



Dated: 14.10.2024

To  
**Department of Corporate Services,**  
BSE Limited,  
25th Floor, P.J. Towers,  
Dalal Street, Mumbai-400001

**Scrip Code: 538882**

Dear Sir/Madam,

**Subject: Submission of Investor/ Analysts Meet Transcripts**

In continuation of the letter dated October 7, 2024 related to the Investor Conference Call to discuss the Financial Results for the Quarter 2 of Financial Year 2025 and pursuant to Regulations 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), please find enclosed the Transcripts of the Company's Investor Call.

The said Transcript is also available on the website of the Company at [www.emeraldfin.com](http://www.emeraldfin.com)

It is further confirmed that no unpublished price sensitive information was shared/discussed in the meeting / call.

We request you to take the same on record.

Yours Sincerely  
**For Emerald Finance Limited**

**(Amarjeet Kaur)**  
**Company Secretary cum Compliance Officer**  
**Membership No. :A17273**





“Emerald Finance Limited  
Q2 - H1 FY '25 Earnings Conference Call”  
October 11, 2024



**MANAGEMENT:** **MR. SANJAY AGGARWAL – MANAGING DIRECTOR –  
EMERALD FINANCE LIMITED**  
**MR. TALIN AGGARWAL – HEAD BUSINESS  
DEVELOPMENT -- EMERALD FINANCE LIMITED**  
**MS. GURMEET KAUR – CHIEF RISK OFFICER --  
EMERALD FINANCE LIMITED**

**MODERATOR:** **MS. CHANDNI CHANDE – KIRIN ADVISORS**

**Moderator:**

Ladies and gentlemen, good day and welcome to the Emerald Finance Limited Q2 and H1 FY '25 Earnings Conference Call hosted by Kirin Advisors. As a reminder, all participant line will be in listen-only mode and there will be an opportunity for you to ask question after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone.

Please note that this conference is being recorded. I now hand the conference over to Ms. Chandni Chande from Kirin Advisors. Thank you and over to you, ma'am.

**Chandni Chande:**

Thank you. On behalf of Kirin Advisors, I welcome you all to the conference call of Emerald Finance Limited. From management team, we have Mr. Sanjay Aggarwal, Managing Director, Mr. Talin Aggarwal, Head of Business Development and Ms. Gurmeet Kaur, Chief Risk Officer.

Now, I hand over call to Mr. Sanjay Aggarwal. Over to you, sir.

**Sanjay Aggarwal:**

Good afternoon, everyone. I am very pleased to welcome you all to our Q2 FY '25 and H1 FY '25 Earnings Call. Thank you all for taking time to join us today as we review our company's financial and operational performance for the second quarter and for the first half of the financial year.

With me is Ms. Gurmeet Kaur. She was a Chief Risk Advisor. She was earlier with Citi Financial as Deputy Head Credit and with Bajaj Finance as CRO. Also with me is my son, Talin. He is CTO and Head for Strategic Partnerships.

As far as income is concerned, our total income for the Q2 FY '25 on consolidated basis has grown by 80% to INR5.01 crores. And on consolidated basis, our PAT has more than doubled by 139% to INR2.06 crores. For the first half year, our consolidated income has increased by 56% to INR9.41 crores from INR6.04 crores. And PAT has increased in the first half year by 108% to INR3.77 crores.

Also, we have received full payment against the warrants issued to Mauritius-based fund, Investee Global, in the month of May. And in this current month, in the month of September, we are allotted 26.7 lakh shares. With this, the total FY holding in our company has increased to 9.23%. For the fifth year in a row, we have declared dividend, and we will be shortly paying in this current month.

I'm very happy to report that we have zero delinquency in the first half of the year. There was a nil NPA in the first six months of the year. Also, we have issued ESOPs to four senior employees last year.

And we are also in the process of issuing to five more employees in the current quarter. As far as our main product, EW is concerned, we are operational with almost 125 companies as of now. We have just started funding salaries of the Safai Karamcharis of Chandigarh Municipal Corporation.

And we are also in the process of tying up with at least one more such corporation in Uttar Pradesh. We have also tied up in this current month with a very large corporate in Mumbai,

which is providing back-end services to banks like Kotak Mahindra, Axis, ICICI for EWA products. Through our subsidiary in the distribution business, we have funded in the first half of the year more than INR110 crores in gold loans.

This is mainly done through HDFC Bank and Axis Bank. I would like to keep it very short and crisp so you have more time for questions and answers. In the closing, I would like to express my gratitude to all of our shareholders, customers, partners, and especially to our employees for their continued trust and support.

We are really excited about the opportunities in the coming months and years. I hope to continue to deliver on sustained growth and value. I'm looking forward to some questions from your side, please. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Vishal Singh from Finvestor.

**Vishal Singh:** Sir, first of all, congratulations on a good set of numbers.

**Sanjay Aggarwal:** Thank you very much.

**Vishal Singh:** Sir, in last con-call, you have said that in your EWA program, your target is to tie up with at least 100 corporates. And what I am seeing by following your company, right now we are at 25. So, I think the guidance you have given is very optimistic. Or you have some plans to meet your target by the end of this financial year?

And the second question is, sir, I have gone through your media release. And what I can see that you have started a loan kind of thing. So, is there any NPA overview in there. Because it is very different from EWA program. So, what is the overall thought process on this?

**Sanjay Aggarwal:** No, come again for the second part. I cannot understand your second question, please.

**Vishal Singh:** Sir, I have gone through your media release. Media release or media note you have given. And I can see there is something written like, you have started a token loan kind of thing that will be starting from Q3. So, what will be the NPA overview on this? Because, our company is not accepting any NPA?

**Sanjay Aggarwal:** Got it. See, as far as your first question is concerned, we have tied up with already 25 companies and [inaudible 0:07:15] what we have established and started producing results now, so planning to target at least 15 more companies in this quarter. That will take the numbers to 40. And balance we should hopefully, you know, as our network is expanding and the number of companies also onboarding has started increasing. So, at least 15 we should onboard in this third quarter. And the balance hopefully we should be able to incorporate in the fourth quarter. And your second question regarding new product line we are starting?

**Vishal Singh:** Yes, sir, the new product that is loans.

**Sanjay Aggarwal:** Gurmeet, would you like to take that, please?

- Gurmeet Kaur:** Yes, Sanjay. So when you talk about the new product line, it is going to be variation of the unsecured loans, small ticket size that we're talking about. We are going to be introducing small ticket size personal loans to our EWA corporate, you know, partners. And we are also looking at an option of tying up with various merchants who provide different services or products online. And so an EWA customer can opt to use the limit to purchase that particular product as well.
- Vishal Singh:** And ma'am, in EWA product, the salary which are given by the corporate, the EWA advance is being deducted from the salary slip also I believe. So when your customers is opting for this loan, the same thing will be done by the corporate?
- Gurmeet Kaur:** Yes, please. So depending upon the eligibility criteria, which will be different, you know, in order to mitigate our risk and also what is the percent -- what is the percentage of the salary that we will give as a small ticket personal loan, this will become more like an EMI product. So an EMI product to be paid between three months to six months. So, the repayment every month will be deducted by the employer from their salary itself. And during this particular time, when the personal loan is going on, he cannot withdraw on his EWA limit. So that is how we'll be mitigating the risk.
- Vishal Singh:** Yes, okay. That's very good. Great to know, ma'am. Thank you very much for your endeavours. And I wish this company on a newer scale.
- Moderator:** The next question is from the line of Maan from Growth Sphere Ventures. Please go ahead.
- Maan:** Congrats for a very good and healthy set of numbers. So, I'll start my question with a simple one. I think that the understanding of mine is missing here. So, you are tying up with the corporates and you are advancing in year loans up to one month of advance, right, and hence there is zero delinquency. But what if the employee leaves the organisation after taking the loan? In that case, the NPA arises and the guarantee is given by the corporates or that will be on our books?
- Management:** If I may answer this? So the advance we give is a percentage of the recruit salary. So, essentially someone's worked for 10 days, recruit salary worth 10 days. In that case, it extends four days worth of advance. So, eventually, if the person even leaves the organisation, there's enough in the full and final settlement with the company from which they pay off.
- Maan:** Okay. Yes, this was missing from my understanding. Okay. Second was that ma'am stated that personal loans that will be tied up with the salary. So, that is very similar to what the big banks are doing, right? So, it is unsecured, small finance kind of a product. So, the NPAs are bound to arise in those. It will not be zero delinquency kind of a situation, right?
- Gurmeet Kaur:** It's very possible. Of course, it's very possible. But then the way we make our business plan, we always bake in what is the presumed risk that we are willing to take. Because if there is no risk, there is no return. So the pricing of this particular portfolio is also going to be different. The underwriting assessment that we would be doing for this customer is going to be more stricter than what we currently do for the EWA customer.

And thirdly, what is also important to note is that there would be a minimum eligibility criteria that we will set for the employee of the company, right, who would be eligible for a product like that. He should have shown some kind of attraction on the EWA before we offer this particular product to this particular employee. And lastly, in order to mitigate the possibility of the customer leaving, we also have an EMAT which is set on his verified bank account.

So, in an event the deduction doesn't happen, we can also automatically invoke the EMAT to take the money from his account. And lastly, we also have an adequate collection set up in an event a delinquency happens, we would do the systematic follow-up to collect our money.

**Maan:** Okay, got it. So, you said about certain qualities while underwriting. Can you expand on the underwriting process or the minimum criteria after which you will be advancing the loan to that person?

**Gurmeet Kaur:** I think, you know, one of the key things is that the policy will be very captive to the organization. However, just to give you a flavor of three key components of an underwriting process is one is the extensive KYC verification of the customer, including the video KYC. The second key element is the minimum eligibility criteria where we look at the employment term, the net earned salary over a period of time, and whether this particular employee is permanent or permanent contractual or yet under his probation period, for example.

There could be more minimum eligibility criteria depending upon different income brackets and the organizations that we work for. And the third key component comes is what are the different assessments that, we possibly do on this particular customer. It's going to be, it is going to be the bureau check that is going to be happening in case of and there could be a physical verification that could be conducted to verify his current residential address apart from, of course, the income and the debt that we would take from the bureau and from the employer and then that will lead to a debt burden calculation.

**Maan:** Okay, got it. So, coming back to the EWA part, so this is like a very low risk kind of a business. So just wanted to understand the total time of the market, if it is possible.

**Management:** So the size of the market you are talking about?

**Maan:** Yes, yes.

**Management:** Would you like to take that?

**Management:** So the total time of the market, I mean, this is an evolving market. So EWA is a very new product in the Indian market. It's very robust in the western countries, but in India, it's very, very nascent. There are only a few players there. So, all of us together are sort of creating the market. But if you want the total time on a monthly basis, that would come to a couple of thousands of crores.

I mean, if you see the overall salary, data of India, and you just take a certain percentage of that, that would come to a couple of almost tens of thousands of crores per month. So that is essentially the overall time we are targeting. But again, as I mentioned, this is an evolving market

and us plus the competition started to create the market as of today. It will take a couple of years for us to reach a decent business and more or less reach the time.

**Maan:** Got it. So, in that case, if it is very developed outside India, then why the giants like HDFC, Axis, ICICI, they have like salary account tied up with big corporate. So for them, it is very integrated kind of a product. So, why haven't they tapped this market? Any reason?

**Talin Aggarwal:** So the thing is, one, this is a short term small ticket loan. These are typically loans, with an average ticket size of 25,000 for a tenure of one month, plus they're unsecured. So all these banks, the big banks have a certain percentage of portfolio, which they can allocate to unsecured loans.

Plus, they essentially do not prefer to do such small loans. Again, if you see, the market evolving from 2020 to 2021, there were hundreds of players doing loans less than INR50,000. But in the last year or so, a lot of them have moved on to greater than INR50,000, INR1 lakh loans, you know. So, because this is a slightly riskier segment, plus the unit economics don't work here in such a small ticket size.

**Gurmeet Kaur:** Talin, if I may just add another thing, there is also regulation for the banks that they can't offer nil interest products. Okay. So EWA product that we offer is supported by a disbursement fee for based on the amount of disbursal the person takes and we don't charge any rate of interest.

So when you look at the consumer durable lending, which Bajaj Finserv does, and it's an NBFC, or other companies who are doing it, they typically do it zero interest, but it's assessing key driven models. So the bank, because of the CASA and the other compliances that they need to meet, they can't do a zero percent lending. Small ticket size, clubbed with zero percent lending, and hence, this particular value proposition does not fit.

**Maan:** Okay, got it. So in that case, you see it right, there are a couple of players with you are building this Indian market. So just wanted to know the players who are competing with you, whether in private or public spaces and also if it is possible how the global scenario has evolved in past, say, a decade or one and a half decade and who are players in the global markets who have shared the best market assets?

**Management:** If I may take this, so, in India, our biggest competition is coming from, right now, JIFFY. So, there's a Bombay-based company called JIFFY. There's a Bombay-based company called FatakPay. Then, there's a Bengaluru-based company called Refyne. So, these are the main players, other than us, who have been offering this to the Indian market. And in terms of global competition, so, this is a very, advanced product in the United States.

So US means you have the likes of Rainpay, you have DailyPay, and there's another Earnings Pay there. So there it is a very, very, developed product. So the likes of Walmart, Taco Bell, McDonald's employees use these products in those economies. So our target is also to, essentially, eventually, when the market, as it is growing, could tap into these larger corporates to service it to their employees.

- Maan:** So what is your view? So, I think that the US doesn't have that unorganized money lending, which India has. So what is your view? So it is a very small ticket size, INR10,000-INR15,000. So that is one of the biggest competition that you might, you guys might be facing. So any views on that part?
- Management:** So, I think that's the biggest advantage we have at our end, because these unorganized money lenders, they tend to charge exorbitant interest rates, because they're highly unregulated. So, that is a very, very good opportunity we have, once the market awareness is there, then I think we can very quickly tap into these spaces. Because as ma'am mentioned, we do not charge any interest, we only charge a processing fee, it only comes to about 1%-1.5% on the transaction value, as compared to a 5%-10% interest that these unregulated players charge.
- Maan:** Sorry, sir, I was of the view that you guys are charging the processing fee of 2.5%-3% because I read the same on our first call. So why this discrepancy?
- Management:** So it varies. It's a range-based debt. So on average, it comes to about 2%.
- Maan:** Average it is 2%. Okay. And in that case, what's IRR of the whole year comes out?
- Management:** Aggregate IRR comes to about 26%-28%.
- Maan:** 26%-28%. Yes cool. And so you guys are planning the personal loans, which are tied up to the salary as well as the [inaudible 0:20:38] loans, right? So any particular disbursement figure or AUM figure that you have in your mind right now?
- Management:** As quickly as we can grow and as much as we can go this business too.
- Gurmeet Kaur:** I think this question, you should ask us in the first quarter next year.
- Maan:** Okay.
- Gurmeet Kaur:** Yes when we do this, when we do the next [fiscal 0:21:03], you should be asking. We are in the phase of designing the product construct and getting our policies ready. So, we would be able to give you more precise and accurate information, in another two months' time.
- Maan:** The intention behind asking this question was just that I wanted to know what amount of funding we guys require. You have a certain debt-to-equity ratio in mind? I guess it is 2:1.
- Gurmeet Kaur:** Sanjay, can I ask you to take this question? What kind of debt-to-equity?
- Sanjay Aggarwal:** See, funding is not an issue. We have sufficient credit lines and that's very well capitalized. Funding is not an issue at all. There are a lot of unutilized limits also with us and we are very well capitalized right now.
- Moderator:** Thank you. The next question is from the line of Aman Baheti from Mool Capital Private Limited. Please go ahead.



- Aman Baheti:** Hi, thank you for the opportunity and big congratulations to the Emerald team for a great set of performance this quarter. I have a few questions related to operating margins and strategy. So, my first question is on operating margins. Sir, we have done around 70% this quarter and 68% for the first half. So, are these kinds of margins sustainable in the long term or they seem to dip in the future?
- Sanjay Aggarwal:** As far as the EWA product is concerned, as we grow the business, we did not increase our team size. Currently, we have a team of eight people, five are techies and eight are consultants. So, as the business grows, we need not correspondingly increase in the employee base. Plus, our margins are right now higher because most of it is funded by the equity. As we get more funding, then maybe, the margin might slightly decrease because of that.
- Aman Baheti:** So, sir, do you have any figure in mind, like a sustainable margin figure that you want to continue with?
- Sanjay Aggarwal:** We don't have any figure in mind as such. Let's see when the things come to this. As far as I think, for the EWA product, we are doing about 1.5 crores of disbursement right now in EWA. Even if we go up to 100 crores, you do not have to correspondingly increase the team size. We just need to increase by two or three people and maybe some collection team.
- Aman Baheti:** Right, sir. So, are we seeing to hire some people because we want to get like 100 clients this year or next year. So, are we looking to hire more people to get more clients?
- Sanjay Aggarwal:** You are engaging with more and more agents. They are on a variable cost with us. They are not on a fixed cost with us. We already have a team of three people in our office who are handling business development. But we are planning to engage with more and more agents PAN India to source more clients for us.
- Gurmeet Kaur:** So, Aman, this is regarding the span of control. So, we have already built a foundation in such a way, that most of our processes are automated. And because this is a small ticket size loan and it is 100% automated kind of a process. The need for having a very large operational team is not required. You're right, as we grow the business, we may end up having one or two senior people who will manage more strategic alliances. But this particular business is not a people's driven business. This is more of a process driven business. Process and systems driven business.
- Aman Baheti:** Right. And sir, I'm asking on a corporate basis, what is the average size of the corporate, in terms of number of employees that we are targeting?
- Sanjay Aggarwal:** Currently, average ticket size is about 200. But now, we have tied up with Municipal Corporation, Chandigarh, their staff strength is about 3000. And we have tied up with a very large IT company, Chandigarh based, their staff strength is about 1500. And we have tied up with a large backend company in Bombay, their staff strength is about 900. But current now, average ticket size [is about 25 forfeits 25:51], we have talked about, average ticket size will be around 200 employees.
- Aman Baheti:** Sir, apart from our EWA product, let's say a company comes to you and asks you to just process their salary. So, do we charge a fee for it?

- Sanjay Aggarwal:** No, we don't charge them anything.
- Gurmeet Kaur:** Sanjay, this is a slightly different question, if I may add, we don't do any organization salary processing. We are not funding the salaries for the corporate.
- Sanjay Aggarwal:** I mean, just what Razorpay does, right?
- Gurmeet Kaur:** So, we are not payment gateways. We are an NBFC. So, we have a unsecured product, which is an EWA product. So, the amount that the customer based on his eligibility, he withdraws, we take a withdrawal or a disbursement fee on that particular amount.
- Aman Baheti:** Okay, got it. And Sanjay sir, this is for you. So, what is your outlook on the traditional business side regarding the MSME loans and gold loans?
- Sanjay Aggarwal:** So that business will continue to grow. See, there are three lines of business. One is EWA, second is the business loans, what they're doing and third is the distribution business. Both EWA and the distribution are asset-like. And our book sales is going through our MSME loans, we continue to grow that. And that book also is performing extremely well.
- Aman Baheti:** Right. Okay, sir. Thank you for answering my questions.
- Moderator:** Thank you. The next question is from the line of Chandan Mishra from Finvestors. Please go ahead.
- Chandan Mishra:** Thank you, sir, for giving me a chance to ask questions. First of all, I want to congratulate you on your good results, sir. My question is regarding the guidance during the last con-call. You have given guidance for 8x to 10x PAT in the next three months. You did enough three years. My question is, are we maintaining for the same?
- Sanjay Aggarwal:** Yes, Yes, definitely. I'm talking about the PAT 8x to 10x growth in PAT in the next three years. Yes.
- Chandan Mishra:** Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Darshil Jhaveri from Crown Capital. Please go ahead.
- Darshil Jhaveri:** So just first is, I just wanted to understand the business a bit better. So what is our average ticket size of the loan that we are giving in? So, just want to know who is the person who's taking a loan? Are they like -- so what would be like, it could be giving around INR5,000, INR10,000 loan or what is it?
- Sanjay Aggarwal:** So the average ticket size for our EWA customer is about 20,000 per month. These are people typically earning between 30,000 to 50,000 per month out of which, they take about 15 to 20 from us.
- Darshil Jhaveri:** Okay. Fair enough, sir. And so, sir, would you say that like our main competition in this from EWA would be that if someone would take an EWA loan or would they take a small loan that,

other microfinance companies are offering. So is there like a direct competition from them or are we like, more or are we more better than these loans?

**Sanjay Aggarwal:** And so there are two things in these, so one microfinance companies normally do not give a loan worth 20,000, 15,000, that too for a tenure of a month or two months. Secondly they are embedded into the corporate. We have a partnership directly with the corporate. So the repayment is made by the corporate the salary deduction. So that reduces the hassle of repayment on the customer

**Darshil Jhaveri:** And so just wanted to know, like, so our major income that we have, like in the current quarter. So what we also do some part of gold, right? So gold loan, this one. So what part of comes from EWA services? So could you just give me the basic breakup, like what percentage comes from which, like our income streams?

**Sanjay Aggarwal:** See, almost 50% is right now from distribution income. For the gold loans, what I'm talking about, we are distributors for HDFC, loan distributors for HDFC and Axis Bank. There we get only fee income. There is no risk on our books. And currently, right now, the income from EWA is not that high. But going forward, we expect that this will become a major portion of our revenue.

**Darshil Jhaveri:** So I just like wanted to know, like, we've given a guidance of 8x to 10x the PAT in the next three years. So how would it be? Would it be a linear way? Or maybe just like a year of building up and then we would see it. So, just like maybe in the near term, like, what could you -- what can we expect next year for...

**Sanjay Aggarwal:** What we expect is the organic growth. So, we have to quarter-on-quarter, we are growing. We just expect the organic growth. With this pace only, we'll be able to deliver 8x to 10x growth. So, look at this from year-on-year growth, growing more than 100% year-on-year. On this period of course, we are able to grow to 8x to 10x.

As the market expands, that also will add to our bottom line. So people don't even know about this product.

**Darshil Jhaveri:** It's a very interesting product that I think has a lot of penetration is not there, or awareness is not there in our markets.

**Sanjay Aggarwal:** But this product is very popular in the US, and it's getting, it's catching up a lot of popularity in Indonesia, Philippines. If you go where companies are becoming really big. I was really surprised the way that companies are growing in Philippines and Indonesia, EWA companies are growing in that part of the world.

**Darshil Jhaveri:** Okay. So, sir, do we have, like, any competition from any existing players who are doing this, like, any threat of there will be more competition and we are taking a 2% season in that we come to a price war or something like that? So, you know, could you just...

**Sanjay Aggarwal:** No, no. If I can answer this, please. So, honestly -- and this is just -- all of us together as a competition gets expanding the market, just creating market awareness. So, in our case, it's better

that we have competition. So, then the faster the market grows. Once the market is developed, then the question of price wars sort of comes into place. But for us to reach there, the market needs to grow first. So, it's better for -- in our case, that we have competition, good competition coming in.

- Moderator:** Thank you. The next question is from the line of Ankur from ABC Capital. Please go ahead.
- Ankur:** Hi, just a quick question. Can you give us the KPIs for this quarter? How many loans were disbursed?
- Moderator:** Sorry to interrupt you, sir. I would request you to please use your handset.
- Ankur:** Hi, just wanted some KPIs on EWA for this quarter. I think you mentioned some 40 odd clients are there, but what is the total?
- Sanjay Aggarwal:** No, no, 25. I just think we have 25. We are planning to increase by 15 more than they should take to 40 in this quarter.
- Ankur:** So, in 25 clients, what is the total employee strength? And out of those employees, what loans actually we disbursed? I'm just trying to find out the percentage of off-take, if I recall it.
- Sanjay Aggarwal:** Sir would you like to repeat? Sorry, what is the query? Sorry.
- Ankur:** Okay. What I'm trying to understand is the percentage of off-take.
- Sanjay Aggarwal:** About 15% of the employees use this program on a monthly basis. We have a retention rate of 90%. But in any corporate, 10% to 15% is the engagement rate as of now.
- Ankur:** And retention rate is at corporate level, right? Because we are...
- Sanjay Aggarwal:** On an employee level. So, if an employee transact today, the 90% chance they'll transact again next month.
- Ankur:** Okay. So, 90% of 15%, right? So, next month, basically, you have a 13.5%. Is that fair?
- Talin Aggarwal:** Correct. Plus any new joinee that the corporate has. The new joinee tend to use this a lot.
- Gurmeet Kaur:** And if I may just add here Talin. Sir this is also a journey. So when the program gets launched and the more and more awareness gets spread about this particular program to the employees, there are new employees who are also joining on a monthly basis from the same organization as well.
- This is not like one time on boarding where we are just doing the eligibility and we are offering. So we would keep on having organic customers and we have the repeat customers that keep on coming from the organization, but an uptake rate on a stable, steady basis about 15% of the people will use the facility and it is very similar to when you do the market stats on unsecured loan as to what percentage of population is actually taking unsecured loan which is very kind of synonymous.

- Ankur:** Yes, that's fine. And of the clients who have been with you, let's say, for a quarter or so has the 15, I mean, the typical clients from what's the journey like. They do start with 10% and peak out at 30 or is it too early to figure out that part?
- Talin Aggarwal:** I mean it's all over the place. In the first one it's a bit slow when the awareness is spreading amongst the company, but eventually when people start transacting they tend to - the word of mouth tends to spread and then we see an uptake in the second and the third month. And then it keep in a linear fashion, it keeps going up to a certain point.
- Sanjay Aggarwal:** I think we are almost transacting 100 customers over there [inaudible 36:43].
- Talin Aggarwal:** More I mean they are a company of almost 400 employees and we have about 80, 90 people transacting on a monthly basis.
- Ankur:** Sorry, is that Talin speaking?
- Talin Aggarwal:** Sorry.
- Ankur:** Sorry, I didn't get your name. Is it Talin?
- Talin Aggarwal:** Talin, correct.
- Ankur:** Talin what is the peak penetration you have seen so far in any plant?
- Talin Aggarwal:** About 20%.
- Ankur:** Okay, that's fine. And if you guys can just give more details of that unsecured loan product you are referring, so you will offer it to the same clientele who are opting for EWA or what?
- Talin Aggarwal:** Correct. So people again we will operate within the companies or EWA corporate and again to people who have been transacting, who have been our regular EWA clients transacting for EWA and we according to the minimum eligibility criteria that we set for the entire company, accordingly we will shortlist the clients to whom we can offer the personal loans.
- Gurmeet Kaur:** And Talin if I may just add here we would be starting with qualifying the employees who are already transacting on EWA, but this particular product also would be proposed into the corporate as a standalone product for other employees who are not keen on a salary advance, but then they may have emergency fund requirements or systematic fund requirements where they would like to pay us in three to six months instalment.
- So there would be different underwriting criteria for both the categories. One because we already have a history of performance with us and the other person he's a new guy. So there would be some more underwriting steps that we will execute and we can also offer them standalone small ticket size loan.
- Ankur:** So two questions. One when you're signing a corporate do you get access to salary data of all the employees or you get data only for the employees who sign up?

- Talin Aggarwal:** It depends the companies from corporate to corporate whatever their IT policy demands.
- Ankur:** No Talin what I'm trying to understand is, let's say, you're saying you have a 15% offtake. If you get data, salary data for entire 100% then there is a massive database being created on the credit history or credit profile of a larger pool which can be monetized differently. So is it possible to monetize the entire 100% database or that is not the strategy or that is not what seems to have been able to crack so far?
- Talin Aggarwal:** Again so as I mentioned, so again in not all the cases do we get the 100% database, it's only in certain cases we do because a lot of companies have strict IT policies in place that they cannot share the data without the consent of the employee. Only when the employee logs in, gives us the consent that I want to build this facility, only then do we extract the data from the databases of the companies, so one is that.
- And second again we are trying our level best to monetize as much as we can, not only with EWA, but even distribution of our other products through our subsidiaries to the other employees.
- Ankur:** Sorry then the unsecured loan whatever the quantum today is going forward, do you guys want to take it on - keep it on balance sheet or do you think you will be down selling or is it more of a aggregation model and then you basically sell it down to some of these bigger NBFCs or banks? So what's your current view on this unsecured book which you guys have build over a period of time?
- Sanjay Aggarwal:** Personal loan we keep on our book size only. All the EWA product and personal loan going through EWA, we will be keeping on our books only. Funding is not an issue with us.
- Ankur:** Yes, that's okay sir, but just trying to understand I mean, longer down a year later, you guys still want to carry it on your balance sheet or you want to down sell?
- Sanjay Aggarwal:** No, we like to carry it on a balance sheet only. See only very large ticket size cases where we're not very comfortable we might pass it on to some others through our distribution business. Otherwise, we like to keep it on our books only.
- Ankur:** Okay and what was the EWA distribution in September month, specifically in month?
- Sanjay Aggarwal:** It's about INR1.4 crores.
- Ankur:** INR1.4 crores. So the annual run rate is still close to INR18 crores, ARR?
- Sanjay Aggarwal:** No, it will keep on increasing. As you know like once we are tied up with Municipal Corporation of Chandigarh, we expect a lot of customers to come from there in this current business. A lot of big corporates are tied up in the month of September. So they should start maturing this quarter.
- Ankur:** And one last suggestion if possible in your quarterly presentation, if you guys can just put down the trend of number of EWA clients, number of total employee base of those clients and what penetration you might have. So that will actually help us get a better picture?

- Sanjay Aggarwal:** Sure.
- Ankur:** All right. Thanks a lot. All the best.
- Sanjay Aggarwal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Dharmesh Patel who is an Individual Investor. Please go ahead.
- Dharmesh Patel:** Actually, I wanted to ask your CRO, Mrs. Gurmeet Kaur. Ma'am, we have a very concentrated set of customers in the EWA program. Can we get clients from other cities like Mumbai, Kolkata, Indore, etcetera, other cities because right now we are just following Chandigarh or places around Chandigarh?
- Gurmeet Kaur:** I think that is the endeavour. When we started at EWA, it's always better to start nearer to your own house, because we did an extensive pilot for the first 3 months when we were setting the entire process and the automation in place. And as we look at now the pipeline of clients that we are talking to, we are already expanding the geography. So, Talin and Sanjay, we have got now one of the biggest IT back services clients, which is based out of Bombay.
- Sanjay Aggarwal:** And we are already functioning with clients from Pune, Hyderabad.
- Dharmesh Patel:** Okay. And the second question was, ma'am, in the last con call, we had tied up with an HR firm in Mumbai, and we were planning to get some top clients like Tata or Mahindra. Any progress on this discussion with the HR firm?
- Gurmeet Kaur:** Talin, would you like to take this question?
- Talin Aggarwal:** These are large companies, very large companies we are talking about. So, they are, penetrating and then conversion takes a lot of time. And with this triangle level, we have to, convert these firms.
- Sanjay Aggarwal:** They will be able to convert on, one very large US corporate. The Indian office has cleared the proposal and is going to the US now for final approval.
- Dharmesh Patel:** And CMD, Mr. Sanjay, sir. Sir, I think in the last minute, I read our Annual Report, you were allowed to, you drew less salary which was allowed to the CMD. Why was it sir?
- Sanjay Aggarwal:** I don't want to put more pressure on the company. Let's see, as we grow then we might increase it a little bit more.
- Dharmesh Patel:** Okay. We appreciate this gesture, sir. You drew less salary than what you could take?
- Sanjay Aggarwal:** Mr. Patel, we run a very tight ship, you know.
- Dharmesh Patel:** Okay. So we were trying to conserve funds for the growth of the company, is it?

**Sanjay Aggarwal:** Yes, obviously. Small company will have to run a tight ship, you know. Our expenses are very tightly controlled.

**Dharmesh Patel:** Okay. That's it. Thank you. All the best, sir.

**Sanjay Aggarwal:** Thank you.

**Moderator:** Thank you. The next question is from the line of [Ca Vikash] from Accentures. Please go ahead.

**Vikash:** This is my 20 years with the last phone call on the 12th and 13th of July. Right now, in last phone call, we have serving the 15 companies. Right now, it's the 25 companies. Correct, sir?

**Sanjay Aggarwal:** Yes.

**Vikash:** Yes, and what is our business loan? Last time, it was INR47 crores and EWA loan, it's INR2 crores. What is it right now in the current quarter?

**Sanjay Aggarwal:** We closed on INR56 crores. Approximately INR56 crores total.

**Vikash:** It's a INR56 crores in business loan or including?

**Sanjay Aggarwal:** Both combined. I think INR1.4 crores is the balance in the business loan.

**Vikash:** But in the last quarter, it was INR2 crores. It's a reduced number. This one is there?

**Sanjay Aggarwal:** Come again.

**Vikash:** The last quarter, you just mentioned the business loan is INR47 crores. Now, it's INR2 crores. It's a total INR49 crores to share.

**Sanjay Aggarwal:** See, I'm talking about standalone. I think on consolidated basis, we have INR65 crores total. Total book size is INR65 crores.

**Vikash:** INR65 crores.

**Sanjay Aggarwal:** Yes, INR65 crores.

**Vikash:** Business loan. What is the breakup of...

**Sanjay Aggarwal:** INR1.4 crores is what EWA and the balance is in business loan.

**Vikash:** 1.5 means it's a 64.5 is a business loan.

**Sanjay Aggarwal:** It's a 3.5.

**Vikash:** 3.5. Okay. That is the reason. 3.5. Okay. I understood. 3.5 and the...

**Sanjay Aggarwal:** See, EWA is asset life. Every month it gets turned and this thing and the distribution. Our fee income is almost 50% of the total revenue and for the fee business also, we did not have no funds requirement for that.





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**Moderator:** Thank you. Ladies and gentlemen, we will take that as the last question. I would now like to hand the conference over to Ms. Chandni Chande for closing comments.

**Chandni Chande:** Thank you everyone, for joining the conference call of Emerald Finance Limited. If you have any queries, you can write to us at [research@kirinadvisors.com](mailto:research@kirinadvisors.com). Once again, thank you for joining.

**Gurmeet Kaur:** Thank you very much. Have a good evening.

**Moderator:** On behalf of Kirin Advisors, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.