



“Wall Street Finance Limited Q4-FY19
Results Conference Call”

3rd June, 2019



MANAGEMENT:

**MR. N. SRIKRISHNA – WHOLE TIME DIRECTOR AND CHIEF EXECUTIVE
OFFICER**

MR. DIPESH DHAROD – CHIEF FINANCIAL OFFICER



Wall Street Forex

Wall Street Finance Limited
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Moderator: Ladies and Gentlemen, good evening and welcome to the conference call of Wall Street Finance Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing ‘*’ and then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

Material and information in this conference call is general background about the company’s activities as at the date of this presentation. Information in this presentation should not be considered as advise or a recommendation to investors, or potential investors, in relation to holding, purchasing or selling securities, and does not take into account your particular investment objective, finance situations or needs. This information is given in summary form and does not purport to be complete.

I now hand the conference over to Mr. N. Srikrishna – Whole-Time Director and Chief Executive Officer, and Mr. Dipesh Dharod – Chief Financial Officer. Thank you and over to you, sir.

N. Srikrishna: Good evening. This is Srikrishna here, along with my colleague Dipesh. It's a pleasure to connect once again with our investors and present the Company’s result for the quarter and financial year ended 31st March, 2019. I will start with a small presentation on the company, its strategic direction, along with the Q4 and Annual Result. We have already uploaded the presentation on the company's website, www.wsfx.in, and on the BSE website.

A brief about Wall Street Finance limited, we have been in existence for the last 33 years. we had started in 1986. We were the first listed company in India to get a FFMC license from RBI. 2000 was one more landmark where we started our MTSS operation. In 2006 we were the first FFMC to get an upgraded AD-II license which allowed us to deal with a number of areas

other than traveler's cheques and currencies, we could directly do remittances. In between from 2009 to 2016 the company was majorly focused in MTSS business. In late 2017 we sold our MTSS business and we started focusing on our FOREX business once again.

FY19 was the first whole year of FOREX operations after a long time for the Company, post sale of MTSS business. So, currently, we are Authorized Dealer Category-II. Today we have a license which has been renewed for five years by Reserve Bank of India. Now we try to differentiate, what is different about Wall Street, we are providing digital solutions. So, we have all the tie-ups for issuance of prepaid cards, we have tied up with Thomas Cook, YES Bank and Axis Bank. We also do outward remittances, students segment and tour remittances are key categories where we deal with banks like YES Bank and IndusInd Bank for processing the remittance. We have a good base of corporate customers and agent partners. Key Customers include companies like E&Y, Siemens, Synopsis, HDFC Credila, etc.

Now we go directly to our Q4 highlights. A brief about the market scenario. Beginning of the last part, i.e. January, we saw consolidations happening with the two large money changing companies being taken over by Ebix, Weizmann and Essel. Also, banks have moved away from the channel business in terms of prepaid cards, Axis Bank is moving away from the channel.

So, where does a Wall Street Finance stand in this quarter? So, during the last one year we have been working on an asset-light strategy in terms of building of our digital business, in terms of concentrating on key segments of growth, and we can say that it has started showing results. So, if you look at our Q4 results, we have shown substantial growth and also, we are happy to say our first full year of FOREX operations is in profit post our sale of MTSS business.

So, in Q4 our revenue from operations was around Rs. 688 lakhs, and our PBT was Rs. 43 lakhs. For the whole year, our revenue from operations was Rs. 2,388 lakhs and our PBT is Rs. 7 lakhs. So, when we look at the growth rates, if you look at the FOREX turnover, Q4 over Q3 in terms of turnover we registered 22% growth on a year on year basis, from this year to the previous year, it was a 48% growth in turnover. In terms of revenue from operations, Q4 over Q3 was 27%, year on year it was 32%.

What drove our business in Q4? In fact, we can say that all the majors segment we showed growth, our corporate segment grew by 13%, remittance segment by 21% and wholesale by 33%. So, there was a growth in all the major segments which we had targeted. In terms of digital platforms, we have two live platforms now, our corporate platform is live and we are on-boarding customers. A substantial part of business is slowly moving to the corporate platform and agent platform is also up and we have started on-boarding customers on these platforms. We also launched our agent app.

So, we will talk about the digital proposition once we appraise you on the overall financials and how we have been growing, I will hand over the call to Dipesh for him to appraise you on the financials.

Dipesh Dharod:

Good Evening, investors. With regard to the quarterly numbers, both published on the BSE website and on our website, currently as on March 2019 we have completed six quarters of pure FOREX business.

With regard to our revenue from operations, we have grown from Rs. 412 lakhs to Rs. 688 lakhs. Total net revenue from Rs. 313 lakhs way back in December 2017 to Rs. 519 lakhs in March 2019. Talking about the current quarter, that is March 2019, revenue from operations is Rs. 688 lakhs, other income of about Rs. 100 lakhs, total revenue Rs. 519 lakhs; total expenses direct and S&D expenses all put together, about Rs. 441 lakhs with an EBITDA of Rs. 77.72 lakhs. Finance cost of Rs. 29 lakhs, depreciation and

PBT for the March quarter was Rs. 43.28 lakhs. Other tax expenses and comprehensive income, the PAT after tax comes to Rs. 31.48 lakhs.

With regard to our annual numbers, on a total operational revenue of Rs. 2,387 lakhs, with other income of Rs. 277 lakhs, and the total expenditure of Rs. 2,658 lakhs, the net profit or the PBT stands Rs. 7.15 lakhs. With our tax expenses and other comprehensive income, the total comprehensive income construes to Rs. 16.85 lakhs.

With regard to comparative quarter-on-quarter, revenue and expenses, if you see Q3 2017-18 we were at Rs. 413 lakhs, we grew to Rs. 460 lakhs (Quarter ended March, 2018), Rs. 566 lakhs (Quarter ended June, 2018), Rs. 590 lakhs (Quarter ended September, 2018), a drop to Rs. 544 lakhs (Quarter ended December, 2018) and in the current quarter to Rs. 688 lakhs. With regard to our expenses of selling and general administrative expenses, from Rs. 613 lakhs in December 2017 or Q3 2017-18 to Rs. 399 lakhs (Quarter ended March, 2018), Rs. 448 Lakhs (Quarter ended June, 2018), Rs. 398 Lakhs (Quarter ended September, 2018), Rs. 394 Lakhs (Quarter ended December, 2018) and currently at Rs. 442 lakhs.

The generally increase in the expenditure is majorly due to the provisioning of leave and gratuity liability as per the actuarial valuation report and the year end provisioning of certain expenses.

As Mr. Krishna mentioned, the priority segments that we have are majorly outward remittance and the prepaid cards were over the previous quarter and over the base year we have grown and this will continue over the next few quarters. Further, with regard to the digital transformation, I will hand over to Mr. Krishna again, who would give a brief to you about the same.

N. Srikrishna: Yes. So, now coming back to digital transformation, because besides building our business, growing the various segments and also an effective cost control which we have worked on, we also looked at what is going to be a sustainable competitive advantage, this is where we have done this digital transformation exercise. Today what, at Wall Street, we are building? A digital FOREX ecosystem, which comprises of platforms for every consumer segment. So, today, we are happy to say that our corporate platform is up and running, agent platform is up and running. In April beginning we launched our agent app also and the acceptance has been pretty good. So, consumer platform and wholesale platform are under various stages of development, which over the next few quarters we will launch.

So, one major development which we have been telling our investors is our own prepaid cards. We are in advance stage of launching our own prepaid card in association with a bank, this will be a kind of a unique proposition we are bringing in, we will be keeping you updated when we are launching this product and we are planning for Q2 launch for this product. So, this is something which we are expecting it to be a kind of a product which is going to be looked forward by the consumers.

So, overall, we are looked at transformation and this, besides growing specific key segments, we want to transform our business into a digital way of doing things. So, with this, I will come to the end of the presentation. So, now I would like to hand over the conference call to the moderator. Thank you.

Moderator: Sure. Thank you very much. We will now begin the question and answer session. The first question is from the line of Yash Paliwal from BizxWires. Please go ahead.



Yash Paliwal: Yes, why your merger with the Spice Mobility does not happen? So, is there some corporate governance issues there or is there any order from SEBI which has stopped your merger with Spice Mobility?

Dipesh Dharod: Gentlemen, this is a group decision with regards to the merger, and which has been announced at the BSE. So, there is nothing further to say in this. Thank you.

Yash Paliwal: What has happened?

N. Srikrishna: See, actually, there is no corporate governance issue as such. It was a group decision not to merge the entity.

Yash Paliwal: And one more question, how your promoter, Mr. Modi, has seen your company after two, three years. In the long-term what is the view of your company?

N. Srikrishna: So, essentially, we look at, as I had explained over the presentation and also our Mr. Chairman, Mr. Dilip Modi had told in the AGM also, we are looking to build asset light digital FinTech organization. So, our goal towards FOREX business is also to transform this business into a FOREX tech company. Which is what the management here is trying to do actually, concentrate on certain key segments and transform this from a traditional brick and mortar to a digital FOREX tech organization and that is the path we have taken. Also, clearly articulated in the last two AGMs also, if you go through that.

Yash Paliwal: Okay. My last question, your revenue is continuously like in the zigzag motion, like it is sometimes increasing, sometime decreasing quarter-on-quarter, year-on-year. So, what is the reason for that? There is no continuous stability or any uphill movement in the revenue of the company?



N. Srikrishna: Actually, I differ, because honestly speaking, if you look at it, last year five or six quarters is what the FOREX operation is there and Dipesh would have explained, there has been a steady growth in our revenue and operations because in money changing there are seasonalities. We have various seasons like Q1 tourist picks up, Q2 is students' season, now Q3 is a one where we are prone to seasonality. Generally, there is always a small dip in Q3. When you look at it Q1, Q2, Q3, Q4 always Q3 is an area where we have regular business, there is no particular segment which peaks up. So, that is what you saw last year also, we had a dip on the Q3, if you look at FY 2018-19. As I explained in the presentation, in the last six quarters we are concentrating on FOREX business. We have built the proposition in each of the segments and we in a growth curve now.

Moderator: Thank you. As there are no further questions, I would now like to hand over the conference to Mr. N. Srikrishna and Mr. Dipesh Dharod for closing comments.

N. Srikrishna: Thank you, everyone, for joining us and if you have any further queries, please visit our website or you can reach out to our company secretary. I now request the moderator to conclude the call. Thank you.

Moderator: Sure. Thank you very much. On behalf of Wall Street Finance limited, we thank you for joining us and you may now disconnect the lines.