

Date: 15th November, 2020

BSE Limited

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SCRIP CODE: **511147**

Company: **Wall Street Finance Limited**

Sub: **Transcript of earning conference call**

Dear Sir/Madam,

We are enclosing the copy of transcript of the Earnings Conference Call held on Wednesday, 11th November, 2020. The same will be uploaded on the website of the Company, www.wsfx.in

You are requested to take the same on your record.

Thanking You,
For Wall Street Finance Limited



Chaitali Desai
Company Secretary



“Wall Street Finance Limited’s Q2 & H1 FY2021 Results
Investor Conference Call”

November 11, 2020



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

Moderator: Good Afternoon, ladies and gentlemen, and a very warm welcome to the Q2 & H1 of FY'2021 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 '*' followed by '0' on your touchtone phone. Please note that this conference is being recorded. Please note that the materials 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 advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities. It does not take into account your particular investment objective, financial situation or needs. This information is given in summary form and does not purport to be complete. I am now glad to hand the conference over to Mr. N. Srikrishna -- Executive Director & CEO and Mr. Dipesh Dharod-- Chief Financial Officer. Thank you and over to you, sir.

N. Srikrishna: Well, thank you. Good evening, dear investors. This is Srikrishna here along with Mr. Dipesh Dharod, CFO. It is indeed a pleasure to connect once again and present the results for our Q2 and also the H1 results for this financial year.

I will start with a small presentation about the Company and also go through the Results and the digital initiatives that the company has undertaken. We have uploaded this "Presentation" on the company's website as well as the BSE website.

Now, over to the "Presentation." "A brief introduction about the Company." The company has been in existence from 1986. It has been a journey where we had multiple businesses and products. So, we were predominantly in MTSS operations and FOREX business. Post our sale of MTSS business for the last two and a half years, we have been focusing on the standalone FOREX business.

So, what do we do in our FOREX business, We are RBI authorized AD-II players. So essentially we sell Foreign Currencies, Prepaid Cards, and also provide Outward Remittance facilities under LRS. We have tied up with major banks for doing our remittances and also we partner with YES Bank and Thomas Cook for the prepaid cards. We have our own BIN sponsored card with YES Bank, which is called as Wall Street Smart Currency Card.

We have network of 18-branches and key corporates like E&Y Group, Mphasis, Novartis, L&T, Siemens, and HDFC Credila as our clients.

Now, let us talk on the "Highlights for Q2." As you are all aware, travel and also the ancillaries to travel FOREX has been majorly affected due to the COVID pandemic. So, Q1 was really affected in total lockdown, with the partial lifting of lockdowns slowly with social distancing opening up of branch offices and with bubble flights and Vande Bharat flights, there was some

business opportunity available and the company was able to take advantage of that and was able to post better results in Q2 in comparison with Q1.

So, where did the growth come from, It came from the students remittance business because there has been hope that students travel will happen. Corporate and Leisure Travel remain affected because the international flights had not come back to its routine, only sporadic flights were there. So, what we did was besides improving the business, we also were able to reduce our cost and keep our cost constant over this period despite some growth in business.

So a “Brief Look at Q2 Financials.” Our GTO was around Rs. 497 Crores, major increase from the previous quarter. We clocked net revenue of Rs.3.48 Crores. Our expenditure was Rs.3.93 Crores. From a PBT level, we were at negative of Rs.85 Lakhs compared to previous quarter of around Rs.188 Lakhs. At a PAT level, we were at a loss of Rs.50 lakhs in comparison of loss of around Rs.1.31 lakhs for the previous quarter. We were able to take advantage of opportunity whatever available and we are able to grow the business on Q2. We feel obviously the path to normalcy will be in a graded manner, because the top of second wave, the Europe is closed. So, it is a gradual improvement but we are confident now the road to recovery is in sight, there is a vaccine which is being talked about. So, we are confident that from Q1 to Q2, we have improved, and we hope this recovery continues for us to come back on track.

As far as “Digital Transformation” is concerned, despite the total lockdown, we are able to launch our (B2C) WSFx Smart Fx App and also we are able to do some marketing activities. We are happy to say that as of today we have (+3000) downloads of the app and once travel resumes, we are hoping that these downloads will result in business for us.

So now I will hand this call to Dipesh who will take you through the financials of the company. Thank you.

Dipesh Dharod:

Thank you, Mr. Krishna. Good afternoon, everyone. With regard to the previous quarter, there is growth in revenue to the extent of 108% from Rs.312 lakhs, we have moved to Rs. 648 lakhs in the current quarter. Other income remains almost constant of about Rs. 25 lakhs averaging. The profit before tax, we had a loss of about Rs.188 lakhs in Q1 which has moved to about Rs.85 lakhs in Q2 and loss after tax which was Rs.131 lakhs in Q1 has moved to Rs.50 lakhs loss in Q2. So, you see an improvement. Though the figures are in red, but there is a drastic improvement in the overall numbers.

If you talk about the same quarter previous year, the major differences is due to COVID 19. FY 2019-20 was a non-COVID year and FY 2020-21 we are facing the COVID era and where if you see majorly our revenues had dropped about 34%, we were Rs. 988 lakhs in Q2 in FY 2019-20, which we are right now at around Rs. 648 lakhs in Q2 - 20-21. Accordingly, we had a profit before tax of Rs. 68 lakhs in Q2 of ‘FY 2019-20 which is about Rs. 85 lakhs loss right now, against a PAT of Rs.33.58 lakhs and the loss of Rs.49.84 lakhs for the current quarter.

When you compare the half year results, FY 2019-20 to FY 2020-21, again, you see a dip in majority things because FY 2020-21 the entire six months were affected due to COVID, but still we have managed to do some business against revenue from operations for FY 2019-20 about Rs. 1,800 lakhs, we have done a revenue of Rs. 960 lakhs during the current half year against income of Rs.630.94 lakhs other income, we have done Rs. 445.87 lakhs. Profit Before Tax we had a Rs. 1 Crore rupee profit before tax in the last half year which is negative right now; Rs.2.73 Crores. With regard to profit after tax Rs.57 lakhs was the profit in H1 '19-20 and is loss of Rs.181 lakhs in H1 2021.

When we come to the next slide, this is just a quarter-on-quarter representation that will give you an insight a bit. I will not rush to the nos., but if you see though increasing the revenue from quarter-on-quarter in the current quarter, our selling and administrative expenses have almost remained constant from Rs.354 Lakhs to Rs. 388 Lakhs which shows that we have grown on the revenue portion but not the commensurate expenses to that extent. So hope this trend continues and we have a better outcome from the next quarter.

Moving to the next slide, we will talk about the comparison of revenue and expenses, where you see in the Q1 which was basically majorly under the lockdown era and you see the growth now from Rs.312 lakhs of gross revenue we move to Rs.648 lakhs and net revenue from Rs.184 lakhs to Rs.330 lakhs, whereas our expenses have almost remained constant from Rs.365 lakhs to Rs.388 lakhs. A graphical representation in this has been given to you.

Again, with regard to our "Priority Segment," the clump was there, the prepaid card still has grown marginally, that is because the travel has been restricted, as Mr. Krishna did mention, the outbound travel or the international travel is still a restricted activity where you have only a few bubble flights going across and not majorly. Hope these international borders open and you will see people moving across much higher and faster growth in cards.

With regard to "Outward Remittance", you see a definite growth there, Quarter-on-quarter we were negative there and the last quarter we have improved our position wherein student remittances which is one of the major product that we do considering the outward remittance is part of it.

I would now hand over the call to "Mr. Krishna, who will talk about the Digital Front." Over to you, sir.

N. Srikrishna:

Thank you. So brief on the digital transformation the company is undertaking. We have now platform or an app for all the major segments of our customer segments. We have a smart corporate platform. Today, we are happy to say that whatever business we are trying to do for the corporates, we are doing it through the digital platform. As of now, our digital GTO is 40% in this segment, which has been a steady growth for us. And going forward, we expect to onboard

all the customers in this platform. This is an automated platform, which has multiple workflows and can also integrate with the corporate ERP.

Now coming to the “Smart Agent Platform,” obviously this was a platform which we had designed for travel agents. Last six months, the business has not been great from the travel side. But still we have 250 plus agents on boarded. This is a seamless platform which acts both as a lead management and an order processing system. And we find that there is generally a good acceptance to it. And we expect that once things change when travel resumes, we will see good traction in this.

The most important project we had was to launch the customer proposition, our Smart Forex App. Now that we launched in the fag-end of Q1. For last three months, we have been marketing this product and we can definitely say there is a good awareness and we have got around 3,000 downloads now. We expect this to translate to business over the next quarters when travel resumes.

One other major, you can say launch, which we did last year was our Smart Currency Card App, which is also integrated with our Smart Forex platform. We are seeing again slowly business picking up and we have started selling the product again. This is a seamless product which gives the control of the card through an app, which ensures that the customer can seamlessly transact and manage the card. So this is what the company is moving towards Forex Tech Company, that is what we talk of Wall Street. And we feel that this entire COVID pandemic has also proved that the need for going digital is paramount and I think Wall Street is on track when it comes to that part of it. We look forward to things improving in the next couple of quarters. And we are definitely geared up to take advantage of it. One of our key segment, because we have been more focused on outward remittance, we are happy to say that the “Study Abroad” segment has been still vibrant. We hope that the next two to three months’ travel happens so that we can see better results over the next couple of quarters. We hope the recovery will happen faster. But this is again where we have to wait and watch based on the events.

With this, I would like to end my presentation and I would hand over the conference to the moderator. Thank you.

Moderator:

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press * and 1 on the attached phone. If you wish to remove yourself from the question queue you may press * and 2. Participants are requested to use hand raise while asking the questions. Ladies and gentlemen will wait for moment while the question queue assembles. Reminder to Participants Anyone who wishes to ask a question may press * and 1. The first question is from the line of Vikram Damani from Damani Securities. Please go ahead.

Vikram Damani: Hi, good Afternoon, thanks for the opportunity, I wanted to know what is your business split between retail and corporate travel, do you have a breakup that you will tabulate?

N. Srikrishna: So, if you look at overall, in the last six months, the corporate travel is very much down, you are aware since international sites are not there. So, see, we track something like customer segment, like students is one segment we track because Study Abroad as a segment is a very lucrative segment for us, the student's community, then we talk of Leisure. So, we do not literally call it because some people call all things as retail and wholesale, we track it in a slightly different manner, we call it one particular business, we call it as the Study Abroad business, Students business which is a very niche segment which contributes around 60% to 65% of our business comes from that segment. Second is the "Leisure" segment. Leisure segment is nothing but people travel overseas for their tourism purpose, that is where we sell cards and currencies that we map it as a leisure. Third is we talk of something called "Other Remittances" which is nothing but non-student remittances, which we track. Then the "Corporate" segment is where we do business for corporate sector for the business travel. And the last one is the Wholesale segment where we deal with authorized dealers. So if you look at it, remittances or the student segment account for nearly 60% to 65% of our business.

Vikram Damani: More although it is a seasonal business, in a six month in a year, in a normal non-COVID year, you can say that December, January, July, August, September are the peak months, five months it will peak. Rest it will be still there because there will be repeat payments for their next term university, fee, etc.,

Vikram Damani: Right, With the launch of the app, are you expecting to see greater traction amongst corporates, I would imagine that would do well with them?

N. Srikrishna: So, essentially, we have a corporate platform and an app, which we have launched 1.5, 2-years back but corporate platform is all about a different set of marketing, where we engage with the corporate houses and make them transact through the app. One is they can use it as a standalone solution, we can also integrate it with their core ERP or legacy system, we can also do an API integration where their order from the travel management system can come to our FOREX system. So all these facilities we provide including multiple work flows. So corporate is not an individual adoption, it is like we go to a corporate and propose the solution, they adopt it. We have some few large corporates who have taken our platform for processing their FOREX. Smart Forex App is towards the retail segment, that is a leisure traveler and also the student segment. A portion of the Smart Forex App which is the card management which will be used by the corporate customers also.

Vikram Damani: Your fall in SGM expense, taking that into consideration, first question on that would be, is this fall sustainable even with the growth in business or is that variable?

N. Srikrishna: So, essentially in Q1 we did a lot of exercise; one was we did some rightsizing of the team based on the business; second is we also you can say closed down one or two branches; we also reduce the rental cost. So, there are certain things which are long-term in nature like even head office we have shifted as of October 1st at 50% of the cost. So we are trying to do certain things which will have a long-term cost impact because Wall Street has taken a conscious call to go digital in the last two years. So in one sense, our platforms are to ensure that we are able to reach the customer and not expand the physical way, right. So, it has been an overall strategy also to reduce costs wherever possible in terms of processing cost, etc.,. But parallel, based on the impact in the first quarter, we took certain measures which will result in permanent reduction in cost. But obviously, when business increases, variable costs will go up like conveyance, etc., that is purely dependent on how the GTO increases.

Vikram Damani: Within the last quarter, have you seen like a granular trend within months because I am seeing this across a lot of companies wherein August start to get slightly better as in October is better than October last year or on par with October last year and vis-à-vis same thing for September are you seeing a trend like that can you throw any light on whether September this year is sort of equal to September last year, how is October doing, any?

N. Srikrishna: So I understand what you are asking See what happens is FOREX has been directly affected, it is not like any other business, like a mobile business mobile cons off in the lockdown, the moment lockdown is out they will go and buy a new mobile. FOREX is not like that. Unless otherwise travel resumes properly, we remain affected. Since we have a diversified business, there are four segments and since Wall Street has been focused on Student segment, we had a better last quarter because Student segment there was some traction. Wholesale, there were some currency movement we were able to do exports. So which ensured that we had a favorable Q2. Generally, in money changing, you can say, out of all the four quarters Q3 generally is not that great a quarter. Normally July, August, September is peak season for us. Now since COVID has affected July, August, September, a lot of travel gets postponed to December because students in the next session they will be traveling, we are hopeful that the flight resumes, maybe that things settle down by the time we hit December, and we will have a decent student season going through. But we feel that the Corporate and Leisure business which is other two pillars for us going to happen gradually only. It may take the fourth quarter or the Q1 of next year to really pick up to the old levels or even to 60%, 70% of the old levels because the nature of how COVID is acting in different places we cannot predict, suddenly Europe has gone into a second lockdown, right, that London and all getting closed. So we have to study that impact also because our business is closely related to how travel picks up.

Vikram Damani: OK, so then another question I had on the cost front. Now since you have cut down costs sustainably going forward, at what revenue levels could we expect a break even either on the gross or the net revenue side?



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Wall Street Finance Limited
November 11, 2020

- N. Srikrishna:** So if you look at the Numbers, we have at Q2, if, you have look at it we should have earned around Rs.80 lakhs more, right.
- Vikram Damani:** I guess my question was the incremental sale in incremental increase in top line would translate into significant growth in SGM, I guess that is what I was getting at, if you are saying that if you just get so let us say assume Rs.1 crore growth in top line that will wipe off our losses, I mean, I guess this expense level is more or less sustainable, I think is what I am trying to understand?
- N. Srikrishna:** Wall Street has been very careful to ensure that we do not cut bone in such a way that we cannot recover. We have handled this entire process of last six to seven months in a very, very sustainable manner. So, essentially, we have not cut to such an extent that we cannot recover. We have also ensured kind of ideal balance. There will be an incremental cost increase. We do not see a substantial cost increase going up except for variable cost which is nothing but commission expenses because we do deal with a lot of agents, right, because our leisure business or students business comes through agents. So that variable costs will only go up. Fixed costs, we do not see any major costs going up because today we have got the right set of branches in place, except for concentration in one or two regions, we have only branches in major locations. So we do not see a cost shooting up in any big manner.
- Vikram Damani:** As of September, I know that you have given the balance sheet, but would you have the number off hand, what is the debt-equity ratio?
- Dipesh Dharod:** We have a debt of about Rs.13 crores and equity of about 33 crores. So you can say 40% is debt and 60% is equity.
- Vikram Damani:** OK, Great, that it from me
- Moderator:** Thank you. As there are no further questions, I now hand the conference over to Mr. N. Srikrishna and Mr. Dipesh Dharod for closing comments.
- N. Srikrishna:** Thank you. I would like to thank everyone for joining us and being with us, supporting us during this difficult phase of COVID-19. It is really motivating to talk to investors and also explain to them the company's growth. If you have any further queries, you can visit our website or you can reach out to our company secretary. Before I close this call, I would like to Wish Everyone A Very Happy Diwali. I am sure that post-Diwali things should improve and we all get back on track in the old ways we are used to. I now request the moderator to conclude this call. Thank you so much.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of Wall Street Finance Limited, thank you for joining us and Happy Diwali to all of you and you may now disconnect your lines.