



RADIANT
Cash Management Services Limited
(Formerly known as Radiant Cash Management Service Pvt. Ltd.)
(An ISO 9001-2015 Company)
CIN : L74999TN2005PLC055748



GST No. : 33AACCR9619R1ZO
PAN No. : AACCR9619R

RADIANTCMS/Q3/EarningsCall-Transcript/SE/2023-24

Date: 21.02.2024

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 un-audited financial results for the quarter and period ended December 31, 2023, held on February 14, 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 period ended December 31, 2023, held on February 14, 2024, for your information and records.

Kindly take the above details on record.

Thanking you,

Yours faithfully,

For RADIANT CASH MANAGEMENT SERVICES LIMITED

Nithin Tom
Company Secretary
A53056

Regd. Office : # 28, Vijayaraghava Road, T. Nagar, Chennai - 600 017.

Corporate Office : 'Radiant Building', No. 4/3, Raju Nagar, 1st Street, Okkiyam Thoraipakkam, OMR, Chennai - 600 096.

Tel. : 044-4904 4904 • E-mail : businessdevelopment@radiantcashservices.com • Web : www.radiantcashservices.com



“Radiant Cash Management Services Q3 FY-24 Earnings Conference Call”

February 14, 2024



**MANAGEMENT: COL. DAVID DEVASAHAYAM – CMD,
MR. T.V. VENKATARAMANAN – CFO,
COL. BENZ K. JACOB – COO,
MR. ALEXANDER DAVID – GM, OPERATIONS,
MR. MUTHURAMAN NATARAJAN – DIRECTOR,
STRATEGY & INVESTOR RELATIONS,**

MODERATORS: MR. SOHAIL HALAI – ANTIQUE STOCK BROKING

Moderator: Ladies and gentlemen, good day and welcome to Radiant Cash Management Services Q3 FY24 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 hand the conference over to Mr. Sohail Halai from Antique Stock Broking. Thank you and over to you sir.

Sohail Halai: Thank you Rhea. We welcome you all to 3Q FY24 Earnings Call of Radiant Cash Management Services.

We have with us today, Mr. 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 hand over the call to David sir for his “Opening Remarks” post which we can actually start the Q&A. Over to you sir.

Col. David Devasahayam: Thank you very much Sohail. Good morning, ladies and gentlemen. Thank you for joining us today for Radiance’s Investor Call.

Before we get into the details of the performance for this quarter, I want to recall the strategic roadmap for the Company that I shared with you in our last call and how we aim to build a stronger more robust business, building shareholder value over the coming years. I’m now sharing the four key areas of our focus and the progress we have made in each of them.

1. First optimizing the core business for maximum efficiency and profitability. We have taken conscious measures to leverage our network over nearly 14,000 pin codes to improve the profitability of our core business.
2. Secondly diversifying through adjacent business opportunities. We have made good progress in our diversification efforts in diamond, bullion and jewelry, transportation business as well as in the integration of a recent fintech acquisition Radiant Ace money.
3. Thirdly enhancing customer experiences with a cutting-edge digital platform that’s a physical and digital composite platform that we have now created. We have rolled out Radiant Instacredit in select markets and have got excellent acceptance from the market.
4. Lastly, we are committed to expanding our reach and technological capabilities. We have added more pin codes and locations as well as added 38 new names to our client list this financial year.

These initiatives reflect our dedication to sustainable growth and innovation. With a clear roadmap, we are poised for success in an ever-evolving market creating long-term value for our investors.

Our performance for this quarter ended December 31st, 2023, is better than the previous quarter. Total revenues was Rs. 1.1 billion, that is over 101 crores registering our first ever quarter to cross the billion mark. As mentioned in the last quarter, the drop in volumes in the e-commerce logistics and NBFC sector has resulted in muted revenue growth. We clocked 4.5% growth in cash handled in this quarter over the same period the last year. The core business profitability has improved in the quarter. Thus, despite higher costs due to our recent foray in the diamond bullion and jewelry segment, our EBITDA margins improved to 17.5% in this quarter as against 15.9% in the previous quarter. Our priorities are to restore the revenue growth to 17% to 19% in the medium term through the addition of direct clients and offering wider range of technological solutions to our clients. The potential for growth is enormous as the doorstep banking services are still in a nascent stage in India.

We are excited about the journey ahead and the potential for growth and success. As always, we remain committed to providing transparent updates on our progress and answering any questions that you may have.

With that I now hand you over to Mr. Muthuraman our head of strategy to take you further down this presentation.

Muthuraman Natarajan: Thank you, Colonel. Good morning, everyone. Thanks for joining us on this investor call today. I'll present the Company's "Financial Performance and Key Performance" indicators for the quarter and nine month ended December 31st, 2023.

Talking about the "Business Performance":

During the first nine months of the financial year, we handled 1.26 trillion of cash representing 7.1% growth over the same nine-month period last year. During this period, we added 38 new clients 84 new end customers and 4266 new retail touch points. We witnessed strong growth in the BFSI segment, organized retail and petroleum sector. As mentioned in the last quarter our overall growth was neutered due to subpar growth in the e-com logistics sector. The management is taking specific measures to address this segment.

Our recent launch of Radiant Instacredit is being received very well in the market and will help increase customer stickiness, as well as increase our foray into newer segments and geographies in an accelerated manner.

Coming to the "Financial Performance" for the quarter:

Our revenues for Q3 were 1.1 billion, representing a sequential growth of 6% and as Colonel mentioned first time crossing a billion mark in a quarter. EBITDA margins for the quarter stood at 17.8%, an improvement of 180 basis points over the previous quarter. This is despite significant costs incurred in the growth initiatives the Company has undertaken, particularly in the diamond, bullion, jewelry segment, the results of which are yet to bear fruits.

The Cash Van operations segment has also grown at a healthy pace of 44% though on a very small base. For the profitability in this segment is still not reflected fully as we are still in the deployment phase. As can be observed, expenses in DVJ and Cash Van operations are in the nature of investments and prerequisites for strong future growth of the Company. We expect the margins to improve further in the coming quarters because of the measures taken by the management.

In terms of segments, BFSI and organized retail reported robust growth of 23% and 19% year-on-year respectively. Both existing points as well as healthy new additions contributed to this growth. The petroleum sector we saw a slowdown in FY23 has recovered well and reported 67% growth over the same quarter last year and 2.4% sequentially. We expect the momentum to continue and the segment will grow at a higher than average levels in the next few quarters as well.

E-com logistics showed 29% negative growth due to a combination of pricing pressure and shift of clients to alternate mechanism for low volume points. Radiant is developing unique fintech solutions to specifically address this segment which will help us regain our preeminent position in this segment over the next few quarters. The return on capital employed on an annualized basis was 25% for this nine-month period as against 30% in the past. Our investment in Cash Vans to the tune of almost 100 million for this nine-month period and the drop in EBITDA margins as discussed earlier, have contributed to this. Reduction in ROCE. ROE for the month was 20% on an annualized basis.

To summarize:

The quarter has seen a recovery in revenue growth and profitability over the previous quarter, indicating the underlying core business model is well intact. Significant investment in manpower and assets have been made during this period. With the new initiatives as highlighted by CMD in its remarks, we are building new long-term levers for growth with a more diversified revenue profile and robust profitability.

I now hand over the mic to Mr. Alexander David to talk about the developments in Acemoney our recent fintech acquisition.

Alexander David:

Thank you, Mr. Muthuraman. Good morning, everyone.

Our diversification into the fintech sector with the acquisition of Acemoney, now called Radiant Acemoney, has been very promising and has given us ample opportunities to grow in the near future. While the market is reasonably well penetrated in the major cities and Tier-I cities with several players, we are excited with the encouragements we have been witnessing from the Tier-II plus markets. Currently all the banks and FinTechs have achieved only around 45% penetration of over 2 crores available merchants in terms of POS machines. This indicates ample opportunity in the hinterland. The creation of digital banking infrastructure in the hinterlands is also well backed by the government.

There are two key opportunities I would like to highlight today:

1. Access to hinterland and Tier-III, IV, V plus cities. Most major fintech organizations depend on distributors for reaching their products throughout the country. While these are easier to do in major metros penetrating the hinterland is a challenge. This will require fintech companies to recruit and train the new workforce along with the distributor. In most cases, lion's share of the commissions is given to the distributors for maximum use of their products. RCMS the parent Company of Acemoney has more than (+7000) personnel in over (+14000) pin codes including Tier-V plus locations. These resources have basic training in the use of mobile application and with the additional guidance can prove to be our distributors which would result in Acemoney having an earning advantage over its competitors. This provides accessibility and cost-effective deployment of the technology to the balanced 55% of the available market.
2. The second opportunity is cash management services. Today in a market, there are very few organized players providing CMS services in addition to fintech products. One of the major current requirements in the hinterland are CMS services for cash disposal and delivery. This is something we plan to leverage in the coming months. So, what's our plan ahead, over the next 2 years utilizing our resources to build a comprehensive network of business correspondents throughout the country, to build a brand with the USP being providing CMS services as a value add in addition to fintech solutions, to integrate fintech solutions with RCMS and develop products for direct clientele. The digitization of CMS services using fintech solutions looks to be very promising for us.

Thank you.

Col. David Devasahayam: Thank you Alexander. I think now we'll open the floor for any questions that may be there.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Dhruv Mukesh Bajaj from Smart Sync Investment Advisory Services.

- Dhruv Bajaj:** My first question was that you have earlier guided that the new pricing model led to poor margin show in Q2 and that the management expected drastic improvement in Q3 and Q4 where your cash handling volumes are generally higher. However, numbers indicate otherwise. So, can you please guide us as to what was the reason behind this and when can we see some margin improvement?
- Muthuraman Natarajan:** As I mentioned the margins have improved from Q2 to Q3 despite a substantial increase in our investment in RVL, without we clocked roughly about a crore of revenues in RVL and incurred costs roughly in the range of about 4.5 crores. So, removing that we will see roughly about almost a 5% improvement in EBITDA margins in the core business. We do expect a further improvement from here in our core cash management business as we have taken measures as I mentioned in the e-com logistics segment which had depressed our top line growth. So, it's a combination of RVL investment and our muted revenue growth that is what is reflected in the current margins. We're taking measures to address both of these.
- Dhruv Bajaj:** Current guidance for FY25 stands at (+20%) but can you please give us some sense as to the margins that we can expect going forward and what will be the key drivers in the near term?
- Muthuraman Natarajan:** Colonel mentioned that 17% to 19% top line growth and we are expecting that the margins will restore to previous year levels soon in the next few quarters.
- Dhruv Bajaj:** We have seen a 760 basis points drop in the margins year-on-year basis. So, can you please quantify as to how much of that is due to operating deleverage, the new DBJ business and new pricing model, so we can get a sense that what is leading to this fall?
- Muthuraman Natarajan:** I just explained that, vis-à-vis the previous quarter almost a 5% improvement in EBITDA margins have happened. If you see over nine-month period again RVL would have accounted for more than half of that drop in margins and the rest of it will because of the muted revenue growth.
- Col. David Devasahayam:** I would like to add on to what Mr. Muthuraman has said and this we are now investing deeply into allied areas like diamond, bullion and jewelry movement and the recent acquisition of our digital banking solutions platform. Because the close synergy that it has with retail cash management and to leverage our existing network and optimize it, so that over time the revenue generation becomes far more positive. And this is a period of investment and a gestation period that we are currently going through, that I would like to emphasize at this point.
- Dhruv Bajaj:** I just wanted to understand that our PPE and capital work in progress has increased significantly in the current nine months. So, can you please give us a breakup in terms of where the CAPEX was incurred? Since I was seeing the vans have increased by around 30 and our safe has increased by 5, so I was unable to watch that what is leading to this high CAPEX cost?

Muthuraman Natarajan: The investment in CAPEX is mainly on account of cash van vehicles purchased during the current year. We have purchased about 200 vehicles during the current nine months.

Moderator: Next question is from the line of Sonal Minhas from Prescient Capital Investment Advisors LLP.

Sonal Minhas: I wanted to understand the unit economics level or some understanding of the fintech operations. What is the margin profile of this business? Is it at par with what we have or if we keep on investing in that business this will be at par with our current business over time? Because I think the general understanding is that segment is underserved largely because commercially it doesn't make sense. So, what is fintech and your cash management service blended with the fintech doing to make this particular vertical economically viable? If not now maybe 1-2 years essentially. So that will be great. Just understanding that. That's the first question.

Col. David Devasahayam: As you know that we are already deployed in over nearly 14000 pin codes at this point of time. The current FinTechs which are operated in the market do not have feet on street. While we have a detailed presence with our people and qualified people at all these locations. Now I'm talking about a great deal of synergy that exists with cash management services. And we see a lot of opportunity for both cash pickup as well as cash delivery requirements which can come up in Tier-IV, Tier-V plus locations where we have a strong presence. So that is how, it cannot be just compared with the normal current fintech model which is going on. But we can see far more value creation in the model that we are moving in a synergized manner.

Sonal Minhas: If you could quantify this particular argument with some numbers, what are the incremental parts of picking up let's say money from a kirana shop which has decent money throughput and how much margins do you make or the fintech makes basically which is required from this particular? This will help us just understand this, just need some quantification.

Muthuraman Natarajan: The current FinTechs I don't think offer CMS as a solution for picking up cash in any meaningful manner. What they provide is actually the point-of-sale machines, micro-ATMs, mobile apps, QR codes through which they enable the retail to transact digitally and earn some commissions. So where Radiant has that advantage like Mr. Alexander mentioned, we can offer both cash delivery services for the micro-ATMs as and when they run out of cash and cash pickup mechanisms from those business correspondents. The cost or the margins for the cash pickup and cash delivery that we will be offering will be done through radiant and the margin profiles will be similar to what we are doing in our existing business. We are not offering it at very low any different rates from what we are offering to any other retail outlet. At the same time the unit economics for Radiant Acemoney as a subsidiary will depend on the scale of its rollout. So, we hope to achieve breakeven over the next couple of quarters. Thereafter, as you can understand that is a commission driven business and some part of the commission is spread across the value chain and balance is retained by the originator. So, in terms of gross margins or EBITDA margins, it may not be comparable. The levers are very different in that business. But what we

are expecting is that the return on capital that we deploy in that will reach Radiant level or even exceed it over the next couple of years.

Sonal Minhas: What is the throughput level of a kirana shop for it to be serviceable and being a potential customer if I may understand? Because there are many kirana shops, some are big, some are small, there are some shops which have high cash throughput. What is the target segment of customers or small shops in terms of cash collection which basically seems addressable and where are we conducting this pilot? Is it a southern state, is it a special micro-market we are conducting this? Just explain that.

Muthuraman Natarajan: As I mentioned there are two parts to it. There is no minimum threshold for the fintech rollout which is rolling out POS machines, rolling out micro ATMs etc. There is no threshold. There's a significant government support also for building that payment infrastructure. So even roadside vendors, anybody who is not in the, so huge population of people who have got onto banking system but not yet got onto the digital banking segment. So, the growth on the fintech part of it is contingent or is dependent on that level of under penetration there. In terms of our pick up, where it will make economic sense for kirana stores will be as in a sense in a normal Radiant Cash Management, we start with a threshold of about Rs. 50,000 of collection per day in Tier-III plus locations where together with Acemoney we are rolling out this threshold could be even lower maybe 25,000 or so.

Col. David Devasahayam: Just to add on to what Muthuraman has said, we have already a dense network across the country. How you monetize that network is by adding additional pickup points to that existing network on the same route when we pick up more points. So therefore, the volume of cash from that individual outlet may not make any difference even if we say give them a slightly cheaper value because it's on the same route and there's just one more stop for us to pick up, how to deliver cash.

Sonal Minhas: Also just wanted to understand, the e-commerce business in which I think margins are under pressure and the contracts are being renegotiated and it's difficult to answer. But do you see an underlying trend of this happening with you in financial services and other sectors as well? Because there is a line that analyst community here can draw and say this is going to trickle down to other segments as well. So just want to understand that. That in general our contract getting renegotiated as you are scaling up and becoming a meaningful part of the expense of an e-commerce Company or cash any which ways is getting reduced in collection for an e-commerce Company, maybe for banks going further? So just from a 2-3 year out perspective just trying to understand this.

Muthuraman Natarajan: I'll answer that. So, I want to make a distinction between e-commerce and e-commerce logistics. This is speculative particular only to e-commerce logistics and not in e-commerce. We have reported robust growth in our e-commerce business. In e-comm Logistics we are witnessing this only in very remote locations where unit volumes are very small. Can't get much details into this

because it is competitive information in nature. But we are developing technology solutions to address this issue and the erosion is already stemmed. So, we are seeing marginal sequential growth as well. So, we expect it to restore back to our previous levels over the next two-three quarters.

Moderator: Next question is from the line of Ganesh Nagarsekar from Bharat Bet Research.

Ganesh Nagarsekar: Two questions from my side. First is on the retail touch point front; we've added just about 1260 odd retail touch points this quarter. This number has been going down sequentially over the last few quarters and we had guided to a much higher range of around 1000 odd touch points a month. So just wanted to check the reason why we are kind of growing materially slower and what the guidance for this could be going into FY25 and the second part is on the DVJ front to understand the competitiveness of our service versus the unorganized Angadia market and what would be the broad drivers of market share gain, given that we kind of operate under a regulatory construct where we have RBI regulated team and stuff like that whereas the unregulated market works with a much leaner structure? So wanted to understand our competitiveness in the DVJ and how we broadly plan to gain incremental share there.

Muthuraman Natarajan: In terms of point addition, it is a direct reflection of what I spoke as in specific segments specific subsegments, the revenue growth is fairly correlated with our points growth as well. As I said in BFSI and in organized retail, we have had excellent growth. The lower growth is on account—it's a net number what we are talking about—the gross additions have still been fairly in line with the slightly lower than what the guidance that we had indicated. But because of the churn and drop in the e-commerce logistics segment, the net additions have been on the lower side. As I said, corrective measures are being taken and our guidance for the future at 17% to 19% what CMD mentioned, should be achieved through a combination of both additional points as well as same point growth as well.

On the DVJ segment, the mechanics of operations between organized and unorganized is very different. So, we are focusing on the mechanics that the existing players offer in the organized segment. And it's an extremely underpenetrated segment. Like Colonel mentioned during our last call, there are more than (+1) lakh BIS registered jewelers, and the existing players cater hardly to few thousands of them. So, it's a large unpenetrated market and with our strong on the ground presence till that last mile, we believe we'll be able to offer a much better quality of service at competitive rates to the jewelers so that they migrate to, so that we have a right to win of those incremental markets.

Ganesh Nagarsekar: On the DVJ front you're saying we are kind of cost competitive versus not only the organized segment but even the unorganized as well or are we primarily competitive versus the organized itself?

Muthuraman Natarajan: So, as we understand the difference between organized and unorganized is not because of not so much the pricing difference. It is to do with billing, GST, additional costs etc. So, we are definitely competitive vis-à-vis the existing players and the unit economics there again it is like in RCMS business. It's a high fixed cost and high incremental gross margin business. So, to that extent we believe once we reach that critical threshold volume, we'll be fairly competitive to healthy profitability.

Ganesh Nagarsekar: If you could provide a kind of broad breakdown between on the touch point front, the gross addition for this quarter if you could provide the number?

Muthuraman Natarajan: We don't have that ready. But as I said it is slightly lower than the incremental numbers that the guidance numbers that we had indicated. Probably about ballpark in the range of about 2500-2600 for the quarter.

Moderator: Next question is from the line of Aditya Shroff from Incred Asset Management.

Aditya Shroff: My first question was, currently regarding top line growth, we are currently growing at around 8% to 9% on a year-on-year basis versus the competitors will continue to grow at 19% to 20%. So, is there any chance that we are losing market share?

Col. David Devasahayam: When we talk about the competition they're also into other segments where we are not present. We are largely into retail cash management and there if you see the growth, it is the same as far as the competitor is also concerned. So, I don't think that there is any change in the growth. Now, currently as I said earlier, we are looking at this is a gestation period. We are deeply investing into other aligned sectors while we continue to strengthen our core business and we are focusing on continued growth in this segment as well. So, the investments that we are making now in diamond, bullion and jewelry which is currently actually impacting our numbers is all going to turn into a positive thing in the middle term. So that's the way that we are going forward.

Aditya Shroff: So, when can we expect the diamond, bullion and jewelry segment to generate revenues from which quarter?

Muthuraman Natarajan: We are currently clocking roughly about a 7 crores annual run rate, going at a very healthy click on a small base. So, over the next two-three quarters we should be breaking and that's the expectation.

Aditya Shroff: My second question was, we have added some investments of around Rs. 11 crores which is visible in our balance sheet this quarter. So, I just wanted to understand what are these investments and can we expect higher other income from the next quarter onwards?

Management: This 11 crores investment we have made on the Asware Fintech Services where we acquired about 58% stake, not on the Radiant business.

Aditya Shroff: And lastly why was the finance cost higher in this quarter? It has increased from around rupees....

Muthuraman Natarajan: There are two reasons for that. One is, we have acquired Asware Fintech by investing about 11.2 crores. Second reason is our CAPEX during the last quarter was higher out of 200, as I told earlier we have purchased 200 vehicles. The bulk of that has come in the third quarter and hence our finance cost has increased during the current quarter.

Moderator: Next question is from the line of Sarvesh Mutha from Antique Stockbroking Limited.

Sarvesh Mutha: I'm continuing on the question from the previous participant. So, what we were saying that our performance was impacted by the DVJ business, but it still does not answer the question wherein why the growth rate of revenue is so low. This quarter it was just 8% year-on-year, last quarter was just 6%. And in the presentation, we mentioned that the retail cash management business should grow at 17% year-on-year for the next 3-4 years. But that kind of growth we are not showing in the numbers.

Muthuraman Natarajan: I explained it during my initial remarks as well as in the first question. Individual subsegments, we are witnessing healthy growth in BFSI, in organized retail, in petroleum. It's flat in railways and negative growth in e-commerce segment. So, the 8% is a combination of these individual subsegment growth. As I said we are addressing that e-commerce segment which should help us reach healthy growth in top line. On top of it our incremental businesses from direct sales, incremental business from RVL should help us reach the guidance numbers over the medium term.

Sarvesh Mutha: Every quarter we are seeing one or the other line of business blowing off. So sometimes it's petroleum, sometimes it's Railways then how do we stabilize from here?

Muthuraman Natarajan: That is the nature of a competitive business. Management is taking conscious efforts. The opportunity is huge, like CMD mentioned, and we are strengthening our direct sales team. We are fairly confident of the guidance numbers being met. Sir you would like to add about the opportunities.

Col. David Devasahayam: Now we have also moved into Instacredit where entire street can be a customer. So that we are not only based on wholesale clients, but we can also look at individual clients. Every single shop which is there can have a client and so that's one product. And now that's one of the reasons that we have also invested in Radiant Acemoney where each of these business correspondents is a potential client for us. So, the point I want to reemphasize is that we are a network Company with the most dense network in the whole country and now optimizing that network with a large number of additional pickups or delivery points on each of the routes that we are currently doing is the way that the revenue is going to grow. I've also repeatedly pointed out that including diamond, bullion and jewelry, we are looking at this year as a year for consolidation. There is

going to be a gestation period in the new businesses that we have recently got into or acquired and take it forward.

Sarvesh Mutha: On the presentation, there are many errors in the presentation. So, if I see why there is on the industries and segments on slide #7, I couldn't find it. If you can just clarify on that, the industries which exactly is 33% and 16% and 17%, the top three ones.

Muthuraman Natarajan: If you could see go to slide #7; is giving you individual subsegments. But these percentages as a percentage of the total for the quarter. So, if you could see BFSI has moved from 29% to 33%. So, 29% of 93 crores versus 33% of 101 crores. So, you can see that math and see that. E-commerce has grown more or less as organized retail is again moved from 16% to 17% on a larger base. E-comm Logistics is the one which has dropped from 8% to 5%. Railways is flat, petroleum has grown from 2% to 4%. So, all of these matches with what we just spoke.

Moderator: Next question is from the line of Imran from Longbow India.

Imran: Can you maybe enlighten us on the dividend that you paid in the last two quarters and not paid this time? Can you share your thoughts around the dividend part of the business?

Management: We are a very strongly dividend paying Company and we are on track to that. And it's carefully planned out. Last year we had given it in two parts as an interim dividend and a final dividend. This time it will be a final dividend which will be announced, it will be during the period of August.

Imran: And how one should think about it, what percentage of your profits would be dividend if you can share that if it is possible?

Management: No that would not be right at this time for me to speak about it. Let's say that is something that we believe in and that will be followed.

Moderator: Next question is from the line of Aasim from DAM Capital Advisors.

Aasim: I had a couple of queries on the industry per se. I wanted to understand the Frost & Sullivan chart that you have in your presentation about the addressable retail outlets. I'll just focus on the FY21 number, assuming that is close to reality. In that we have 3 million as the total addressable retail outlets, of which 450,000 are organized and 110,000 are those that are using this service today. So, my questions are, should the 450,000 number be assumed as a true market for retail cash management and not the total 3 million number given that most of the 3 million number would be much smaller mom 'n' pop stores? Second of the 110,000 touch points are using this service, how many would be outsourced to third party players like Radiant CMS and how many are being done by banks themselves?

Muthuraman Natarajan: So, the 110,000 that is rated number, the number could be close to about 140,000 today. And banks either offer this service and outsource it or don't offer this service. There is no question of bank servicing these points themselves. So, a bank cannot send its own staff to go and pick up cash with armed guards and securities. So, 100% of that is outsourced.

On your other question whether it is in fact 450,000 and the number that you are under 3 million. In fact, now we are talking of 2 crores is the total number of retail outlets. And with our acquisition in Acemoney, we believe each one of these 2 crores could be a potential customer. That is 20 million, not even 3 million. Each of these 20 million could be a potential customer where we can pick up cash or we can deliver cash. So yes, we can leave out the really small mom and pop stores but even a mid-size retail outlet which is transacting even as low as 10,000-20,000 in cash in a day will be a potential customer for us. Like Colonel mentioned with the development of Instacredit, there's every shop in the street is a potential customer. So, we are definitely bullish on the growth opportunities. Earlier the services offered only when the banks offered this to their end customers. With Instacredit and with our focus on direct customers, we believe the opportunities are humongous.

Col. David Devasahayam: One more point I'd like to add on to what Mr. Muthuraman has said. The opportunity is humongous. I don't know whether we can communicate it to all of you in the course of this discussion. But what we see here today as a group, it's a huge and humongous opportunity. But the point I like to make is that when you are going to direct clients, the aspect of due diligence because now money has got to be handed over. So, we are finding that there is a delay or this taking time before they are coming on board. This is something that we are unable to wish away and that's why somehow in terms of the timelines it is taking a little more time to get them on board. But the clients are very much there. The numbers have already been specified by Mr. Muthuraman and we are extremely bullish on this and looking forward.

Aasim: Just one clarification. So, the 3 million was pertaining to the retail industry, the 20 million number that you talked about. That would be much beyond retail, right?

Muthuraman Natarajan: Today we pick up from schools, colleges, even bigger outlets, we pick up from education institutes, small pharmacies. It's a whole host of sub-segments. Anywhere there is a cash collection either on a daily or periodic basis that's a potential point for pickup.

Col. David Devasahayam: The 30 lakh customers that we earlier spoke about are the organized retail points which are there in the country, of which today the entire industry together is doing about 140,000 to 150,000 points of which we are doing close to about 66,000 points. But what now Muthuraman specified is that now everybody requires the service. So we are not only looking at organized retail but we are trying to look at even those who are part of the unorganized sector. And that takes us to a much larger number which he was mentioning as about 2 cores such points are there. We are trying to see how we can make it work with them as well. And that's the market that we are looking at and how we can grow into that.

Aasim: Just a friendly suggestion; maybe you want to elaborate a little bit more on this potential market. At least I didn't spot it in our current Q3 presentation. Just like you want to talk about how large the market actually is beyond the retail touch points and you're having a first more advantage in the smaller cities kind of gives you the advantage per se. Second query is basically on the growth that we have done in the nine-month period. The 8% odd that we have, would it entirely be touching point led or is there some element of like for like same store growth also here?

Muthuraman Natarajan: It's both account for it. I would put, if you see our touch points growth. Touch points growth has been on 4,200 points on 630,000 points. That's little less than 6% or so. The rest of it would have come from the same store sales growth about 22%.

Aasim: And in the 17% to 18% growth, you're expecting ahead, would you be able to talk about how much would that be touch point led and how much would that be like for like and within the life for like portion also would it be more throughput led or is there a pricing growth element as well?

Col. David Devasahayam: This will actually come from the number of touch points. As I specified earlier, we are currently in conversation with a large number of direct clientele where the conversion is taking us a little while longer than we expected. We are also looking at all these smaller outlets which also deserve these services and how we can reach out to them. Because in the developed west every outlet is given an opportunity to avail of these services and that's what we are currently trying to achieve here as well.

Aasim: Just last one question; you mentioned Radiant Instacredit, what exactly is that?

Col. David Devasahayam: Radiant Instacredit is that whenever we go to an outlet like now where we are offering the service to outlets, the moment the pickup is done the credit is given instantaneously to them for a fee. In terms of an online transfer into their account. So, there is no requirement of any kind of collateral security like a bank guarantee or anything. They get instantaneous credit. But this is for very small collections. It can't be for larger collections.

Moderator: Next question is from the line of Chinmay Neema from Prescient Capital Investment Advisors LLP.

Chinmay Neema: Could you elaborate what Instacredit is? Just double click on previous participants question, what are the terms of credit? Is it high yield credit? Just if you could provide some more color on it.

Muthuraman Natarajan: No, the credit doesn't mean that we are giving any loans or lending. There is no high yield. It is instantly crediting the account of the retailer.

Moderator: As there are no further questions, I would now like to hand the conference over to Mr. Sohail Halai from Antique Stockbroking for closing comments.

Sohail Halai: Thank you Rhea. So, before we close, I just have one question from my side. You actually did mention that Radiant is not losing market share and probably has a very dense network which probably other players cannot compete in. So, I just wanted to understand what has changed in terms of the growth trajectory which was running at around 20% to around 8% to 9% for Radiant as well as if you're not losing the market share for the industry, is it the pricing, is it any alternate solutions for these retailers that have come up or what has led to a slowdown in the industry group? If you could elaborate on that.

Muthuraman Natarajan: It's a combination of all these three aspects that you mentioned. One is that the one subsegment e-comm logistics we spoke about that they have alternate solution to which our Instacredit is the risk mitigant that we are expecting that will etc. Yes, there has been some pricing pressure as well. It's a competitive industry, so there has been some pricing pressure. But for us the counter to that is to increase the number of points, so that our top line as well as profitability gets soaked. So, we are working out ways to increase our both, bank led as well as direct customers. These are the two key reasons for the muted growth compared to what we witnessed in the past. But as in essence from the feedback from the market that we get on the day-to-day interactions, we are firmly leading this market and there is no loss of market share at all.

Sohail Halai: Just in terms of attaching to this you said that the e-comm logistic actually got an alternate solution. So can you mention what are the alternate solutions that you are working on and why can't some of the other larger players can adopt same and probably that could lead to a slowdown in the revenue in future as well.

Muthuraman Natarajan: The loss of revenue is being addressed through our technology solution including that Instacredit that we are offering. So, with that we should be able to address that and restore our growth in that segment.

Sohail Halai: Finally, in terms of if we actually look at FY25, so 17%-18% kind of a growth on the core business. Are we on the similar guidance 18% to 20% kind of a growth for the core business excluding the DVJ?

Muthuraman Natarajan: Not only the core business, it's a combination of all. The Company as a consolidated revenues 17% to 19% is what our guidance is.

Sohail Halai: Thanks sir. This is very elaborative. So, thank you sir, Colonel sir and the team for giving us this opportunity to host the call. I would like to now hand over the call to Colonel sir for his closing remarks.

Col. David Devasahayam: Thank you very much Sohail. Thank you for a very well-organized call for us. As investors, I can say I thank you for your time. You all can be assured that we are well positioned to capitalize on the growing retail market footprint and the continued relevance of cash transactions in India. Our approach aligns perfectly with the market dynamics, enabling us to tap into the vast unserved market and drive sustained growth. I want to express my gratitude for your continued



*Radiant Cash Management Services
February 14, 2024*

support for Radiant. We are confident that our focus approach and strong performance will yield promising results for all stakeholders. Thank you very much for your time and your continued interest in our Company. Thank you very much.

Moderator:

Thank you. On behalf of Antique Stockbroking, that concludes this conference. Thank you for joining us and you may not disconnect your lines.