



“Wall Street Finance Limited Q3 & Nine Months FY 2020-
2021 Results Conference Call”

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

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

N. Srikrishna: Thank you. Good evening, gentlemen. This is Srikrishna here along with my colleague Dipesh. It's a pleasure to once more connect with our investors, stakeholders, and present our financials for the Q3 and the nine months ended 31st December 2020.

I will start with a “Small Presentation on the Company, the Q3 Results and Update on our Digital Initiatives. We already uploaded the presentation on the company website as well as on the BSE website. Now over to the presentation. A brief about Wall Street. So I'm going to discuss about the last three years of the company which is where we have been a standalone FOREX company, the last three years we have built our FOREX business and we have pivoted towards a Tech-based FOREX Solutions company. As such, we are a licensed entity, licensed by RBI. We belong to AD II Category. We provide FOREX and Outward Remittance Solutions. And we concentrate on key segments like Students Segment, Corporate Business, Leisure Business and Wholesale. We also facilitate Travel Insurance, we have a network of around 17 branches pan India through which we provide our services. The services which we offer like FOREX card is through tie-up with banks like YES Bank, and also with Thomas Cook. We have our own solution which is called a Smart Currency Card, which is in BIN sponsor arrangement with YES Bank. We also provide Outward Remittance Solution and we are tied up with banks like IndusInd Bank, YES Bank, Axis. We have multiple arrangements in our outward remittances where we provide services for multiple categories under the liberalized remittance scheme. We have a large association with corporates like E&Y, Mphasis, Novartis, L&T, Happiest Minds. We also are one of the key partners for HDFC Credila.

So now moving to our Q3. Q3 as such was a mixed bag with October and November majorly affected because of the pandemic effect, which we can say is the second wave. Our business primarily is not only based on domestic sentiments, it's also about how things move in the

international front because travel is key for our business. But the fears of again also in some places, there are again lockdowns which ensured effectively international travel was not back in place. Even today full-fledged international travel, flight movement is not happening. So, we have multiple things; one was the impact, then there was the implementation of guideline called TCS, which talks of tax collection at source, wherein tax is collected upfront for 5% for LRS remittances which was implemented in October, which was also something regulatory change which would happen. So this all had an impact in the business because Q3 as such in general is a period where our remittance do slump because students do not remit during October and November to that extent. Parallely because of negligible international travel, all of our other segments did not take off. So what went down? Q2 we did start very well, because after the total lockdown from Q1, Q2 we did have a good period where we did saw a good spurt in remittances. Q3, October and November because of this TCS impact, because of seasonality, our outward remittances did come down a little bit.

But one major impact which we had was our wholesale business. Because in Q2, we took an opportunity, because of people coming back to India, the currency movements are quite high. So, we started our exports of foreign currencies, which came to a standstill by Q3 because one, is travel is not there and people coming in India also reduced, so currency availability became minimal. So export of foreign currencies which was an activity which gave us good revenues in Q2 was not there in Q3. So what remained for us was only the students remittance business, with not much travel happening, but people paying their fees. That is what we did predominantly in Q3. Yes, we did take some cost reduction measures; we shifted our head office, we closed a couple of branches, and obviously waiting for the market to change. Luckily, the sentiments had improved by the time we hit December, we had uptick in the students business. And going forward to Q4 we feel that will persist. And we are also optimistic about regularization of international flights, wherein besides the students business, instead of just remitting the fees we expect the students to now travel, take FOREX cards, currencies parallely leisure travel opening up and corporate business opening up to some extent in a gradual manner which we feel the sentiments are positive, we are seeing an uptick, and we hope that it persists.

When it comes to the financials, our GTO was around Rs.350 crores, net revenue was around Rs.2.4 crores, expenses was 4.27 crores, so at the PBT level we are at a loss of Rs.2.06 crores and at a PAT level it was Rs.1.39 crores.

Parallely during the same period, we were working on our digital solutions and we were able to implement our video KYC solution. Today, our Smart Fx app has VCIP process embedded in it which ensures the remote onboarding of customers, that is something we were able to launch in December. Parallely because since we are getting into tech-related areas with multiple platforms, the need to ensure that the customer trust us in terms of our capabilities, in terms of our systems, we have gone in for an ISO 27001 Certification. In fact, we completed the process in December and January we had gone in for level-1 and level-2 audits also from the agency and shortly we

are hopeful to get the ISO 27001 certification, which will give a comfort people who deal with us and with our tech solutions.

Now, we talk of key highlights. I will hand over the call to Dipesh who will update you on our financial comparison. Thank you.

Dipesh Dharod:

Thank you Mr. Krishna. Good evening, everyone. With regard to financials when we compare quarter-on-quarter, the current Q3 vis-à-vis the previous quarter our revenue from operations during the current quarter we have clocked 486 lakhs against 647 lakhs, showing a decrease of 25% and other income is 22.32 lakhs against 25.90 lakhs, decrease of 14%. On the PBT level, our loss for the quarter is Rs.2.07 crores against Rs.84 lakhs of the previous quarter and profit after tax, loss is Rs.1.39 crores against Rs.50 lakhs in the previous quarter. When we compare quarter-on-quarter with the previous year the same quarter, of course, the major differences, one was the pre-COVID era and the second one is the current one is a post-COVID era. So, revenues have dropped about 44% from 873 lakhs in Q3 '19-20 to 486 lakhs in Q3 '20-21. Other income have come down from 50 lakhs to 22 lakhs. Profit before tax was 10.86 lakhs positive, which has come down to Rs.2.07 crores loss for the current quarter and profit after tax marginal at 1 lakh positive in Q3 '19-20 which has come to Rs.1.4 crores negative during the current quarter.

When we have a look at the nine month results of '19-20 versus '20-21, of course, pre-COVID and post-COVID era, so, '19-20 we had revenue from operations of Rs.26.82 crores against which we have done Rs.14.46 crores during the current nine months. Other income of Rs.1.50 crores during the first nine months of '19-20 vis-à-vis 73 lakhs of '20-21. Our profit before tax during the last nine months '19-20 was Rs.1.1 crore against a loss of Rs.4.8 crores in the current nine months and profit after tax was Rs.58 lakhs against a loss of Rs.3.20 crores during the current nine months.

The next slide gives you a flavor of last 11-quarters, it's just a representation, most of the figures are covered in the earlier slide. So, on a quarter-on-quarter basis, these are the results you can see. When I move to the next slide, which is about revenue from operations, both gross and net revenue, how they have moved from every quarter and general and administrative expenses, which has slightly gone up by about Rs.39 lakhs from Rs.388 lakhs to Rs.428 lakhs, majorly due to some factors of rent reversal, few on salaries roll back and some on account of legal fees.

As Mr. Krishna mentioned, our priority segments were prepaid cards and outward remittances, predominantly since the traveling was not there, cards were not sold much. But still we have recovered partially from the Q2 to Q3, wherein we grow those numbers, but with regards to the outward remittances, there was a marginal dip but since December things have improved, so we could see the uptick there.

With regards to our digital initiatives I'll now hand over to Mr. Krishna who will take it from here. Over to you, sir.

N. Srikrishna:

Essentially, the brief about our digital initiatives. So, it has been Wall Street's endeavor to be a digital FOREX tech company. So, in the last three years, we have been able to bring in a digital platform for every customer segment. We have not tried to go on a branch-based approach and we have gone on a technology-based approach transforming into a digital FOREX tech company. Our Smart Corporate platform is live and active. Of course, corporate travel is a 10% to 15% level when it compares to pre-COVID era. But the effort has been to major shift all the corporates to the digital platform, we can say around 40% of our business is through the digital platform.

As far as Smart Agent platform is concerned, we have boarded around 300 agents there, obviously, remittances has not been there because of COVID, but we expect throughput happening there. During the nine months we were able to process around 1000 transactions through Smart Agent platform also in tie up with referral agents, etc., When it comes to Smart Currency Card, the card is very much active and doing well. We are migrating the Smart Currency App to Smart FOREX App this quarter. So there will be a single app which will manage both the FOREX currency, card and remittance part. As far as Smart FOREX app is concerned which was launched around six months back, we have got around 3,000 downloads, we have also embedded VCIP solutions, which is something which every digital company is now getting into so that we can onboard the customers digitally. So that is something which we had done in December. And when things open up, we do feel that there will be customer adoption for this seamless app which we have brought to the market.

So with this, I would like to close my presentation. I would again thank everyone for the support. I would now like to hand over the conference to the moderator. Thank you.

Moderator:

Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. First question is from line of Pankaj Kumar from Rare Limited, please go ahead.

Pankaj Kumar:

We have seen a lot of changes in the segment. I just wanted to learn that you've done a partnership with the YES Bank, Thomas Cook and IndusInd Bank as per your presentation. So how the story will convert into the numbers? That is the first thing because from the last six quarters, you are not able to generate great numbers that was in a pre-COVID timeout, if we compared the number that time and today also, international travel is not happening, but once it's open up, then how the story will convert into the numbers can you explain that? Secondly, there is a lot of liquidity problem in the stock even if somebody wants to sell 10,000 shares. Why don't a company comes with the buyback offer or something, what are the management thoughts about making this particular stock more liquid so that the big HNI investors can participate?

N. Srikrishna:

So first I'll talk from the business perspective. If you look at it over three years horizon, MTSS was the predominant business three years back, we sold the MTSS business exactly three, three and a half years back in 2017 October. So after that, FOREX as a standalone was concentrated upon and there was a strategic direction which was given to FOREX, where we wanted to transform the company from a physical infrastructure-based company to a digital company. Obviously, revenues were not that great in FOREX when this happened, and costs were much higher than the revenues. And literally if you look at it, each of the segments has grown. It cannot be said that business did not grow. Remittance segment has grown substantially. Even in a COVID era, the numbers which we have shown is more than what we started the journey with, which shows very clearly the kind of tie-ups and strategic direction this company has taken. See, predominantly, MTSS operation and the wholesale operation. Wall Street was more concentrated on the wholesale operation, we moved to something called corporate, retail students focus, which was a strategic shift from the customer segment perspective. And also on the digital side where as a company, we took a conscious call of getting into the technology front where as a company the company did not have a technology background at that point of time. But in the last year, two strategic directions was taken; we moved from wholesale to retail. So when you move from wholesale to retail, it doesn't happen overnight, because wholesale is a complete different ballgame, in retail operations we were able to have some big relationships in place, one of the biggest we've added with a company called HDFC Credila, which is contributing substantial revenues to us. Parallely we have got some very good corporate tie-ups which has started happening. So over the last two years before the COVID thing impacted in February, the company had embarked on a growth path with revenues also growing to around 2.3 crores at net revenue basis. So, essentially an investment of time and effort was put in, in terms of developing newer customer segments, which will be relevant for the future growth of the company and also to get into the technology side, which was also something which we brought in with development of platforms for every segment. Unfortunately for us, when we felt that things are expected to take shape, we had the impact of COVID. So in the last 9-to-12 months, if you look at it, right from the end of February, international travel is completely out. So how much ever we may say our businesses were directly impacted because of the pandemic with no flights there. Literally, initially there was Vande Bharat flights coming in, we did some encashment, we did export. The only area which we were able to concentrate or do some business was in terms of outward remittance for the student segment, which we were able to handle throughout this 9 to 10 months period. In fact, it had also shown growth. If you look at it, we had a very good Q2 but Q3 when there was panic when no one could anticipate how the next month is going to be, we were also in a no situation to do anything, because October and November was such a slump. Things did not go as planned, because we thought sentiments will improve, gradual opening will happen. So we were struck with again outward remittance only. Now, we feel that things are improving, because it's vaccine positive news and all. Of course, we went with a lot of cost control measures in the first two quarters. Now, slowly, things are improving, we have a good team in place, we have digital platforms in place, we are optimistic

that whatever we could not scale up because of the pandemic. Once things come back, we should be definitely able to scale up because as a company, we now got the technology edge also and parallelly we have done a lot of groundwork, during the pandemic phase also, we are onboarding customers to our platform. Once international flight start, we see this translating into results. That is from a business perspective.

Dipesh Dharod:

With regard to share prices, it's a pure market action that is there, we as the management don't control the prices nor the liquidity in the market.

Pankaj Kumar:

I'm not requesting you to control the prices like Spice Money, but I'm requesting you to just improve the liquidity, either you can split the share or you come out with the bonus issue, because the results are not so great right now, the only option is split the share to one rupee, there are two big investors of Mumbai who are holding around 8% now, but out of that, if 90% of the liquidity is there with the three people one with the promoter and two other HNI, then the rest has nothing to do with the stock market, I don't know why you are a listed entity and in the 17 crores market cap only the 1.7 crore share are there to buy or sell, out of that only 500,000 trades, there is no use of doing a concall also, wasting time and money on these things, that is my personal view, I may be wrong. Second because face value is Rs.10, we can easily split it to Rs.2 or Re.1, just to increase the volume so that if HNI wants to sell he can sell it at Rs.10, but he wants to sell it at Rs.10, but he is not getting a buyer because the volumes are not so much, nobody will pay a premium for the next one, one and a half years until the things goes in the right direction from international trade point of view. And whatsoever you've said in last call, there is no value addition whatsoever is given in the PPT, it's all about the same, it's just that you've launched the Smart Fx to B2C App, there is no progress in the last four or five months within a company?

N. Srikrishna:

Essentially what I like to say is see, two, three things, one is your suggestions related to spirit of shares and all we will discuss with the board. Second is as far as the last nine months is concerned, obviously, you have to understand that it was a period where nothing much was happening, only in one leg we were doing business, there is something from a technology side, we have tried to embed the VCIP solution, but from overall perspective our business was affected. So, essentially there cannot be some major additions in the presentation. We want to present what is the company's performance in terms of transparency and have a discussion and tell us where things are moving. But essentially if you look at it from April to December our business was directly affected. So there is not much action in the business. At a business level but from a results perspective it will be visible only when flights resume.

Pankaj Kumar:

How much is the debt in the books right now?

Dipesh Dharod:

Debt is in the books around same 12-13 crores right now.

Pankaj Kumar: Just to iterate us, who are our core competitors domestically and now you launch the app, there are a few other apps which is available on the Play Store and Apple Store, so, who are the main guys who are doing the retail thing, is AMEX or other big players are also there into the business?

N. Srikrishna: So, we belong to a category called authorized dealer Category-II. So, if you look at it from competition perspective, among the same category, you have Thomas Cook which is the largest player, then there is a company called EBIX Cash which is there and Wall Street, there are one or two more companies; Travel Money is one company, there are a few smaller companies, of course, the market was subject to a large consolidation two years back because of it, EBIX was formed with amalgamation of multiple companies. So, this is as far as AD2 category is concerned. There are aggregators unlicensed players who do tie up with money changers or AD2 and try to launch their app, that part is also there. They are not licensed entities, there are also a few applications which are there.

Pankaj Kumar: How much market share is there with EBIX and Thomas Cook? We are number four right now is what I believe.

N. Srikrishna: It is very subjective. In a segment we can say we should be in remittances we should be number three, but they have a higher business in terms of wholesale and all. So if you look at it from a remittance perspective, we should be number three, but these numbers are subjective because we are also competing with banks. So we are doing a portion of what the banks do predominantly.

Pankaj Kumar: With all due regard, your other company Spice Money is doing well. Why don't we take benefit of that because they have got a good range in the smaller cities, why don't we do a tie with them or earlier one of the lady who was a director here is a director there also, why don't we take a benefit of them, go to the Tier-2, Tier-3 cities like Ludhiana, Coimbatore and all those or in Kerala, where they are already present and you can get a lot of untapped businesses?

N. Srikrishna: So, essentially, we have six branches in Punjab, in fact, Punjab is one area where remittance is high, so, we have covered extensively Punjab. Kerala, we have a branch. Coimbatore also, we have a branch. See, our business entails that we should have a presence with a branch, but what we have done through our digital platform is and also through the digital KYC initiative like VCIP, we are also having agents who can generate business for us. So definitely segment of customers whom we have are a little different, the people who travel, who remit, so sometimes it doesn't exactly match, but wherever possible, we have tried to tie up with agents like educational consultants, we are able to tie up with our travel agencies who are into related businesses who can generate customers to us. That is where our major tie up is. We have 300 plus referral agents pan India. And this is video KYC onboarding and further relaxation which we asked from RBI. We are definitely sure that through our agent network which can be Spice

Money network or any other network also, we should be able to provide our solution pan India where our goal is that you should be able to do your remittance transaction completely online. That is what we are working towards instead of trying to come to a physical store or we're coming to you and taking a physical application form.

Pankaj Kumar: Can you share your email id so that if any further questions are there, we can send you a mail directly?

N. Srikrishna: Yes, definitely. We will share the e-mail ID at the end of the call.

Moderator: Thank you. Next question is from the line of Nimish Sheth from GT Advisory. Please go ahead.

Nimish Sheth: It's been a tough year and a tough quarter. We appreciate your digital initiatives and continuous spending on the same. Can you just give us a brief background on how much we've spent this year on the digital initiatives, how much we intend to spend for the year and the spending for the coming year, that's FY'22 on digital initiatives?

N. Srikrishna: So to give a brief, our major development got over by the first quarter of this financial year. So essentially earlier, we were capitalizing the cost for development. Now, we no longer do that from Q2, because our major work is done, and now we have a team which enhances, which supports, we have a 12-member team, which is into technology because not only you have a solution, but you have to support the solution and then you have to keep on rolling out updates, enhancements, promotions, etc., So as a fin tech company, that is an investment, which is going to be there as long as we want to remain in fin tech. But obviously now it is booked as expenses because the development part majorly has got over. So naturally a 12-member team for digital would cost us around anywhere at least 10 lakhs a month. That is the constant expenses we will have from a technology front. Obviously, with business growing, it can also become higher. There will be associated marketing costs when we move aggressively on the retail space. Dipesh, if you want to elaborate on it in terms of figures?

Dipesh Dharod: Yeah, so with regard to digital costs, basically, as Mr. Krishna mentioned, about 10 lakhs worth monthly expenditure is there plus we do some promotional cost on the portion also. So those are the two major costs at this current level. Besides that, the portion or the software what we have capitalized, now getting amortized over the useful life of seven years, as we mentioned in our financial, the amortization cost is coming in depreciation to us as an expense in the P&L.

Moderator: Thank you. Next question is from the line of Vikram Damani from Damani Securities. Please go ahead.

Vikram Damani: Hi, I just wanted to know how we're doing this quarter and if you could give any guidance, how you expect the next year to play out and when we can expect to see breakeven or profitability without obviously getting any specifics, any sort of guidance that you can provide for us?

N. Srikrishna: Yeah, so as I told you, things did improve in Q2, Q3, we had a bad two months and since December the uptick has been there in the student segment, January has been good, we expected a decent quarter compared to Q3. If you see there is a lot of optimism in the domestic market, but the real optimism for us will happen when flights resume, today flights are expected to resume from February 28. That's what the last government direction. So, we are still pushing the remittance spot. Students remittance has been there, US market which was supposed to be a little uncertain, now things are working out and we are having students going to US which is generally the largest segment for us, which is very positive for us. But the question is, when are they going to travel? That is a fundamental question which is uncertainty. There can be only answer when the flight start. Because from our perspective, when the flight start, our business actually starts because that is where we sell foreign card or currency, etc., that is where the leisure traveler will travel, that's what corporate travel will at least start coming to some semblance. So what we feel is the outlook is positive, there has been a reshape in most of the businesses in the domestic market. International business the moment flight starts we will see positivity coming in. Till the flights are not regularized, there will always be an element of uncertainty. Because simply put then we are stuck with only one leg of a revenue stream. But the moment flight starts, automatically, currency also comes in, currency requirement is there, our wholesale picks up, our corporate picks up, our leisure picks up, when students travel overseas we have further living expenses for remittances, further loading in cards. So, lot of things will start happening the moment the uncertainty related to international flight travel. Regularization happens. We are positive with the vaccination happening. The global sentiments will change and things will start happening with people traveling again. So, we expect this quarter to be much better than the earlier quarter, that is our expectation. And we are also positive that by the time we hit Q1, we will have semblance of normalcy because whatever percentage of domestic flights which are open, you must be traveling, you must have seen the flights are running full. So we are also positive that once the international flights regularization happens, we will see a very good uptick in our business.

Vikram Damani: Another question is if and when we do get back to 30, 35 crores top line, can we expect given the digital initiative a lower overhead number or lower total expenses?

N. Srikrishna: Naturally, income has been hit very badly, but if you look at it at the expense level, we took a lot of measures which has brought in a permanent reduction in expenses. One is thanks to digital initiatives, we have even shut down a few branches and we don't expect to open branches, through our digital platform and through agent onboarding, we plan to reach pan India most of the cities with digital KYC initiatives, etc., Second is we also reduced costs in terms of taking smaller offices, etc., which are permanent in nature. So essentially, through this digital initiative,

through digital KYC and agent model, we expect to have a far better reach than a branch model. So definitely the expense is not going to go up commensurate to income, that much can we be confident.

Dipesh Dharod: With regard to the investor e-mail ID, it is investors@wsfx.in You may contact us on that ID.

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

N. Srikrishna: I would like to thank everyone for joining us. We thank you for your support during these difficult times. Our investors backing are very important for us to sail through these times. We are confident as the company has come out with a lot of steps which will ensure that we are able to see better numbers and better times once things resume to normal. We thank you once more for your support. And in case you have any clarification, you can reach out to our company secretary.

Moderator: Thank you very much, sir. Ladies and gentlemen on behalf of Wall Street Finance Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.