



RADIANT
Cash Management Services Limited
(Formerly known as Radiant Cash Management Service Pvt. Ltd.)
(An ISO 9001-2015 Company)
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RADIANTCMS/Q4/EarningsCall-Transcript/SE/2023-24

Date: 29.05.2024

To
Listing Department,
National Stock Exchange of India Limited
C-1, G-Block, Bandra - Kurla Complex
Bandra (E), Mumbai - 400 051

To
Department of Corporate Services,
BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai - 400 001

Scrip Code: 543732, Scrip Symbol: RADIANTCMS
ISIN: INE855R01021

Sub: Transcript of the Earnings Conference Call on the audited financial results for the quarter and year ended March 31, 2024, held on May 24, 2024

Dear Ma'am/Sir(s),

Pursuant to Regulation 30 and 46(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the "Transcript of the Earnings Conference Call" for the quarter and year ended March 31, 2024, held on May 24, 2024, for your information and records.

Kindly take the above details on record.

Thanking you,

Yours faithfully,

For RADIANT CASH MANAGEMENT SERVICES LIMITED

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Company Secretary
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“Radiant Cash Management Services Q4 FY-24 Earnings Conference Call”

May 24, 2024



MANAGEMENT: COL. DAVID DEVASAHAYAM – CMD, RADIANT CASH
MANAGEMENT SERVICES
MR. T.V. VENKATARAMANAN – CFO, RADIANT CASH
MANAGEMENT SERVICES
MR. ALEXANDER DAVID – GM, OPERATIONS,
RADIANT CASH MANAGEMENT SERVICES
MR. MUTHURAMAN NATARAJAN – DIRECTOR,
STRATEGY & INVESTOR RELATIONS, RADIANT CASH
MANAGEMENT SERVICES

MODERATOR: MR. SARVESH MUTHA – ANTIQUE STOCK BROKING

Moderator: Ladies and gentlemen, good day and welcome to Radiant Cash Management Services Q4 FY24 Earnings Conference Call hosted by Antique Stock Broking.

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 touchtone phone. Please note that this conference is being recorded.

I now handover the conference to Mr. Sarvesh Mutha from Antique Stock Broking. Thank you and over to you Sarvesh.

Sarvesh Mutha: Thank you Ralph. We welcome you all to Q4 FY24 Earnings Call of Radiant Cash Management Services.

We have with us today the entire Management Team, Col. David Devasahayam – CMD, Mr. T.V. Venkataramanan – CFO, Col. Benz – COO, Mr. Alexander David: – GM, Operations and Mr. Muthuraman – Director, Advisor Strategy and Investor Relations.

Without further delay let me handover the call to David sir for his opening remarks post which we can start the Q&A. Over to you sir.

David Devasahayam: Thank you very much Sarvesh. Good morning, ladies and gentlemen. Thank you for joining us today for Radiant's investor call. The year 2023-24 has been a year of investment and consolidation for Radiant. A demanding and challenging call we had to take in the long-term interest of your company.

I would like to highlight five key strategic initiatives taken by the company during the year:

We have acquired Acemoney to capitalize on the strong growth in the digital payments and complement our cash management business. We have forayed into DBJ segment that is diamond, bullion and jewelry segment as a large adjacent business opportunity. We have increased focus on our direct client's business and strengthened the team and outreach into these clients largely serviced by the nationalized banking sector. We had acquired 220 cash vans and increased our focus on cash van operations segment. And lastly, we had launched Radiant Instacredit or RIC leaning heavily on our new acquisition and digital payments, which has enabled us to target a much wider small outlet market.

I am happy to inform you that each of these initiatives has matured well and we are poised for a healthy growth of (+18%) in revenues for the current financial year in line with our long-term revenue guidance. At the same time the core business faced certain headwinds last year, specifically petroleum segment and e-com logistics segment which has dropped in volumes and points besides pricing pressure from a few clients. Your company has taken several corrective

actions including strident cost control measures and we are confident of restoring our growth and profitability to our historical trend levels in the current financial year.

I am happy to announce that in keeping with our standard practice of declaring regular dividends, our board has proposed to declare a dividend of 250% of the face value of equity shares. I would like to reemphasize that in keeping with our standard practice of declaring regular dividends our board has proposed to declare a dividend of 250% of the face value of equity shares. Our widest network in the country covering 14,370 pin codes, our strong risk management practices as reflected in lowest cash losses in the industry and a strong technological backbone covering every aspect of our operations remains our core strength.

Our performance for this quarter and year ended March 31st, 2024 was a mixed bag. We have done well in cash van operations with 53% revenue growth, direct clients going up to 50% revenue growth, cash burial 14% growth but have had muted growth in the core cash pickup and delivery segment. Cash handled for the year was Rs. 1.67 trillion, representing 6.2% growth over the previous year.

As a company we continue to maintain the highest return on capital and return on equity in the industry. Our fintech acquisition in the last year, Acemoney has done very well, and I am happy to inform you that we have already achieved operational breakeven in this business. This business is poised for excellent growth in the current year. Mr. Alexander David would speak more about it shortly.

The diamond, bullion and jewelry segment is undergoing a period of strong consolidation after rapid expansion of its infrastructure and network last year. The key focus of this business is achieving profitable growth and we expect this business to reach breakeven within the next two quarters. Both Acemoney and DBJ would contribute positively to the EBITDA of the company in the current year which should help restore the company to its previously healthy profitability level.

Our priorities are to restore the revenue growth to the historical trend levels in the current year through addition of direct clients and offering a wider range of technological solutions to our clients. The potential for growth is enormous as the banking services or retail cash management is still in the nascent stages in India. We are excited about the journey ahead. As always, we remain committed to providing transparent updates on our progress and answering any questions that you may have.

I will now request Mr. Alexander David to speak about the progress we achieved in Radiant Acemoney. Over to you.

Alexander David:

Thank you, sir. Good morning, everyone. I am happy to present the update on Radiant Acemoney, our recent foray into the fintech industry.

Since our acquisition in November, 2023, Radiant Acemoney has started growing at a rapid pace with a clear target towards increasing its digital footprint of PoS machines across the hinterland and offering a wide range of transactions and services to these retail outlets that were hitherto not part of the fast-growing digital economy of India. Over 50% of India's 20 million retail outlets do not have any form of digital payment acceptance as yet which provides ample opportunities for growth for Radiant. The strong support from the government to bring every individual and every commercial establishment onto the digital banking infrastructure augurs well for our ambitious growth plans. The synergy benefits between Radiant and Acemoney have started to flow as envisaged during our acquisition. Radiant (+7,000) strong feet on street of cash executors are at the forefront of rolling out the Radiant Acemoney PoS machines in remote areas as far as in the Tier III locations in northeast and Jammu and Kashmir. Acemoney's rich experience in fintech also came in handy in our rapid rollout of RIC by the parent company to tap a much wider market for offering its retail cash management solutions.

In terms of financial performance – Radiant Acemoney clocked Rs. 35 million in revenues for FY24, representing 110% growth over the previous year and has improved upon its EBITDA level losses. I am happy to inform that we have currently reached operational breakeven in this business and financial year '25 appears to be a very promising year for both revenue growth and profitability.

I would now request Mr. Muthuraman – our Head of Strategy to present our operational performance.

Muthuraman Natarajan: Thanks Alex. Good morning, everyone. Thanks for joining us on this investor call today. I will present the company's key performance indicators for the year ended March 31st, 2024.

During the year FY24 we handled 1.67 trillion of cash, representing 6.2% growth over the previous year. During this year we added 64 new clients, 104 new end customers and 6,514 new retail touch points. Today we service close to 70,000 touchpoints covering (+14,300) pin codes across (+8,000) locations and we continue to have the widest network in the industry.

In terms of sectoral performance, we witnessed strong growth in the petroleum sector which clocked 54% growth over previous year, largely a catch-up growth. Organized retail which grew at 27% and BFSI segment which reported 16% growth. As mentioned in our earlier earnings calls, our overall growth was muted due to subpar growth in the e-com logistics sector. Our recent launch of RIC is being reviewed very well in the market and will help improve the subpar performance in this segment.

In terms of business verticals; we witnessed healthy growth in cash van operations, a 53% growth albeit on a small base and network cash management which grew at 14%. However, the growth was muted in the core business of cash pickup and delivery at 2.2% because of the degrowth in e-com logistics segments and pricing pressure from a few clients. The mitigating

measures taken to address this include stronger focus on direct clients from the untapped nationalized banking sector which grew at 97% this year and the launch of RIC which opens up a much larger market for cash management services. I'll now hand over the call to our CFO, Mr. Venkataraman to present our financial performance.

T.V. Venkataramanan: Thank you, Muthuraman. Good morning, everybody.

Coming to the financial performance:

The total standalone revenues for FY24 were Rs. 3.9 billion, representing a growth of 9.2% over the previous year. EBITDA margins for the year stood at 17.7%. This was an impact of a conscious decision of diversification and growth for just this financial year. I would like to repeat that this was an effect of a conscious decision of diversification and growth for just this financial year. The EBITDA margins are affected mainly because of the losses incurred in the DBJ business which we entered in July 2023. The initial period of this business was focused on building the requisite infrastructure including branch network, manpower and armor vehicles. This business has scaled up well and has established its credentials among its key customers. The focus has now moved to achieving profitable growth and the management is confident of achieving breakeven and have positive contribution from this segment in the current financial year.

The other key reason for the drop in margins is the cash van operations segment. Though the segment has grown at a healthy pace of 53%, the profitability in this segment is still not reflected fully as we are still in the deployment phase of the 220 vehicles acquired by the company during the year. As can be observed expenses in DBJ business and cash van operations are in the nature of investments and prerequisite for strong future growth of the company. We expect margins to improve further in the coming quarters because of the measures taken by the company.

The return on capital employed for the year was 22%. Investment in cash vans to the tune of Rs. 240 million during the year. And the drop in EBITDA margins as discussed earlier have contributed to a reduction in ROCE. Return on equity for this year was 17.9%. I would like to highlight that the ROCE and ROE for Radiant continue to be the highest in the industry because of our strong and clean balance sheet, high turnover ratio and strong working capital management. I would like to add that our cash flow from operations is 46 crores during the current year, which is more than the previous year. This indicates level of high efficiency in working capital management.

In conclusion the year has been one of expansion, diversification and investment in complementary areas with significant growth opportunities. With new initiatives as highlighted by CMD in its opening remarks, we are building new long-term levers for growth with a more diversified revenue profile and robust profitability. I now hand over the floor to Sarvesh for question and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ankit Kanodia from Smart Sync Services.

Ankit Kanodia: My first question is related to the retail touch points only. In Q3, we had a tepid growth but in Q4. So, is it something seasonal or have we done something different in Q4 or how do we look at this number in the coming year directionally?

Muthuraman Natarajan: We have been consciously looking at opportunities for entering newer markets. As I just mentioned, our direct revenues have grown by almost 97%. All of these have added new points. And as CMD mentioned the market opportunity is huge and the level of penetration of the services is very small. So, we are confident of adding gross additions of about 1000 points every month in the coming years.

Ankit Kanodia: In the presentation and also in the opening commentary we mentioned two areas where we had some problems. One was the e-com logistics which I think alluded in the last call as well. But I think this is for the first time we have spoken about petroleum segment. Can you give more color into what happened in the petroleum segment?

Muthuraman Natarajan: So, this was a onetime sharp reduction in volume that happened in later half of Q1 and second half of Q2 which affected because of the Ukraine war, the domestic refiners diverted their refining capacity towards exports rather than domestic markets. So that affected the overall volumes sharply. But subsequently since Q3 onwards we have been reporting healthy growth in this segment. But at overall for the full year, our revenues are still lower than what it was in FY22 and we are almost there almost 80%-85%. What has happened and the segment continues to grow well.

Ankit Kanodia: Regarding this Acemoney acquisition and as we have mentioned in the opening remarks that the synergy is taking place and there was some really good growth in the last year FY24. But in terms of numbers, I don't see an exact guidance but in terms of numbers how do we see this business contributing in FY25 and FY26 in percentage terms if you can mention of total turnover where it would be?

Alexander David: I'll take that on. Thank you for the question. In Acemoney. We've had 110% growth over the previous year and in our previous earnings calls we had mentioned that we are looking to distribute over 1 lakh PoS machines over the next 2 years and we are well on the way of achieving that. So that should contribute to a steep growth in revenue in the coming financial year. As we already mentioned, we have already broken even operationally and profitability also should be in line with that. So, we can't put a number on percentage but that should be. We are definitely going to be seeing a steep growth in revenue over the coming year.

Ankit Kanodia: Is it okay to assume around 20% of the total revenue would be contributed by Acemoney in the next 2 years?

Management: No, I think it will be a smaller number than that because the core business also we expect to grow at a healthy pace. It will be 10% plus or minus.

Ankit Kanodia: And one last question related to the direct client initiative which we have taken up consciously in the last year. If you can throw more color as to how we are progressing and what are our plans in FY25 and FY26 that would be very helpful?

Management: I will step in on this. Direct clients we have been focusing on, you see 67% of the clients are covered by the nationalized banking sector and the penetration as far as retail cash management in this segment is very less. And there are quite a few clients who are being serviced by the sector. So therefore, we are focusing on these clients who are being taken care of by the nationalized banking sector and we are bringing them on board, now that we are a listed entity as direct clients. So that's an area of focus for us. This has highlighted by our Head of Strategy.

Ankit Kanodia: Any particular industry segment we are focusing more on when we are looking at direct clients any few industries we are focusing more on?

Management: The large potential do exist in jewelry, petroleum, healthcare sector. But this is again as you can see in our own revenue profile, everywhere wherever there is a daily cash collection it's a potential market. So, the market is fairly large, and we are not restricted to targeting any specific clients. We are going all out on this.

Ankit Kanodia: And one last question before I join in the queue; for expanding this direct client's business, do we plan to onboard more employee strength or do you think that the current employee strength is good enough to handle this work?

Management: We are building a sales organization for this purpose.

Moderator: Next question is from Divyanshu Mahawar from Dalal and Broacha Stockbroking Private Limited.

Divyanshu Mahawar: I just wanted to know about the retail opportunity. So, in the Frost & Sullivan survey if you look at, India has total 40 lakhs retail touch points organized plus unorganized and out of 6 lakhs are organized and out of 6 lakhs, 1,50,000 are using outsourcing service. So, what kind of growth you are seeing that the 1,50,000 will grow from here and what kind of market share you are looking for there that you want to capture from?

Management: The numbers you have indicated are quite conservative, as in we are not just looking at only organized retail, we are looking at every form of retail outlets including restaurants and education institutions, hospitals, pharmacies, whole host of them. In our own estimate based on third party research, close to 20 million mom-and-pop stores to roadside vendors to large organized retail outlets, 20 million are there. 25% of that would be eligible to use a service of this nature as our estimate, market size estimate which is like 5 million. But all the players put

together hardly handle less than 200,000 outlets. So, the growth potential is huge. Historically we have grown at (18%+) CAGR and we don't see any problem in continuing to grow that numbers.

Moderator: The next question is from Vikas Kasturi from Focus Capital.

Vikas Kasturi: I had a few questions. So, one is could you please provide some description on the cash logistics that you do? We are two-wheelers, for example number of two-wheelers that you deploy and the percentage of cash volume that is transported and where do you use two-wheelers and where do you use the vans? Some idea on this.

Muthuraman Natarajan: There's a phased rollout as directed by RBI to the banks on the movement of cash only through van and banks adhere to that and in turn as service providers we adhere to this plan. So as of now it's about 120 cities where RBI has rolled it out which covers almost like (80%-85%+) of the cash volumes. So even before RBI plans, almost more than 85% of our cash by volumes are transported by vans. So, in Tier III plus remote locations where the volumes are small as we transport as per of the Ministry of Home Affairs guidelines.

David Devasahayam: I don't know, but Muthu has said maybe even in very densely congested areas where taking a van may be difficult, we could probably use a hub 'n' spoke model to pick up some cash. But as he mentioned that even before implementation of this, we are about 84%-85% of the total volume of cash is moved by a cash van.

Vikas Kasturi: Next question is what percentage of your 840 vans are in the cash in transit business versus the cash pickup business?

Muthuraman Natarajan: Our cash van operations today is probably about 150.

Vikas Kasturi: Could you also just provide some description of the DBJ business? As in would it be air logistics or air plus ground logistics? Some idea of like where you're moving the jewelry from, from where to where kind of a thing? Could you just help me understand that? And can you transport cash and DBJ at the same time in the same van?

Muthuraman Natarajan: At this point of time, we have kept DBJ and retail cash management as independent business verticals. We do have some synergies in terms of branch operations but otherwise the vehicle infrastructure, the transport infrastructure is independent between these two. Over a period, we can look at synergies but being a new entrant into this segment dedicated focus is required. So that's the implementation at this point of time. This segment involves both surface transport as well as air transport. Roughly half of our business is from surface and other half is from air cargo. And so, the movement is on various legs. One is from the import ports to the manufacturing units. Second is from manufacturing units to hub like Zaveri Bazaar Bombay. The third leg will be from hubs to actual jewelry retail outlets spread across the country. So all

three legs are handled, roughly about maybe up to 250 km radius by surface transport and beyond that is through air cargo.

Vikas Kasturi: And one last question, to our CFO. Could you just throw more light on what constitutes these other expenses?

T.V. Venkataramanan: Yes, other expenses mainly consist of service charges for the cash executives, the van vehicle expenses, the driver and gunman cost and power and fuel and all other expenses like all major items as bank charges. Bank charges also forms a major component of that. These are 5-6 major categories consisting of other expenses.

Moderator: The next question is from Aditya Sen from Robo Capital.

Aditya Sen: We have fallen down from our peak EBITDA margin significantly and the reasons you have already stated. So, I just wanted to know in how many quarters or in how many years will we inch up towards the previous highs of 28% to 30% EBITDA range?

Muthuraman Natarajan: We expect that in the current year we should be able, in the third and fourth quarter of this current year we should be able to revert back to historical levels.

Aditya Sen: Of 20% or 30%?

Muthuraman Natarajan: Historical levels I think FY23 25%.

Moderator: The next question is from Aravind R from Sundaram Alternates.

Aravind R: Obviously you have mentioned about like the investments we have made in DBJ business and the employees, in the direct sales and multiple investments we have made in FY24. How to visualize the investments or expenses in FY25? What could be the run rate of employee or other expenses in FY25?

T.V. Venkataramanan: This year the employee cost was higher because of the reason stated above because of new additions in DBJ business. Also, we have made some addition to employees to cater to the increased business in future. But in FY25 we expect the employee cost to come back to the 22-23 levels.

Aravind R: You mean in absolute terms or growth.

T.V. Venkataramanan: As a percentage of sales.

Aravind R: And I had like another question. Like within the breakup of the businesses we do put in the presentation, I can see that except BFSI and organized retail all other businesses have reported negative growth in year-on-year terms. I am just trying to understand what makes us believe it

the growth will come back, which segment it will come back? Even the e-commerce segment growth has been weaker year-on-year terms. It has been like (-3.5%).

T.V. Venkataramanan: No, e-commerce segment has grown. There is negative growth only in ecom logistics and near flat growth in railways. All other segments have grown at a positive rate.

Aravind R: Because you give percentage numbers. I was back calculating it, I am seeing like 14 crores and 13 crores in FY24.

T.V. Venkataramanan: For example railways, railways was 10.6 crores in FY22, about 14.5 crores in both FY23 and '24, organized retail 32 crores in FY22 move to 54 crores and further to 60.

Aravind R: Obviously e-commerce on year-on-year basis on the full year it has grown. I am not denying that. I am asking about fourth quarter 2024 versus fourth quarter 2023.

T.V. Venkataramanan: We had indicated this, e-commerce our business is seasonal. Q3 is the best quarter followed by Q4 followed by Q2.

Aravind R: Year-on-year terms I understand that Q3 to Q4 there would be decline.

T.V. Venkataramanan: There is no decline in e-commerce business year-on-year from FY22 to '23 or 'FY 23 to '24. E-com logistics, yes there's a decline but not in e-commerce, not in petroleum, not in BFSI, not in organized retail.

Moderator: The next question is from Disha Gandhi from Motilal Oswal.

Disha Gandhi: I wanted to understand a little bit more about the RIC business and how it has progressed so far and what are your plans in the future?

David Devasahayam: I think I'll take it on, the RIC business essentially one of the reasons why we acquired Acemoney was we wanted to also get into the digital payment ecosystem and align it with cash logistics. So, with that we are now able to service a large number of clientele in the extreme hinterland. And the client profile has completely changed as a consequence in terms of business correspondents, small time merchants, whom we are able to service using our digital solutions that is available from the acquisition.

T.V. Venkataramanan: RIC is also helping us in regaining our lost market share in the e-com logistics.

David Devasahayam: We are focusing on e-com logistics. So that is also being reinforced by this new system that we brought.

- Disha Gandhi:** And in terms of the plans going forward, is the same strategy that will continue or do we see more traction coming in from the hinterland or is there a similar service application need in the other market where you are present currently?
- David Devasahayam:** As of now we are exploring what all opportunities are there and how to take this forward. But it is an exciting new area and we are looking at it very closely. It is going to have a very substantial contribution to our revenue performance in the coming years.
- Moderator:** Our next question is from Prashant Pandarathil from Navixx Investments.
- Prashant Pandharathil:** My question is around the segment, in the investor presentation it's clear that the trend is the segment revenue is shifting from cash pick-up delivery to the other segments like metal cash management, cash processing etc. So how would this have an impact on the, how is the margin profiles of other segments compared to the cash pick-up delivery? And how do we think the profitability part would be once the cash pickup delivery goes down and the other segments pick up?
- Muthuraman Natarajan:** Our cash pickup and delivery is the base, on top of which network cash management cash flow....Yes, it has grown slower and hence the composition of the segment-wise revenues look a bit skewed at this point in time. As I said, these are the initiatives strategic initiatives that you're looking on direct sales, on RIC etc. will help grow our core business of cash pickup and delivery. And on top of it the other businesses will continue to grow. So, we cannot in the sense it is the cash processing or network cash management cannot operate on a standalone basis without the core business of cash pickup and delivery. So, there is no point in our business we cannot pushing costs to give margins individually like that. But yes, the low growth in cash pickup and delivery is one of the reasons why our margins have come down. As I said that is particularly sourced from the e-commerce logistics segment.
- Moderator:** The next question is from Abhishek Chawala, an individual investor.
- Abhishek Chawala:** As per the presentation Page #23, the client base has improved significantly. At the end of FY24 you have 153 clients. So, could you just explain who these clientele are? Because if you add someone for Insta Credit, is that counted as a client?
- T.V. Venkataramanan:** No, I think this is, if it is a large B2B business we will be adding that under the client count. This 153 client count doesn't include any Insta Credit client.
- Management:** That will get added in point.
- Abhishek Chawala:** The Insta Credit is added in the points and the DBJ business, is it added in the 153, the JLLPR?
- T.V. Venkataramanan:** No.

Abhishek Chawala: The touch points have increased and so have the pin codes we are servicing. So, is it fair to assume that the new touch points are in the new geographical regions and the route densities were get to pick up?

Muthuraman Natarajan: Yes, as you can see number of locations, number of pin codes both have increased substantially along with the number of points which means we are covering more and more geographic areas and that has been our core strength. Once we establish our presence in those locations, additional points will help in improving route density and that is very profitable.

David Devasahayam: I would like to add on to what the Head of Strategy said, earlier we used to ignore locations because there's just one point coming up, that we have stopped doing and that our focus during the last year has been to build infrastructure. And even if there's a single point, we are moving to those locations and that's how this location has grown by almost 3,000 new locations. We are expecting many more points coming up in these locations which will further enhance our revenue profile in the years ahead. That was again a constant decision that we took last year.

Moderator: The next question is from Ankit Kanodia from Smart Sync Services.

Ankit Kanodia: My next question is related to the strong balance sheet and cash positions we have. So, as you have mentioned that we have been building, this was a year for consolidation and transformation and we still have a strong balance sheet and high cash and the stock is probably is available at very reasonable price right now. So rather than dividend are we also thinking of a buyback at this juncture?

Muthuraman Natarajan: No.

Ankit Kanodia: To give some confidence to the investor community.

Muthuraman Natarajan: At this point in time, we are not thinking of a buyback of shares.

Ankit Kanodia: Any reason for the same if you could clarify?

T.V. Venkataramanan: I'll just add. As Colonel mentioned, as in the sense we have entered into five new strategic initiatives. Each of these will grow at a healthy pace. If the balance sheet has maintained fairly strong in FY24. But we are reasonably sure we will need some more additional working capital and some minimal CAPEX to meet the large growth aspirations that we have. So, we will be conserving cash to meet those aspirations. And direct clients have its own issue of other incidents. We need to provide certain bank guarantees, so a strong balance sheet is important for us to do that. Buyback will be a very wrong signal as in we are aspiring for a high growth, so we will need all the cash that we generate from operations for funding our future growth plans.

Ankit Kanodia: But my point was the amount which we are declaring as dividend can go as buyback. I am not asking for a separate allocation for buyback. The same amount which is going for dividend. If

we allocate it for buyback, don't you think that will be more tax effective as well and it will kind of strong positive signal to the investor community.

T.V. Venkataramanan: No, we have indicated this thing as in historical payout ratio of between 40% to 60%. So, we maintain that and we'll hope to continue to do so in future as well.

David Devasahayam: It's a good point that you brought up but let me say that in the entire environment this is the first time we heard anyone mentioning this, otherwise the strong dividend profile that we have has always been applauded.

Moderator: Our next call is from Vikas Kasturi from Focus Capital.

Vikas Kasturi: I had a question on slide number #23, where you have given request pickup points. So, are these same as your direct clients?

T.V. Venkataramanan: No, we have provided in detail this thing in our DRHP as well. This is a steady constant KPI that we have been disclosing. The beat pickup points are the points that where we visit every day. Request pickup points are the points that we visit only on request.

Vikas Kasturi: Would it be possible for you to mention the direct pickup points here in this slide going forward?

T.V. Venkataramanan: No. The direct revenues we are disclosing as an individually direct pickup points would be competitive information that you would not want to share.

Vikas Kasturi: I had one suggestion. Your previous answer to Ankit, you had mentioned that you are building a sales organization to address the direct clients, so you might also want to consider employing a business service company and you could pay them for every client who signs up. So that way you don't have to employ people on your own and you just pay for outcomes. So, is that that is allowed by RBI and so on?

David Devasahayam: Yes of course. This is a good point that you brought out and we are exploring these new options also. This kind of marketing organizations can help us out. It's been actively explored.

Moderator: The next question is from Aasim from DAM Capital.

Aasim: Just two bookkeeping questions. First on your revenue breakup by industries that you give in your presentation, just a clarification. This percentage, is this out of total revenue that you report or is it just the revenue of your cash pickup and delivery business?

Muthuraman Natarajan: It's only not cash pickup and delivery. It's total of retail cash management business.

Aasim: So that includes your that network cash management, cash van operations as well or you're just taking cash pickup ?.

Muthuraman Natarajan: Yes, This is consolidated revenue, the proper total revenue.

Muthuraman Natarajan: See, no, our revenues have three or four components, the retail cash management and then we have the DBJ and then in a consolidated level we have for the Acemoney. So, this industry segmentation covers only the retail cash management business. So, the subsegments of that is given on the same slide on the left hand side. All of these are covered, cash pickup and delivery, network cash management, cash processing, cash van operation and others.

Aasim: How much is the non-retail cash management revenue as a percentage of total right now?

Muthuraman Natarajan: As we mentioned RBL is roughly about, last year they made about 2.3 crores revenue in the standalone number. The consolidated numbers we have on the additional 1.5 crores also of. That is the four-month numbers that got consolidated.

Aasim: What was the bank charges number for network cash management business in Q4 and for FY24 as a whole?

Muthuraman Natarajan: The total bank charges will be roughly around 20 crores for the year.

Aasim: For the quarter?

Muthuraman Natarajan: Proportionally about 4.2 crores.

Aasim: 4.2 crores for Q4?

Muthuraman Natarajan: 4.3.

Aasim: The next question is from the line of Abhishek Chawala, an individual investor.

Abhishek Chawala: What are the regulatory limitation on Insta Credit? What do I mean like that RBI in all income tax department they are very stringent on who handles the cash, so I am just trying to understand, is there a monetary limit like the maximum you can do for Insta Credit is 2 lakhs or something like this? So, what are the regulatory limitations on that?

David Devasahayam: Some of this is competitive information. But yes, we do have a limit. We are laid on a limit and we function within the realm of that limit.

Abhishek Chawala: And lastly the initiative and technology deployment for your mobile apps which you are doing, can we expect your billing cycle to shorten? As you have previously mentioned after the month

end there is a 10 to 15 days reconciliation period. So, can we expect that period to come down to 3-4 days with the deployment of more technology?

T.V. Venkataramanan: No because the system works like this, we have to give the details to the bank. The banks have to approve the billing amount. So that process takes about 10 to 15 days' time. So, we don't expect the billing cycle to come down in the near future.

Abhishek Chawala: So how many days does it take for Radiant to give the detail to the bank? Like is it handed over on the first of the next month?

T.V. Venkataramanan: So, it happens throughout the month. First 15 days it happens within the 25th and for the second fortnight it happens before the 5th of the month. So that the close the billing by 8th of the next month.

Abhishek Chawala: So mostly bank takes time in reconciliation and then they have their credit period.

T.V. Venkataramanan: That's right.

Moderator: The next question is from the line of Aravind R from Sundaram alternatives.

Aravind R: Like one of the competitors who was doing this DBJ business as 300-400-320 crores kind of revenue. What I am trying to understand is what kind of potential are we seeing in DBJ business? Also, within our core business segments which segment do we expect to like grow really faster in next 2 years?

Muthuraman Natarajan: Our own estimate is that the DBJ market size is probably about 1,000 crores, both organized and organized existing players put together. So, we are very small player. So, we have fairly large opportunity to grow that. And in terms of growth, organized retail continues to expect the significant organic growth that we are expecting, followed by BFSI, followed by e-commerce. We are expecting that e-commerce logistics will report a catch-up growth this year and railways will continue to remain flat as in railways itself had grown at about 5%-6%. So, we continue to have that unless we add more regions. And petroleum sector have some more opportunity to do catch-up growth and then that will be a steady state growth.

Aravind R: I just have one point, one query like in first half of FY24, we did rationalize some touch points and we again started adding, how are we going about it? In terms of understanding like okay this point is still will be profitable, what were the learnings if you can share some, how have we changed the strategy in terms of point addition?

Muthuraman Natarajan v: As an efficiency set certain minimum threshold volumes and revenues for each point below which unless it is part of a larger this thing, particularly it's done point by point, route by route etc. So, I don't want to disclose too much competitive information for us as well. But we as you can see, we started adding healthy numbers relatively healthy numbers still not back to the

previous levels. But 2300 plus almost 700 points plus per month we have added in this quarter. And the export we will hit 1000 points plus in the current year.

Moderator: The next question is from the line of Ankit Kanodia from Smart Sync Services.

Ankit Kanodia: So, we have basically two large players in the industry and as we have mentioned earlier and it is quite evident that the industry is going through consolidation. But both the players, we and our other competitor listed competitors, we both have completely different share. As in we are going deeper into our main core business whereas our competitor is going completely in a different direction in a way that they are trying to cover the entire value chain of the cash management business. So internally do we discuss these kind of opportunities whether we want to go ahead or change our plans or we are very clear as to we want to be a focus there and focus only on the retail cash management part, any thoughts on that?

Muthuraman Natarajan: We are very clear we don't want to get into the ATM segment at all. I mean there's a huge growth opportunities still in retail cash management and each of these additional markets that will continue to feed us for a long time.

Ankit Kanodia: But when we see the managed services business growth, it is growing pretty fast. I am not just talking about the ATM business but about the managed services business and the other automation business which is available apart with that. So don't we find that attractive enough for us to have a look at?

David Devasahayam: In this there are already large, you see managed services is based on the number of ATM's that are serviced by the concerned MSP. And that segment is already fairly consolidated as of now. And unless you have the economies of scale to have entered into a new segment, initially it will be very capital intensive and strategically also it's not a good decision to take and therefore we stay focused on the areas that are proving to be more lucrative and more rational and pragmatic for us at this point of time.

Moderator: As there are no further questions, I would now like to handover the conference to Mr. Sarvesh Mutha for the closing comments.

Sarvesh Mutha: Thank you Ralph and thank you Colonel sir and the team for giving the Antique Stock Broking this opportunity to host the call. I would like to now hand over the call to Colonel sir for his closing remark.

David Devasahayam: Thank you very much and excellent questions. I must compliment everyone. It's been a very interesting session for us. I am personally very positive about our future growth prospects as the five key strategic initiatives taken during last year start bearing fruit. As investors, you can be assured that we are well positioned to attract a wide and fast-growing retail market opportunity across India as retail cash management services are still largely untapped with less than 3% penetration levels at this point. Our approach aligns perfectly with the market dynamics enabling



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us to tap into the vast unserved market and drive sustained growth. I want to express my gratitude for your continued support and faith in Radiant we are confident that our focused approach and strong performance will yield promising results for all stakeholders in the coming years. Thank you for your time and your continuing interest in your company. Thank you very much.

Moderator:

Thank you. On behalf of Antique Stock Broking, that concludes this conference. Thank you for joining us and you may now disconnect your lines.