector-wide exposure which you have, if you can share what is our structure in terms of exposure-wise, whether they are exposed to infrastructure and real estate and building material and auto. So, if you can give us a bifurcation or sectoral way?
- Sahil Sikka:** So, we probably are present in three widespread industries. Number one, building material. Within building material, we are well diversified in terms of various sectors such as we recently tied up with Saint-Gobain. So, glass, tiles, metals, commodity etcetera.
- Then number two for us on a larger industry comes automobile segment wherein we have tie ups with Tata Motors on the commercial side, then on the passenger vehicle side, JSW, MG Motors, then Ashok Leyland etcetera.
- Then third comes the IT and peripherals in which also we are diversified in terms of the mobile segment tie up with OPPO, then the IT other IT equipments or other equipment such as with Redington, Ingram, etcetera. So, well diversified in terms of industry and there is probably no concentration in any one segment as such.

- Amitabh Vatsya:** Okay, but we have, if we can get some percentage numbers, if you have any ballpark number like 30%-40% or?
- Sahil Sikka:** On the percentage side, since we started our business with tie up with APL Apollo Tubes, so that holds the larger share in our business, but that is also gradually reducing as we are, as the other anchors are growing up their scale in our business.
- Anubhav Gupta:** Building material share would be 50%-60%, then OPPO would be 20% and IT and peripherals will be 20%. 60%-20% IT peripherals and 20% OPPO.
- Amitabh Vatsya:** Okay. Thank you.
- Moderator:** Thank you, sir. The next question is from the line of Varun Gajaria from Omkara Capital. Please go ahead.
- Varun Gajaria:** Hi, sir. Thank you for taking my question. I understand that this is slightly first time, covering this company. So, just would like to get something very basic. So, basically, we want to expand our book from currently INR2800 crores to around INR6000 crores by 2027. So, while we do that and the recent, you said that we took some cut on our yields?
- So, and we will be looking to onboard new clients going forward. So, how do you look at the yields going forward? I am sorry if you have already mentioned this before. I just wanted to get some clarity on the same. Would it still be that you would have to take little bit of discount to attract clients? How would it work?
- Sorabh Dhawan:** I think we have already strategically, taken discount for two major anchors, which I mentioned were Tata Motors and Mahindra & Mahindra we do not foresee taking any such discount anymore. This time, the yield is close to about 12%. We expect to increase it to steady state should be about 12.25% to 12.45%.
- Varun Gajaria:** Okay. Thank you so much.
- Moderator:** Thank you, sir. The next question is from the Yajash Mehta from Ionic Asset. Please go ahead.
- Yajash Mehta:** We have trimmed it down to again 125. What really I want to understand was over the last couple of months, because couple of months is when we were talking about INR150 crores a PAT for the year. What has exactly changed and the reason for us to actually aim for a lower PAT now? Is it a conscious decision to safeguard asset quality that we have decided to take it slow?
- And secondly, we wanted to understand what would be our strategy to achieve our FY '27 guidance going forward? Is it that we are looking to empanel aggressively and get into new sectors? Just wanted to understand the strategy part and also, you know, what has changed in the last couple of months that we've been constantly, reducing our guidance?
- Anubhav Gupta:** There are two things right for the reduction in guidance. One is the overall macro slowdown, right, which, which every sector is witnessing, whether it is construction material, whether it is

auto. I mean, if we remove last one month kind of sales, we know how auto sector performed in the first 6 months, right.

And, so is the overall consumer discussionary, which, which, which is linked to the IT and peripherals of what we do. Correct. And like I said, all the -- you can dig out the data of all the anchors, what we have as our customers, many of them are listed, and the way they have reduced their own revenue guidance, right.

So similarly, as a supply chain financier, we also need to take business call, right. Now, the one way to compensate is that we become adventurous, right. And we try to add Tier 2, Tier 3 customers where we could add our, or we could expand our loan book, but consciously we decided not to do that.

Correct. So, we are confident that once there is revival in the economy, right, business will come on its own, we are already impaneled thick with our customers, right, our tech stack is deeply impaneled in our customers systems, our teams are deeply related to all the relevant teams at our customer end.

So we are very much confident that once there is overall economic uptake, right, once our key anchors, they start seeing a double digit volume and revenue growth. As a financier, we also get business at high speed. And whatever we lost in the first 6 months, we will make up for that, not maybe within FY '26, but FY '27 could be better than what we are guiding for.

And, and coming to FY '27 expectations, we have a lot of anchors whom we are talking to, to bring on board. The new management shall also bring its own relationship, which will add to the business. And, hopefully the economy would be performing much better in FY '27 than what it has done in last 2 years. So, this gives us confidence that we should be able to achieve numbers, what we are envisaging as of now.

Yajash Mehta: I just wanted to again get a hang of the number that we've spoken about. So, INR120 crores, INR125 crores of PAT for this year. What is the exit AUM that we're speaking about and again for FY27 we're talking about INR250 crores of PBT. And what is the exact exit and the average AUM that we're looking at on the average loan?

Anubhav Gupta: So the exit PAT for Q4 should be around INR35 crores plus minus, okay, which was INR28 crores, INR29 crores in Q3. In Q2, it should be around INR35 crores plus minus in quarter 4. And then for FY27 to achieve INR240 crores, INR250 crores of PBT that means a PAT of around INR190 crores. So, we should be around -- the exit rate should be around INR45 crores of PAT INR45 crores, INR50 crores of PAT, the exit rate in Q4 FY27.

Yajash Mehta: And the loan book that we're talking about FY27 and FY26? Hello -- am I audible?

Anubhav Gupta: Yes. So, the exit loan book for FY26 should be around INR3,500 crores.

Yajash Mehta: And for FY27?

- Anubhav Gupta:** And FY27 should be around INR6,000 crores. And there could be a positive surprise in FY26 loan book. If economy does better in last three months, which it normally does we could surpass INR3,500 crores and we could hit 4,000 also. But that depends on how economy would perform, but 3,500 is what we are fairly confident.
- Yajash Mehta:** Got it, sir. Thank you so much and best of luck.
- Moderator:** Thank you, sir. The next question is from the line of Jaiprakash from Korman Capital. Please proceed.
- Jaiprakash:** Yes. Just question on what are the target areas, currently I see that you're targeting three areas largely. So, if you can just size up the industry for us and what could be the target areas? That's the first question. And the second question is on the -- can you elaborate what is the reason you mentioned that the supply chain is gaining traction over the CC and overdraft? So, if you can talk about the benefits, what is it driving that growth?
- Sorabh Dhawan:** Hi, Jaiprakash. So, I'll answer the second question first. Overdraft and cash credit facilities are open-ended in nature where banks are not able to control the end-use of funds. The funds can be deployed in any manner. On the other side, when it comes to supply chain financing, when we say that we have disbursed about INR52,000 crores through our counter until now.
- This ensured that every penny directly went to the anchor's account and anchor supplied material to the dealer. So, the end-use of funds of every penny which got disbursed from our counters was ensured. And that is the reason that entire industry, banks, financial institutions, etcetera, everybody is focusing on supply chain finance.
- And we have started to see number of balance sheets wherein cash credit and OD facilities are going down and supply chain financing limits are increasing. So, that is the reason of this transition.
- On the target areas, supply chain financing continues to be our focus product. And industry-wide, the choice of anchor is extremely important. And we make sure that whichever anchor we onboard that has to be an industry leader and whatever the names that you will look at which are working with, they all are leaders in their respective products because what sells off the shelf, the money comes on its own. Otherwise, you have to go and collect. So, that is the motto that we have always believed in. Thank you so much.
- Anubhav Gupta:** And on the first question. Okay, sorry. Next, please.
- Moderator:** Thank you, sir. Our next question is from Krish Kothari from K Kothari. Please proceed ahead.
- Krish Kothari:** My questions have been answered. Thanks. Hello.
- Management:** Yes, please proceed.
- Krish Kothari:** No, my questions have been answered. Thanks.

Moderator: Thank you, sir. The next question is from the line of Rajesh Jain from RK Capital. Please proceed.

Rajesh Jain: Yes, thanks for the follow-up. Sir, I have one request and one question. So, I will just articulate my request first. So, regarding the financial year 25 guidance of INR150 crores, INR160 crores, we are getting different answers at different times, okay. So, today in the call, you have said that the guidance was revised downwards to INR120 crores, INR125 crores due to economic slowdown.

But just a few weeks ago, during the Bharat Connect Conference organized by Arihant Capital. So Mr. Sorabh Dhawan had told that INR150 crores, INR160 crores was never the guidance, it was the exit run rate. So, I will request the new incoming management to be very specific on guidance. I mean, 50% growth is also a very good guidance, but if you say 100% and deliver 50%, it gives wrong impression to the investors. So, that is the feedback and that is the request.

I mean, that is the feedback to the outgoing management and that is the request to the incoming management. And my question is, I just wanted to understand that apart from your supply chain finance, which you have articulated at various times in various calls, you had briefly hinted during the Bharat Connect Conference that you had in the past done some vendor financing also. So, can you explain that vendor finance model? What do you exactly do in that? How does it work? Can you just explain that part?

Sorabh Dhawan: Vendor financing is a product which is basically done for mid-corporate customers, which are in the range of INR1,000 crores to INR2,500 crores turnovers, wherein we give money to their suppliers, wherein we give money in advance to the suppliers. These mid-corporate customers are able to avail discount and then these mid-corporate customers can pay us back in 60 to 90 days' time. So, that is how this product operates.

We had created a loan book of close to about INR200 crores, which is almost negligible today. So, this book we had closed down, because the exposures required here were in the range of INR25 crores to INR30 crores plus, which we did not feel comfortable and we exited that. So, focus has been on dealer financing since then.

Rajesh Jain: So, going forward, you are not going to do any vendor finance going forward?

Sorabh Dhawan: As of now, we are not doing -- as of now, we are not doing any vendor financing.

Rajesh Jain: But still, for the sake of clarity, I did not understand. So, you said you are supplying this finance to the suppliers of mid-corporates. That is what you said, right?

Sorabh Dhawan: Yes.

Rajesh Jain: Okay. Okay. All right. Okay. Yes. Thank you.

Sorabh Dhawan: Thank you so much.

Moderator: Thank you, sir. The next question is from the line from Vandit Jain from Sageone Investments. Please proceed.

Vandit Jain: Yes. Am I audible?

Moderator: Yes, sir. You are.

Vandit Jain: Yes. You briefly mentioned about moving down a step to retailers. So, the distributors and their retailers financing those. So, could you just spend a little more detail on how that will work? And for distributors, you have mentioned in previous calls that we have a stop supply arrangement with the anchor. So, would we have something similar arrangement here as well?

Anubhav Gupta: So, the program contours remain same. Okay. The stop supply arrangement will remain as it is, right? Over and above, there will be FLDG also. Because please understand that when we go one tier below to the retailers, that is in the coordination and in agreement with the anchor, the distributor, right, and SG Finserve. So, all three will sit on the table and decide.

Now, for this distributor, we need to cover 50 retailers, 100 retailers, right? So, the anchor team will also sit along and decide on the basic contours. So, the risk on that will not increase basically, till the time we are sticking to the anchors, which we already have with us, right?

Again, as management, we need to be conscious that we do not go for Tier 2, Tier 3 customers, which we need not because all our growth targets for next 2, 3 years are well covered within the existing anchors, what we already have onboarded.

Vandit Jain: All right. That answers. Thank you.

Moderator: Thank you, sir. The next question is from the line of Pratik Bagrecha from AU Bank. Please proceed.

Pratik Bagrecha: Yes. Hi. Am I audible?

Moderator: Yes, sir. You are.

Pratik Bagrecha: Yes, sir. Sir, the question is mostly regarding the management motivation which the promoter group keeps. Like, what are the incentives and motivations that you would like to, you know, keep to make sure that, you know, such transitions do not affect and impact the company going ahead?

Anubhav Gupta: So, definitely. I mean, if you have tracked APL Apollo Tubes, right, it's all in public domain. The wealth APL Apollo generated for its employees in last 10 years is almost US\$100 million. And with the same philosophy, we, all our other ventures within the group, they carry the same philosophy. And with the same philosophy, we incubated and promoted those businesses.

And SG Finserve also, we carry the same thought process that the employees, the management should be part of the wealth creation, what this business will generate over the years to come.

Pratik Bagrecha:

Okay. And, sir, secondly, how would the credit transition happen? So, basically, you know, currently, the CEO or CFO would be hands on with a lot of key accounts and their understanding of the credit risk there and the way monitoring is to be done. So, basically, what is, how is the, you know, company looking at that, the tracking and monitoring of those particular accounts?

Anubhav Gupta:

So, see, I mean, there are two things. One is, I mean, any loan which is given, it's not given by an individual, it is given by a committee, right. And in that committee, committee consisted, the participants were more than the CEO and the CFO, right. There were other participants also which are staying in the company, right.

Secondly, as far as the CFO profile is concerned, we are elevating Sanjay, who was already working with Sahil as a deputy CFO, although non-designated, but that was the capacity he was working in, right. So, there we don't see much of a challenge.

And as far as Sorabh's profile is concerned, Sorabh is going to be with us for next 40, 50 days, right. And the transition already started almost around 15, 20 days ago, right. So, we have a good window of 60 days where we would complete all the transition very, very smoothly.

Pratik Bagrecha:

Okay. Sure. Thanks.

Moderator:

Thank you, sir. The next question is from the line of Aditya Lathe from Akshara Capital. Please proceed.

Aditya Lathe:

Hi. I have just one question. I just wanted to understand any challenges the existing management has faced with SG Finserve and anything you would have done differently while building the business. That is one.

And I have one suggestion. I think we should avoid getting into the forecasting game, like when we are saying that we want to forecast at the exact amount for the next quarter or for the next year. I think the guidance for the book is okay, because that is a broad guidance.

But when we get down to PAT and all, we always end up disappointing. That is just one suggestion. And the query was what I asked earlier. Thank you.

Sorabh Dhawan:

Thank you, Aditya. I think whatever we put in place, we are extremely proud the way we have done it. And nothing major that we could have done differently, except you rightly mentioned that forecasting PAT, we could have done differently. And I believe the new management coming in would take care of that in future. Thank you.

Moderator:

Thank you, sir. Ladies and gentlemen, this was the last question for today. I would like to hand the conference over to management for closing comments. Thank you and over to you, sir.

Sorabh Dhawan:

Thank you, everyone. I think the last 3 years have been a lot of learning, a lot of insights. And the way we build SG Finserve from ground up, we feel proud of that and wish all the very best to the incoming management.

And I'm sure what we have envisioned for the upcoming years for SG Finserve, they will be fulfilling that for all of us. Thank you so much for the support and trust that each one of you has shown all throughout this journey.

Moderator:

Thank you, sir. On behalf of SG Finserve Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.