



“Wall Street Finance Limited Q1 FY21  
Investor Conference Call”  
**August 14, 2020**



**MANAGEMENT: MR. N. SRIKRISHNA – WHOLE TIME DIRECTOR AND  
CHIEF EXECUTIVE OFFICER  
MR. DIPESH DHAROD – CHIEF FINANCIAL OFFICER**

**Moderator:**

Ladies and Gentlemen, Good evening and welcome to the Q1 FY21 Investor 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 call, please signal an operator by pressing '\*' and 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, sir.

**N. Srikrishna:**

Good evening. This is Srikrishna here along with Dipesh and it is a pleasure to connect once again with our investors and present our financials for the Q 1 of the Financial Year 2021. I will start with a small presentation of the company where we are at present the strategic direction. There are digital initiatives and how the company has been faring under the pandemic. We have uploaded the presentation on the company's website as well as the BSE website. We have given you a timeline of the Company and its journey over the last 30 years where it started its Forex operations in 1990.

Now in the last two and half years the Company has been into standalone Forex business and transforming into a digital Forex tech company. In fact, one of the key launches we have done which we feel will be a key driver for the future reservoir, the Company has launched Smart Forex app in June, 2020. The Company provide foreign exchange, currencies, Forex cards we have our smart currency card, BIN sponsor card with YES Bank. We also process outward remittances under LRS. We have a network of around 18 branches across India and we are tied up with YES Bank and Thomas Cook for the cards, we process remittances through arrangement with bank like IndusInd Bank, YES Bank, Axis Bank. So, some of the key segments we cater to are the corporate segments and the student segment. We have customers like E&Y, Mphasis, Novartis, L&T, Infotech, Siemens as our key corporate customers. HDFC Credit Life leading education loan providers as our key customer and we cater the Forex requirements of the students.

Now coming to the key highlights of Q1. as you all aware COVID-19 pandemic has had a major impact on all businesses. Being a travel and FOREX domain, international travel has

come to a complete standstill, there were lockdowns throughout April and May, 2020. We were able to handle /support our business through work from home. We had ensured that our team was empowered to handle business whatever business was available because the travel coming and with flight operations being stopped we were predominantly doing remittances business. There has been a significant impact on our revenue because literally travel was not there. We had a revenue level drop of 61% over the previous quarter. The major impact was in April and May and we had a small recovery in June.

Currently, the business is mainly for student's remittance there is still university fee payments because people are expecting to travel in the next couple of months and also living expenses where we have a referral arrangement with banks where we process family maintenance also for people who are already overseas. In June, thanks to Vande Bharat flights are operating there was some flights opening up in the domestic side, there was some movement on the currency front. After a long time we could initiate export of foreign currencies. Major impact was on corporate and leisure because it was totally dependent on travel resuming.

So parallelly because of the drastic impact on our business we also embarked on cost reduction measures, there were salary revisions across the board revisions in fees, office rents etc. wherein we were able to achieve a 44% reduction in cost over the previous quarter. So in a nutshell our Q1 financial we did a GTO of around 161 crores predominantly driven by remittance with a net revenue of Rs. 1.84 crores. Expenses of Rs. 3.64 crores, PBT was a negative of Rs. (1.88) crores, PAT after provision for taxes is negative of Rs. (1.31) crores. So one major thing which we were able to do despite the lockdown was we were able to work on our digital proposition and one of the key development and we were able to launch our WSFX Smart Forex app. So this in a way what we were able to do in Q1.

In terms of numbers I will now hand over to Mr. Dipesh Dharod who will run you through the numbers for the quarter.

**Dipesh Dharod:**

Hello everyone. Good afternoon. As Mr. Krishna mentioned predominantly this is the COVID quarter where impacts have been because of COVID, no international flights, no travel across. With regard to the numbers revenue that we did from operations for the Q1 was of Rs. 312 lakhs against Rs. 820 lakhs in the previous year same quarter and against Rs. 949 lakhs in the last quarter that is March ending 2020. This is about almost 60% plus we are reduced from the previous quarters. With regard to the profit before tax, we had a loss during the current quarter for an amount of Rs. 188 lakhs against Rs. 185 lakhs from the previous quarter and against a positive Rs. 32 lakhs from the previous year same quarter. As Mr. Krishna did mentioned revenues have dropped 60% and expenses have come down by 40% because of the cost measures that we have taken in this current quarter.

We have given a detailed trend for you for the last 9 quarters, how business has grown over the quarters and how business has been impacted during Q1 because of COVID. Majorly, quarter if you see both income has come down, expenses have also come down, but all in all because we do have certain fixed expenses so quarter has been negative due to the COVID impact. With regards to revenue from operations if you see the flow of the chart we have started our base journey at Rs. 566 lakhs grown maximum to about Rs. 989 lakhs and right now at Rs. 312 lakhs for the current quarter with regard to the gross revenue and with regard to the net revenue when we started we were at Rs. 389 lakhs as a pure Forex company. We reached a peak of Rs. 643 lakhs right now we are at Rs. 184 lakhs.

When we talk about expenses that we were there as a FOREX based company we started our expense at almost at Rs. 448 lakh picked at Rs. 568 lakhs and now we have come down to about Rs. 365 lakhs during the current quarter because of the cost measures taken across.

With regard to our priority segment considering the base when we started Q1 in FY 2018-19 where we have the base right now because of COVID and no international travel there is absolutely zero you can say issuance of cards, but there are certain remittances still happening across so that is why we are negative 85% over the base year. With regard to outward remittance the negative by 39% right now though there are certain remittances, but not full-fledged as people are not flying. This impact of COVID probably has hit us from February last week onwards and still continuous to impact us. Now, I would like to hand over call to Mr. Krishna who would talk of the digital proportions that we have done during the current quarter. Over to you, Sir.

**N. Srikrishna:**

One key development was our launch of WSFx Smart FOREX app. A single app where you can order your foreign exchange, foreign currency, cards and remittances we launched it in June. If you look at it we have a corporate platform we have on boarded big customers on that, we have smart agent platform. One of our key components was our B2C proposition. Today, with the Smart FOREX app we have completed that journey also. We also have our smart currency card. So the COVID pandemic has also taught us that how we need to reach out to the customer digitally, we need to figure out a way how we can address these requirements because we are seeing that slowly travel is resuming. We have good remittances coming in June and July things have improved from April and May and we also feel with a bubble flights and also gradual resumption of international operations.

The requirement for Forex will be there, but how the market is going to change because the pandemic has taught us how remotely you can operate. Similarly, the need to go digital and reach the customer is very important. I think our digital transformation journey was bang on and we are in a rightly position when things revive to take advantage of how the things are going to move in the Forex industry. So with this I will come to the end of my presentation. I thank you everyone and I would now like to hand over the conference to the moderator.



**Moderator:** Thank you sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Nimis Sheth from GT Advisory. Please go ahead.

**Nimis Sheth:** Can you just give us a sense of when you think travel will return in couple of quarters how things are shaping up and second is you have a tie-up with YES Bank, YES Bank is now actually State Bank of India has taken a stake in it, do you think there is any opportunity to sell the product by SBI our products through SBI taking this opportunity there?

**N. Srikrishna:** First answering the first part. So April and May there was tremendous impact. In fact literally we were only thriving on some amount of remittances which was happening which was clients payments or people paying for the first term with not having a clarity on when they will be travelling. So April and May was something which was very worrisome, but June say things had picked up in the remittance and the export front. Now things are positive because with domestic travel starting in we were able to revive our exports. So our outlook is like this we feel student segment there has been a break because there were some uncertainty with travel to US because there was some regulations which created some confusion in the minds of people whether they will be having visa or not if there was online classes all those stuff which created some amount of uncertainty, but now those uncertainties are getting removed.

So what we feel is students travel of course I anticipated has come down by around 70% roughly estimate you can say I do not have statistics at this juncture, but we see the impact was around 60% to 70%, but now we feel people have started going. In fact, this week I got some inquiries where students are going in the bubble flights also. what we feel is that students travel will pick up very fast whatever we lost in July and August we expect that business travel will happen in December, January onwards where people will fly and students will go there so it will be a moment. Now when it comes to that part as far as wholesale we are still with domestic travel some amount of wholesale activities happening because of export of foreign currency once travel starts wholesale will resume.

Corporate travel will resume gradually so corporate travel we feel step by step will resume there was some uncertainty on H-1B which also caused concern, but luckily there was no travel but now that uncertainty is also reducing. So we feel a gradual resumption in corporate travel which may take over a period of six to nine months. Leisure is the one which we do not see much happening till March because that is one segment where the season is lost. People may again try to travel by March because there may be vaccines available by time and all those stuff and since India also has COVID cases people have started travelling, if you look at overseas people have started travelling, we feel leisure is the one which may take some time to revive, but that also will revive because many a people who can sell the trips today are left with vouchers earlier.

At some point when things become better, we expect them also to travel again. So the leisure part of it is what we feel will be the last one before that will be corporate. We feel reasonably confident that one of our key focus areas which is a student segment which contributes nearly 60% to 70% of our revenue will be something which will revive much faster. This is our outlook at this juncture based on trends which we are getting. As regards the other question which you are asking, we have a relationship with YES Bank for two major activities. One is our outward remittances which continues in a very strong basis and our BIN sponsorship card is through YES Bank only because they were the people who are ready to come forward and integrate digitally.

The relationship still continuous post the moratorium YES Bank and there has been good support from YES Bank also for the program despite not much sales happening. So we feel confident about our relationship with YES Bank. Now SBI also has a card whether we want to tie up on a distribution arrangement that is a separate thing, but our relationship with YES Bank is pretty strong in two of the key areas which we are focused on.

**Moderator:** Thank you. The next question is from the line of Ayush Tandon an Individual Investor. Please go ahead.

**Ayush Tandon:** What I wanted to understand is what is the differentiator that Wall Street brings on to the table in terms of whenever say a student wants to go abroad for studies in terms of buying Forex or transferring money, so where is it that the banks cannot fill in the gap or say BookMyForex.com or any other player does not fill in the gap and where does Wall Street come into the picture?

**N. Srikrishna:** I will give you a short brief about the business. So we are a category called authorized dealer category II. Above us is the banks next is the AD-2 and third is the FFMC. So a banks have been traditionally trained to fill banks were there if you look at everything, every need in the financial side could be met by a bank, but since the banks were not able to meet the need maybe in terms of service, in terms of pricing or in terms of they are dealing with non-customers the fintech evolved, there has been a gap since there are many fintech, the bank could not provide services. Money changing as an activity became prominent in 90s with a goal that money exchange services should be available across India RBI came out with this money exchange license even though the activity is prevalent from 1920s onwards during liberalization time the money changing activity was given a thrust with lot of people coming in to provide the exchange facility for travelers both in terms of who travel overseas or in terms of travelers who comes to India and need encashment facility.

So, if you look at 90s people have to stand in a queue to get foreign exchange. In fact, we have to stand in front of Thomas Cook or a bank and your Forex acquisition of Forex might be a one day exercise for you that are all transformed over the last 20 years with money changers coming in and filling the fundamental gap of service. Now in 2006, RBI came out saying that besides Foreign exchange you can do remittances also under certain categories of LRS. Earlier, we were only selling travel shift and cards or currencies. 2006 money changes could upgrade to become a AD-II player where besides currencies card we could also do remittance. This ensured that we now go into a space which was a growing space like overseas education, travel, immigration etcetera.

So what do we do fundamentally is we bridge that gap where banks are not able to provide banks do not provide you doorstep service. We provide all these things at a very competitive rate, we had hold you through the transactions that is why even a living a family maintenance expenditure which is not the AD-2 transaction sometimes come to us and we do it as a referral with the bank because they feel that they need to be guided. So one of the things we do is we provide service, we provide the best pricing. Today, we also have provided them with digital platform. Now what we have tried to do is we have tried to make it as intuitive as possible.

Coming to the question then what difference are we from BookMyForex. Today BookMyForex has acted as an aggregator. We as of today Wall Street has been a traditional AD-2 player now trying to transform into a digital player. BookMyForex was a digital aggregator who has now got a FFMC license and who tied up with a banks and refer a remittance education transaction, it is not its own transaction. So whereas, here this is my own transaction. today Book MyForex technically cannot take the payment he routes it to the bank whereas here I take the payment it is my transaction which I finally executed through the bank. So today BookMyForex have the digital interface, but it is an FFMC and we are an AD-2 player, we are all catering to similar segments.

Finally, what is important is the service we provide, the convenience and the pricing at which we do that makes us different and we have a base because we are a 30 years old company. Now we are also saying that we are going digital and first we launched our corporate platform then agent platform now we are concentrating on a B2C, where if you see we have launched our app and we are trying to build in all the KYC also into the apps so that it becomes a very kind of intuitive experience to the customer.

**Ayush Tandon:**

One just follow up question on that assuming a normalized quarter not in a COVID scenario what was the revenue mix between say a student money transfer versus a prepaid card if somebody is taking to leisure trael or the corporate book that you spoke about?

**N. Srikrishna:**

So it depends on the company to company the focus differs. So, if you look at it we have always concentrated on two priority segments corporate and student remittances. There are

companies which concentrated on travel remittance, which is a low margin business, there are companies which concentrate only on wholesale business. Wall Street focus has been always in terms of our remittances in which student remittances I think come to about 80% of our overall remittances and then we have a corporate travel which is the key for our card sales because we did not have a B2C platform.

So as a company we had focused more on corporate, we are focused on strategic tie ups for our remittance, HDFC Credila is one such tie up and wholesale is something which we do as an activity where we do not concentrate too much. strategically we have identified student business and corporate business and in this if you look at it the remittance business of student is the big one because if you look at it from a market size perspective also it is \$3 to \$4 billion so that is where we have concentrated it is a niche segment and we have tried to identify itself a niche money changer for students and corporate. We cannot literally compare Wall Street with Thomas Cook their priority may be different or Ebix their priority maybe different. Ebix is a digital company with 300 branches we tried to be a digital tech company with 18 branches.

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

**N. Srikrishna:** I would like to thank everyone for joining us in this call if you have any queries please visit our website or you can reach out to our company secretary. I now request the moderator to conclude this call. Thank you.

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