

Date: 27th May, 2021

BSE Limited

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,

We are enclosing the copy of transcript of the Earnings Conference Call held on Wednesday, 26th May, 2021. 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 Q4 Investors Conference Call”

May 26, 2021



**MANAGEMENT: MR. N. SRIKRISHNA – EXECUTIVE DIRECTOR & CHIEF
EXECUTIVE OFFICER, WALL STREET FINANCE
LIMITED
MR. DIPESH DHAROD – CHIEF FINANCIAL OFFICER,
WALL STREET FINANCE LIMITED**

Moderator: Ladies and gentlemen good evening and welcome to Q4 Investors 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 ‘*’ then ‘0’ on your touchstone phone. Please note that this conference is being recorded.

Material and information in this conference call is general background about the company's activities 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 and does not take into account your particular investment objectives, financial situation or needs. The information is given in summary form and does not purport to be complete.

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 all.

N. Srikrishna: Thank you. Good Evening. This is Srikrishna here along with Dipesh and it's a pleasure to connect once again with our investors and present our “Financials for Q4 and the Year Ended 31st March 2021.”

We'll start with a “Small Presentation of the Company” and the “Strategic Direction” what has happened in the last one year, also the “Update on our Digital Journey and also a “Detailed Update on our Results” both in Q4 and for the whole year.

We have already uploaded the “Presentation” on the company's website as well as the BSE website.

Now I will go over to the “Presentation.” Wall Street Finance Limited, you are all aware that we are a listed company, it's a RBI authorized Category II Money Changer which means we can deal in foreign exchange, foreign currencies, prepaid cards and also do outward remittance under LRS, under certain categories allowed by Reserve Bank of India.

Now, in the last two years, the company has embarked on a digital journey and today we can say that we are a FOREX fintech. We have got all propositions now in place for our various segments; we have a platform for our corporate segment, we have a platform for our agent, partners, also we have got an app for our retail customers. So, today we can say we are a FOREX fintech. We conduct our business both through our physical branches; we have a 17 branch network and also through our digital platforms.

One of the key initiatives which was taken up because being a digital company, we need customers trust in the information which they provide us we are ISO 27001 certified company.

Now, we are partnered with multiple banks; we deal with HDFC Bank, IndusInd Bank, YES Bank, RBL, Axis, multiple banks for our card proposition and also for our Outward Remittance product. We also partner with Thomas Cook and distribute their cards.

One of the key initiatives was our Wall Street Smart Currency Card which is co-branded card with YES Bank which is only card with a foreign currency and an INR wallet along with its dedicated app. We launched it two years back and it saw good success.

As I updated you earlier, we have got our platforms for corporate and agent segments. We also deal with key corporates like E&Y, Mphasis, Novartis, L&T and also one of the FOREX vendors for HDFC Credila, these people trust us and many of these use our platforms for the FOREX requirements.

Next slide is about the key milestones. what I would like to highlight is a 30-plus-year-old company, listed company. In 2017, we sold our MTSS business. In the last three years it has been a journey on the FOREX space, a standalone FOREX company, in the last two years we have been able to get into the digital side of FOREX where we have been able to launch various digital propositions. One of the key launches last year was the Smart Fx App for retail customers.

So, quickly getting into the “Highlights for Q4 and also for the “Financial Year”, as everyone is aware, we started last financial year amidst global lockdown, our industry was directly impacted, international travel is totally impacted, even today it has not recovered, due to the second wave of COVID. So, as a company, what we did was multiple things; one is we concentrated on where we could do some business, we did quite a bit of remittance business. We also did a lot of cost optimization in terms of the salary revisions, optimization of our branch network, shifting of premises, multiple things wherein we can reduce the cost because no one could gauge the extent of the impact of the pandemic. So, whatever we could do based on the situation we did quarter-on-quarter. So, that is what we did. Two steps which we did, one is adapt ourselves to work in the pandemic through work-from-home and also through effective cost reduction measures whatever was possible.

I'll first talk about the Q4 numbers, our GTO was around Rs.505 crores from Q3 numbers of Rs. 350 crores, so we did grew by 44%. (NR) Net revenue from operations was Rs.3.21 crores, from 2.43 crores in Q3 we grew by 32% in net revenues. Expense, there was a slight increase by 14% because we had to bring our salaries back to normal and also certain legal costs were involved. At a PBT, we were at a loss of Rs.2.16 crores for the Q4. We had to do a provisioning of Rs.1.1 crore for a penalty pertaining to some old case. So, at a PAT level, we were at Rs.1.9 crores loss. So, if you say, what was the major contributor during this period, was our Remittances, primarily, Students business.

When we take up the whole year of financial year 2021 if you look at it our GTO was around Rs.1,559 crores, in fact which was a drop of 56% over the previous year, the previous year was a non-corona year except for the last month because corona effect was started from February of 2020. So, we had a substantial impact but as we had four legs of business -- Corporate, Retail, Remittances and Wholesale -- but in the last one year it was only one leg of business which we are running because the others have been completely impacted.

Net revenue was around Rs.10.78 crores, down from Rs.22.05 crores which was a 51% drop. Our cost reduction measures brought in a 24% drop in expenses which is around Rs.16.71 crores from Rs. 21.64 crores. So, at a PBT loss, we were at Rs. 6.96 crores which includes the provision of Rs.1.1 crores we had done in the last quarter. PAT was Rs. 5.11 crores. So, last year, the major contribution was only from our Outward Remittances segment and with 80% of the business coming from the Student segment.

Wholesale, we had a brief period where we were able to do some exports, there was an opportunity during Q2, but subsequently it remains impacted because flights are not moving. Only there were some bubble flights which had impacted us. And business travel and leisure travel has a nearly 85% to 90% impact last year.

Now, we come back to on the "Digital" side... of course I will update once we go through the results, I will also give you a bigger update on digital, but to quickly talk about it, we launched our Smart Fx platform. We also are able to get permission for Video KYC and also inbuilt the Video KYC module into our app. Now this is one app which has got both the card ordering and management, we have integrated our smart currency card management inside the Smart Fx App and where a person also can do outward remittances. We also got our ISO 27000 Certification in the last quarter.

So, now I will ask Mr. Dipesh to update you on the detail financials. Over to you, Dipesh.

Dipesh Dharod:

Thank you very much, sir and good afternoon, everyone. With regards to the Q4 and the Financial Year 2021 result, when you compare quarter-on-quarter with last quarter, which is pre-COVID era to this current quarter which is post-COVID, we have a reduction from Rs. 9.49 crores of revenue to Rs. 6.65 crores of revenue which is a drop of 30%. Other income has increased by about 107% from Rs. 0.49 crores to Rs. 1.01 crores, basically it's has reversal of the provision that was made in the last year for a receivable. The overall profit before tax is Rs. 2.15 crores loss against Rs.1.85 crores loss after taking a provision of Rs.1.1 crore against an ED order and the profit after tax for the current quarter is Rs.1.91 crores loss against Rs.1.16 crores loss in Q4 of '19-20. When I compare the previous quarter to this quarter, we grew from Rs. 486 lakhs to Rs. 665 lakhs, that is an increase of 37%. Other income grew from Rs.22 lakhs to Rs.1.01 crore. The loss was in Q3 was about Rs. 2.07 crores which in the current quarter is

Rs. 2.15 crore, which includes the provision of Rs.1.1 crore and the profit after tax was Rs.1.39 crores loss in Q3 which is right now at Rs.1.91 crores loss during the Q4.

When we compare the year-on-year result, as Mr. Krishna mentioned, for financial year '19-20 which was a pre-COVID era and '20-21 was completely under COVID, our revenue from operations dropped 42% from Rs.36 crores to Rs.21 crores. Other income was from 199 lakhs to 175 lakhs now. Profit before tax was Rs. 73 lakhs loss again for the last financial year to Rs. 6.96 crores loss during the current financial year and profit after tax was Rs. 58 lakhs loss in the year '19-20 vis-à-vis Rs.5.11 crores loss in the current financial year.

Moving on to the next slide, you can see, these are the quarter-on-quarter results at one shot for the last two years that is the eight quarters, briefly I won't go through the entire numbers, but just to highlight a few. During the last year, you can see the quarter-on-quarter, Q1 was extremely down because that was the first effect of the COVID, in Q2 we grew back to Rs. 329 lakhs in terms of revenue, again Q3 there was a dip, Q4 we again grew back to Rs.320 crores. We could have done a little better but the second wave has impacted every one of us.

With regard to general and selling admin expenses, for the full year we have done 1,671 lakhs against 2,163 lakhs in the last year...of course last year we had done some capitalization, so this is post-capitalization expenses. With regard to the interest, there has been a considerable drop by about 67% where the overall revenue has come down by 42%.

With regard to depreciation, there is an increase because the intangible assets or the portals and the apps that we had made were capitalized during the last year and this year first quarter and amortization has been charged to the P&L. Other comprehensive income and taxes are just effects of the PBT figure.

We move on to the next slide. This is giving you a result of this thing which we have already discussed across. These are the published results which has been uploaded after the board meeting.

Again on the next slide, you can see, we have given a graphical representation of the revenue from operations both gross and net and also our selling and administrative expenses. So, last year as you see the graphical representation, Q2 and Q4 which shows the growth to us, Q1 was extremely down and Q3 we survived and we moved ahead. There was a marginal increase in the expenses as there was certain salary rollbacks, certain legal cost and also change in the branch setups.

With regard to our "Priority Segments" on the next slide, as you are all aware that travel is still under bubble flight and has not completely opened up, so the Travel Card sale has been affected and therefore the figures are low, but on the other side if you see Remittances, we have shown a

very good growth and from the base year we have grown about 107% and from the last quarter also we have grown showing a substantial growth there.

With regard to the “Digital Products” Mr. Krishna to again take it over from here. Over to you Sir.

N. Srikrishna:

Yes, thank you, Dipesh. So, when we talk about the digital journey this is the strategic path the company had taken. Two, three years back when we started this FOREX journey, we wanted to be a FOREX fintech. So, there are a lot of efforts were put in and we have now come out with all the platforms, “Smart Corporate” platform, we have hundred plus corporates in the platform, obviously, Corporate business is down by 90% last year, so we cannot say much about the contributions but still we can proudly say that we have got a platform for corporates, we have some large corporates in the platform. And also, whatever business we are doing around 42% of our business is coming through the Smart Corporate platform.

As far as Smart Agent platform is concerned, this is one platform which is a base for a lot of our activities in terms of automation. We are proud to say that we have some 200-plus agents in this platform. We are trying to integrate this with large partners and we are very bullish about this platform bringing in a lot of change in the agent ecosystem.

When you talk of Smart Fx App, we launched it last year. Obviously, there was a lot of challenge in terms of KYC things because earlier the clarification was not there on Video KYC, etc., but subsequently the Video KYC part has got clarified, so we have built it into our system. And we also integrated the Smart Currency Card into this app. So, today we can say that we have around 3,000-plus downloads and our entire base of Smart Currency Cards moving to this app. So, we look forward to this app bringing in that much needed newer revenue stream to us when things open up in a big way.

Parallely, we also have worked on our ISO Certification and we've got our ISO Certification for Information Security Management System.

One other thing which we are doing is we are also in the final stage of launching our consumer portal because we first launched the app but now we are launching the portal also and also we are bringing in a little changes in our app, redesigned app also will be launched and a new website is also being launched in the first quarter.

We are also happy to say that we participated in the RBI Regulatory Sandbox for cross-border remittances and have showcased our outward remittance product, which is a kind of innovation and we are hopeful that we will be given a chance to demonstrate the same.

With this I would like to come to the end of my presentation. Thank you, everyone for being with us. These are tough times, and we need all the support.

Now, I'd like to hand over the conference to the moderator. Thank you.

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

Nimesh Sheth: Yes, your comments were very good. It's been an unusually difficult year especially for the segment in which we operate which is the Travel segment. But I'd like to congratulate the management for keeping its focus and working on all the bits and pieces that are required to position the company correctly when the sector finally opens up working on the portal, on your smart app, etc., I have a couple of questions, these are all actually based on the financials. One is the provision of Rs.1.1 crore that you've made in the quarter and for the financial year. What exactly is that? Second is there is an old matter relating to service tax, this is an industry matter, and the industry is fighting this case. We don't know the outcome of the case, but I just want to know what is the liability that the company is contesting, what is that number? And the third is what is the cash position in the company? I know we have FDs which are utilized for businesses, etc., but now that we're making losses, some of that cash may have got consumed. So, what is the latest position? So, these are all my only three questions and thank you and we're hoping that FY'22 will be a much better year for us.

N. Srikrishna: What I will do is I will answer a part of the question. Dipesh will answer the service tax part. The first question is about the provisioning which we have done. So, essentially this pertains to certain transactions for the year 2014 as we have mentioned and that was taken up by ED and this is something that we cannot talk about others, but it is again quite a few players these transactions were taken up. Exactly if you look at it we got the order dated 25th of March and we got the order on 1st of April, there was a show cause and then we had replied and then penalty was imposed. So, essentially it pertains to certain card transactions which was conducted by the company in 2014. So, what we have done is we have gone in for an appeal with the FEMA appellate tribunal. We have got time for us to apply, so we have contested the penalty and applied to the FEMA appellate tribunal stating that we have conducted the transaction as per the extent guidelines. So, this is the case. I cannot go into nitty-gritties of the case because since we are contesting on that. Since it's an ED order we need to immediately provide for it even though we may have received it on 1st of April. So, in the last minute what is prudent, we thought was to provide for it because since it's an order from the ED. Now, case is being contested on various grounds we are contesting this in appellate tribunal and we are waiting for the outcomes. A prudent practice we provision it but parallelly filed an appeal against the order. Last year also if you look at it for a receivable we provisioned it because we thought that was appropriate and this year we recovered that and also in the fourth quarter we got the money back. So, that's what is this appeal all about.



Dipesh Dharod: With regard to service tax, the liability that you're mentioning... of course it's an industry issue as you have rightly pointed out, the liability should be close to about 15 to 16 crores what we foresee from here but of course it is subject to a lot of provisions where we are very clear and of course the entire industry is clear that it should not be charged, but the matter is sub judice, so it's there in the open forum.

N. Srikrishna: If you look at the cash position, so essentially we have had a cash loss of close to around Rs. 4.8 crores. So, minus provision, minus depreciation is our cash loss. The company has cash. Even for the next one-year projections, we will not be short of funds. The question is corona virus effect could not be predicted actually. Initially we thought we will come out of it by the third quarter. In third quarter, international impact of second wave happened. So, even though we were better off, we thought we have come out of corona because our very nature of the business we got struck on third quarter very badly. Fourth quarter, January was fantastic; we were close to even you can say break even. Suddenly, second wave started and it has really gripped, the impact of the second wave has been terrible. So, we again started having an impact from February onwards. But the good thing which I can tell you is when I compare last April to this April, last April, May our business just went down, this April we still are able to sustain a substantial amount of remittance because a lot of optimism in terms of the students business because even if you look at US directives they say, Indians don't come, but students if you have a visa we will allow you entry. So, we are still optimistic about the students business happening and hopefully with the vaccine and all coming through we hope that by the third quarter the things should be positive but as I said this second wave impact is something which no one expected the ferocious nature of it. So, we always have to now have a word of caution because that is something which is not in our control, that is how the COVID impact pans out in the next couple of months, but we are optimistic. The COVID pandemic has proved one thing; digital is important and which we have already been on the job of being a digital company, kind of a business which is a lot of people are bullish on, global companies are coming into India for outward remittances, card product. That also validates that the space we are in is a good space, but then again we are impacted directly today, so maybe for some time we have to wait it out.

Moderator: Thank you. The next question is in the line of Vikram. Please go ahead.

Vikram: I have two questions. First in your cash flow, I see that there is some amount set aside for dividend payments. Are you all paying a dividend this year?

Dipesh Dharod: Gentlemen, that is the last year dividend which was actually paid out during the month of October, so the effect comes in the current year of the cash flows, last year we had declared Rs.1.50 so that's that amount.

Vikram: Now, you said that Jan was almost break even for us. How much business did we do in Jan, so just extrapolate and see what annual breakeven would be?



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N. Srikrishna: I'll be very clear with you, I have also mentioned the cost per se, if you look at my slide, the financials are always expressed in gross but net expenses also we have now tried to represent so that will give you a fair idea, our break even at any point of time is around Rs.1.5 crores a month. Substantial cost reductions have happened; earlier it was Rs.2 crores, now it's around Rs.1.5 crores.

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

N. Srikrishna: I would like to thank everyone for joining us for this call. Once again I would like to thank everyone for the support and the understanding because these times are difficult both at a personal front and also the business is really going through a lot of challenges. We need your support. We are confident that together we will come out in a successful manner. Please reach out to us in case of any queries; you can reach out to our company secretary. I would now request the moderator to conclude the call. Thank you so much.

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