

Date: 6th November, 2018

BSE Limited

Listing Department,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

SCRIP CODE: **511147**

Company: **Wall Street Finance Limited**

Sub: **Transcript of Earning conference call**


Dear Sir/Madam,

With reference to the relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing the copy of transcript of the Q2 FY18-19 results Earnings Conference Call held yesterday i.e. 5th November, 2018. The same has been 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 Q2 FY 18
Conference Call”

5th November, 2018



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



Moderator: Ladies and Gentlemen, good day 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 call, 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 investor 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: Thank you. Good evening. I would like to thank everyone for joining this call. It is our pleasure to connect with our shareholders once again through this conference call.

I would like to give a brief about the company and Q2 results. For the convenience of the investors, we have already uploaded the presentation on our company website, www.wsfx.in.

Overview of the company. We are authorized dealer Category-II, today we are a pure play FOREX company. We deal in a range of foreign exchange products and services. We have a network of 22 branches pan-India, through which we cater to our customer. Key products in foreign exchange which we deal in is foreign currency notes, prepaid FOREX cards, travelers cheques, outward remittances. We also are sub-agents for inward money transfers and travel insurance. We have partnered with Axis Bank, HDFC Bank, ICICI Bank, Thomas Cook and YES Bank for prepaid cards, with American Express for travelers' cheques and with IndusInd Bank and YES Bank for our outward remittances.

A quick run through of our results in Q2. The key highlights are: In Q2 we were in profits. Profit before tax is around Rs. 5.45 lakhs. We have shown good growth in gross turnover, 18.20% over the previous quarter. Consistent with our promise, we have also reduced our expenses, we have shown a reduction of 11% over Q1. So, our idea of driving growth without corresponding increase in expenses is something which we have done and we will outlay how we are going to take it further.

The key drivers for Q2 has been our retail and remittance segment, because this is also a period where we have outward remittances which stood in student remittance segment, really firing for us. We had clocked a 15.07% growth over the previous quarter. In wholesale also we have shown a growth of 23.58% over the previous quarter.

As relates to our digital strategy, we have been able to onboard some large corporates in our corporate platform, and we expect that to become a key growth driver over the next few quarters.

As regards our agent platform, we had beta launched it. Now we can say we are successfully having a beta lunch and we have some 100 agents onboarded who have started transacting.

One other key highlight during this quarter has been our growth in prepaid cards, because prepaid cards proposition which we are very keen on, we have shown more than 100% growth over the previous quarter and during this quarter we clocked the highest volumes in prepaid cards in Wall Street's history. Ogres well with our plan for a digitally enabled own prepaid cards.

A small comment on the market dynamics. Last quarter was extremely volatile, we are also explaining how the company manages FX risk and also various risk management policies of the company and heightened compliance.

Now, it is over to Dipesh to run you quickly through the financials of the company.

Dipesh Dharod:

Good evening, with regard to the operation, particularly quarter-on-quarter figures, as you are aware, we successfully completed one year of FOREX, only pure play FOREX from 1st October 2017, till 30th September 2018 is the pure FOREX that we have. Quarter-on-quarter, from December 2017 we were at Rs. 412 lakhs, we have moved to Rs. 459 lakhs, then Rs. 565 lakhs and currently we are at Rs. 590 lakhs, that is basically revenue from operations. All in all, our expenses have come down to a greater extent from about Rs. 613 lakhs to currently around Rs. 400 lakhs at the moment.

The company has made a profit of Rs. 5 lakhs during the current quarter, which in the previous quarter was a negative Rs. 44 lakhs. The profit after tax, as you are aware, we have published Rs. 17.77 lakhs against negative previous quarter of Rs. 39 lakhs. We again reiterate, we are building substantial revenues from operations and reducing cost, thereby making this a very profitable organization.

With regards to the extract of the balance sheet, the balance sheet is more or less similar to what it was in March 2018. There has been a good control over the working capital management in the six months and this is apparent from the figures that are published for the financials for the balance sheet.

With regards to quarter-on-quarter comparison, with regards to revenues and expenses, Q3 revenue from operations from Rs. 4 crores have grown to Rs. 4.6 crores, Rs. 5.66 crores and Rs. 5.9 crores during the current quarter. With regards to indirect expenses, basically salary, admin and other selling & distribution expenses, it has come down from Rs. 6 crores to about Rs. 4 crores in the last quarter of 2017-2018, moved back to Rs. 4.5 crores in Q1 of 2018-2019 and again below Rs. 4 crores in Q2, i.e. quarter ended September 2018-19.

The reduction in the March quarter, i.e. Q4 of 2017-2018 was due to certain capitalization of expenses and realignment of some gratuity liabilities which were there, and hence those were reduced figures.

As Mr. Srikrishna mentioned, the priority segments for us do remain outward remittances and the prepaid card. On a quarter-on-quarter basis, from Q3 of 2017-2018 being the base, we have grown 19%, 60%, 93% over the base till date. And with regards to prepaid cards where the base Q3 is 2017-2018 was the base, as on Q2 we have grown 125% over that. This is mainly because of the season that is there.

With regards to risk management, I would like to Mr. Srikrishna to take the call from here.

N. Srikrishna:

So, during your last investor call there was a lot of questions asked about how we manage risk, how we handle our inventory because since we deal in foreign exchange and we do transact in currencies, prepaid cards, we have FOREX exposure, a lot of investors have asked us questions on that. So we felt it is prudent for us to give a brief about what exactly we do, how do we manage risk in our business.

So, primarily, what are our key segments? our key segments are corporate, retail and remittance and wholesale, these are the three major segments which we deal in. the company has a framework for minimizing risk.

Now, what are the risks in the business? Primary is the foreign currency volatility. In the last quarter we saw more than 5% to 6% rupee depreciation, depreciation has had a major impact. Then there is, obviously, business compliance is very important, there are other risks.

Now, let me just go through foreign currency volatility because we deal in currencies in our wholesale operations, we do carry inventory, we do exports and imports of currencies, we sell prepaid cards, we also do outward remittances.

Now, what do we do? When you look at it, we follow a policy of back-to-back booking. Like let's say we have a card, when we do a sale we immediately book it with the bank's treasury. Similarly, when it comes to remittances, we immediately back-to-back book the transaction. So, except for a small risk of maybe 30 Sec. to 1 minute, or minimum timeframe which is there, we generally try to ensure that our transaction is hedged back to back. Even when it comes to EXIM, i.e. exports and imports, and foreign currencies, we follow a back-to-back booking where we already when we have a buy transaction we parallelly have a sell transaction, we are able to do it.

What about inventory? We need to carry some inventory, even in wholesale there may be some inventory remaining, there we use future contracts to hedge our risk.

So, we follow a framework where we minimize the foreign currency risk. Because in our business volatility in either side hurts the other side, because we are both into purchase and sell of foreign exchange. So we need to reduce the uncertainty. So, naturally a back-to-back booking, a very prudent hedge policy, and also using futures and forward contracts we do cover our risk.

There is also other risk, business risk in terms of huge volatility where customer may postpone their purchase decision, which is also part and parcel of a risk. A classic case would be when rupee went up to Rs. 74.50, Rs. 74.60, anyone wanting to do remittances would have just postponed the decision to next month. So, this sort of a postponement also hits us sometimes as a business impact for that particular month. But overall in a larger timeframe, obviously, they cannot postpone their purchase decision for eternity, so business will always come back.

Now, when it comes to compliance, compliance is very key to our survival, because we are in a regulated space. Like other company we also have concurrent audit conducted by independent auditors, we have system level controls, we have a training and development program for our employees, we have a strong AML policy and framework which is consistently updated, monitored by the Principle Officer. We also have a monthly internal compliance committee which reviews the entire risk framework.

Now, besides compliance there are other risk in our business, we do have risk in terms of employee fidelity, in-transit risk, we do ship currencies. So what we do? The primary thing which we do is we mitigate it through insurance policies, we have special package policy, D&O policy, we take marine policy for import and exports. So, like that we have policies which ensure, besides the internal control systems in place we also have these policy frameworks which protect us against these risks.

Besides this, since we also have some credit in our business and we deal with corporates, we have a strong credit policy, financial assessment and a strong system level control to manage this. So, in this manner we try to minimize our risk so that it does not have a major impact on our business.

Now I will quickly talk about the way forward. Digital transformation has been the key theme when we started this journey. So, our chairman in the AGM has guided us by saying we have to build a profitable, scalable, asset light FOREX tech company. So, I will give you an update on what we have done on the digital transformation.

So, today we have a corporate platform which is live, we have number of customers joining in, transacting and they are happy about it. We have integrated a payment gateway also, today we have payment gateway enabled, we have multiple workflows, we have also got app enablement for the corporate. When it comes to agent, we have launched the platform, we are happy to say that in the last one month it has been tested, we are expecting a lot of transactions happen in the coming quarter. Now, these two are already live.

. Now, what is the way forward? So we promise that every segment of our business will be transformed digitally. So in this we have looked at three things. One is to have our own prepaid card, because we feel that is going to be the real value addition and it will create a lot of stickiness with our customer, so we are working on our digitally enabled multi-currency card which also has a companion app and a lot of progress is going on in this activity.

From the consumer platform side, we are working on a B2C platform alongwith an app, which will ensure that everyone can use their app to transact with us, be it for a foreign exchange or a remittance transaction. We are also working on integrating it with our prepaid model, that is our own prepaid cards so that it will be a composite solution.

Last but not the least, wholesale does play a major role, so we are working on automating that also where we are bringing in a comprehensive platform for money changes in banks to transact with us.



Wall Street Forex

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November 05, 2018

So, these three are under development and we will keep you posted as and whenever we are launching each of these platforms.

Now, that sums our journey till date. We are committed to build a scalable and asset light organization and ensure that we are growing quarter-on-quarter. So, I would like to thank everyone and I would now like to hand the conference back to the moderator. Thank you.

Moderator: Thank you, sir. We will now begin the question-and-answer session. As there are no further questions, I would now like to 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 on this call. For any further queries, you can visit our website or you can reach out to our company secretary. And I also would like to wish you a very Happy Diwali. I would request the moderator now to conclude this call.

Moderator: Thank you. On behalf of Wall Street Finance Limited, we thank you for joining us and you may now disconnect your lines.