



Radiant Cash Management Limited

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Offer Details

IPO Size

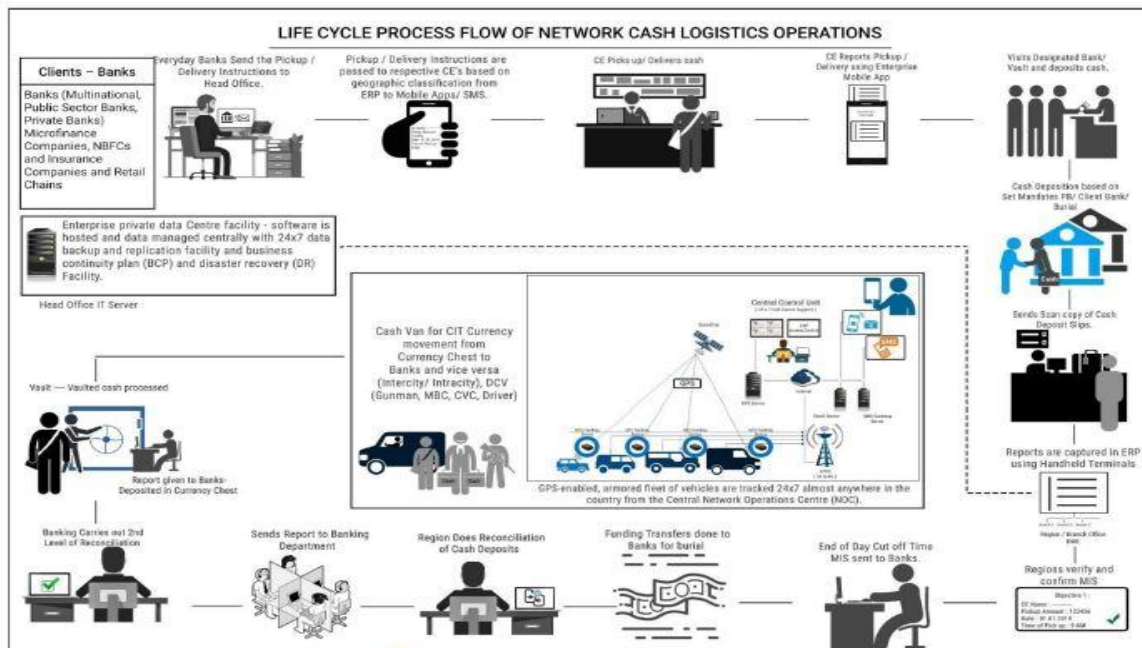
Rs. 387.94 Cr.

Shares Face Value	Rs.1 per share
Shares price band	Rs.94 to Rs.99 per share
Lot	150 shares
Opening date	December 23, 2022
Closing date	December 27, 2022

Company Overview

- Radiant Cash management services is engaged in the business of retail cash management.
- It provides services across **13,044 pin codes** in India covering all districts (other than Lakshadweep) with about **55,513 touch points** serving more than **5388 locations as on 31st July, 2022.**
- The company operates business across five business verticals namely:
 - 1) Cash pickup and Delivery:
 - 2) Network currency management.
 - 3) Cash processing.
 - 4) Cash Vans/ Cash in Transit.
 - 5) Other Value added services.
- Amongst its key clients are Axis Bank Limited, Citibank, Deutsche Bank Limited, HDFC Bank Limited, ICICI Bank Limited, Kotak Mahindra Bank, Standard Chartered Bank, State Bank of India, The Hongkong and Shanghai Banking Corporation Limited and Yes Bank Limited.
- The operations are integrated through technology, with its Network Operations Centre (“**NOC**”) at Chennai monitoring the movement of each of its specially fabricated armored vans using GPS and vaults being monitored through closed circuit television feeds. It offer **100% indemnification** to the clients and all cash movements on behalf of clients are insured.
- The following are the recent initiatives taken by the company:
 - 1) Automation and API integration.
 - 2) Implementation of CPIN/OTP while collecting cash adding one more level of security.
 - 3) Client view application.

The Following picture shows the **business model** of the company:



Revenue Model:

Cash Pick up and delivery	Fixed monthly revenue for each point of contract served.
Network currency chest management	Fees based on the value of currency deposited in the A/c.
Cash processing	Revenue based on amount of cash processed.
Cash Vans/Cash in transit	Long term: Monthly basis Short term: Hourly Basis.
Other Value added services	Manhour expended or amount of money stored.

Future prospects of the company:

- The company is planning offer to accept higher set of low denomination set which is a big challenge for banks to handle and dispose.
- The company is currently providing network currency management services with about 800 current accounts. It further plans to provide special pricing to end users with high volume of cash.
- It also plans to provide vaulting as stand-alone services to existing and new clients and also upgrade safes and storing rooms to vaults in future.

What is working for the company?

- **Banks continue to be the key clients of the company.** For the three months period ended June 30, 2022 and Fiscal 2022, Fiscal 2021 and Fiscal 2020, top three clients contributed 39.44%, 43.10%, 39.80% and 45.10% of its total revenue from operations, with the single largest client contributing 14.17%, 17.11%, 13.91% and 19.44%.
- **In India, COD (Cash on delivery) is the most popular way of payment for ecommerce retailers.** COD accounted for more than 60 percent of all e-commerce payments in Fiscal 2022. E-commerce companies and e-commerce logistics companies constituted 15.56% and 10.14% of revenues in Fiscal 2021 for handling the cash generated through their cash-on-delivery verticals.
- The company has strong financial performance. The EBITDA margin for the three months ended June 30, 2022, Fiscal 2022, Fiscal 2021 and Fiscal 2020 was 25.86%, 20.73%, 22.20% and 22.15%.
- The company has **asset light and sustainable business model.** It aims to reduce the management cost by being a technology led business.
- Since the company is working in a **risky business segment**, it gives priority to ex-armed forces. About **21%** of the staff strength is derived from the armed forces.
- The company is planning to **expand in the value added services** and the value added services provide high margins than cash pick up drop services.
- The business has **high entry barrier** due to the mandate issued by RBI in the year 2018. According to it only those players who meet the minimum criteria for the cash management services which is net worth of Rs 1 billion, minimum fleet size of 300 fresh fabricated cash vans, global positioning system planning (GPS) enabling all cash vans, tubeless tyres CCTV monitoring of all cash vans and two armed guards in each van, can be in the business.
- The company has strong insurance policy in place. It maintain commercial general liability insurance as well as group personal accident policies and group road safety policies for coverage of all our employees. **The insurance coverage ratio as on June 30, 2022 is 100%.**

What is not working for the company?

- There is a risk of **concentration of revenue**. The top 5 customers in terms of revenue contributed 64.13%, 62.66%, 66.03%, and 59.65%.
- The company **does not have any long term agreements** with the customers and the contracts are subject to periodic renewals, usually between every one to three years.
- The company handles large amount of cash and is always subject to **operational risks** like fraud, theft, embezzlement of employees, reporting errors and failures to meet specific requirements.
- The government is making efforts towards promoting a cash less economy which is a big threat for this company.
- The company is subject to a lot of competition and it faces pricing pressures from the competitors. Even though the industry has a lot of consolidation, it still has number of industry participants.

Financial Statements

Balance Sheet

Particulars	Note Nos.	As at June 30, 2022	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
ASSETS					
Non-Current Assets					
(a) Property, Plant and Equipment	1 (a)	126.99	131.59	94.49	67.30
(b) Capital Work in Progress	1 (b)	12.34	-	-	-
(c) Intangible Assets	2	8.28	9.32	16.05	14.66
(d) Financial Assets					
(i) Investments	3	-	-	-	282.37
(ii) Other Financial Assets	4	58.76	38.84	32.33	7.22
(e) Deferred Tax Assets (Net)	5	19.42	18.57	14.15	30.81
(f) Non Current Tax Asset (Net)	6	5.03	14.44	14.44	26.13
(g) Other Non Current Assets	7	4.77	0.31	7.73	0.30
Total Non Current Assets		235.59	213.07	179.19	428.79
Current Assets					
(a) Financial Assets					
(i) Trade Receivables	8	896.95	785.29	700.81	536.68
(ii) Cash and Cash Equivalents	9	686.33	702.06	537.75	379.24
(iii) Bank Balances other than (ii) above	10	94.25	90.63	136.22	127.21
(iv) Other Financial Assets	11	73.19	70.27	10.87	58.43
(b) Other Current Assets	12	53.15	44.41	56.60	45.88
Total Current Assets		1,803.87	1,692.66	1,442.25	1,147.44
Total Assets		2,039.46	1,905.73	1,621.44	1,576.23
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share Capital	13	101.25	101.25	10.25	11.10
(b) Other Equity	14	1,450.65	1,296.37	1,260.72	1,184.61
Total Equity		1,551.90	1,397.62	1,270.97	1,195.71
Liabilities					
Non-Current Liabilities					
Financial Liabilities					
(i) Long Term Borrowings	15	11.72	12.63	14.63	16.40
(ii) Lease Liabilities	16	5.30	7.95	17.59	0.10
Total Non Current Liabilities		17.02	20.58	32.22	16.50
Current Liabilities					
(a) Financial Liabilities					
(i) Short Term Borrowings	17	243.68	254.85	95.86	194.89
(ii) Lease Liability	18	12.20	12.09	11.81	0.57
(iii) Trade Payables	19				
a) Total Outstanding Dues of Micro Enterprises and Small Enterprises;		6.81	3.65	5.79	2.98
b) Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises		14.81	11.18	25.22	11.39
(iii) Other Financial Liabilities	20	117.35	119.55	101.63	104.69
(b) Other Current Liabilities	21	35.32	65.42	56.77	44.81
(c) Provisions	22	19.89	17.67	0.80	0.35
(d) Current Tax Liabilities (Net)	23	20.48	3.12	20.37	4.34
Total Current Liabilities		470.54	487.53	318.25	364.02
Total Liabilities		487.56	508.11	350.47	380.52
Total Equity and Liabilities		2,039.46	1,905.73	1,621.44	1,576.23

Note:-

Profit and Loss A/c

Particulars	Note No	For three months period ended June 30, 2022	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
I Revenue from operations	24	840.49	2,860.35	2,216.72	2,482.78
II Other income	25	3.28	9.39	24.86	35.02
III Total Income (I+II)		843.77	2,869.74	2,241.58	2,517.80
IV Expenses					
Employee benefits expenses	26	139.19	497.27	389.78	445.29
Finance costs	27	2.43	36.71	19.79	31.05
Depreciation and Amortization expenses	28	10.18	37.59	27.39	24.09
Other expenses	29	486.42	1,777.59	1,354.18	1,514.81
Total Expenses (IV)		638.22	2,349.16	1,791.14	2,015.24
V Profit Before Tax (III- IV)		205.55	520.58	450.44	502.56
VI Tax Expense					
- Current tax		53.61	141.08	108.50	138.79
- Tax relating to previous years		-	-	1.26	6.80
- Deferred tax charge/(credit)		(1.22)	(2.59)	16.35	(8.06)
Total Tax Expense (VI)		52.39	138.49	126.11	137.53
VII Profit for the Year/ Period (V- VI)		153.16	382.09	324.33	365.03
VIII Other Comprehensive Income					
Items that will not be reclassified to Profit or Loss					
Remeasurements of Defined Benefit Plan Actuarial Gains / (Losses)		1.49	(7.27)	1.23	3.43
Less: Income Tax expense on above		0.37	(1.83)	0.31	0.86
Total Other Comprehensive Income (VIII)		1.12	(5.44)	0.92	2.57
IX Total Comprehensive Income for the Year / Period (Comprising Profit and other comprehensive Income for the Year) (VII+VIII)		154.28	376.65	325.25	367.60
X Earnings Per Equity Share (Face Value of INR 1 each)	30				
(1) Basic (In INR)		1.51	3.77	3.20	3.60
(2) Diluted (In INR)		1.51	3.77	3.20	3.60

Cash Flow Statement

Particulars	For the period	For the year ended	For the year ended	For the year ended
	June 30, 2022	March 31, 2022	March 31, 2021	March 31, 2020
Cash Flows from Operating Activities				
Profit Before Tax	205.55	520.58	450.44	502.56
Adjustments:				
Depreciation and Amortization expenses	10.18	37.59	27.39	24.09
Provision for Gratuity	3.83	9.60	2.30	3.97
Provision for Bad & Doubtful Debts	1.95	0.20	(6.41)	(3.83)
Dividend Income	-	-	(2.75)	(11.18)
Interest income	(1.21)	(6.58)	(11.29)	(11.12)
Profit on sale of mutual funds	-	-	-	(5.22)
Profit on sale of fixed assets	(1.80)	(0.08)	-	(0.19)
Interest Expense	2.38	21.08	19.79	31.05
Operating Cash Flow before Working Capital Changes	220.88	582.39	479.47	530.13
Changes in				
Decrease/(Increase) In Trade Receivables	(113.61)	(84.68)	(157.72)	(3.05)
Decrease/(Increase) In Other Current Financial Asset(s)	(12.68)	(59.34)	47.90	4.88
Decrease/(Increase) In Other Current Asset(s)	(8.74)	12.20	(10.72)	0.35
Decrease/(Increase) In Other Non-Current Financial Assets	9.41	8.14	(25.11)	35.34
Decrease/(Increase) In Other Non-Current Asset	(4.47)	-	-	(0.08)
(Decrease)/Increase In Trade Payables Current	6.79	(16.52)	17.26	7.91
(Decrease)/Increase In Other Current Liabilities	(30.10)	8.65	12.30	13.27
(Decrease)/Increase In Other Financial Liabilities	(2.20)	18.34	(4.34)	4.17
(Decrease)/Increase In Short Term Provisions Current	(0.11)	-	(0.62)	(0.33)
Income Taxes paid (net)	(35.24)	(158.34)	(82.04)	(184.08)
Net Cash Generated from / (used in) Operating activities	29.93	310.84	276.38	408.51
Cash Flows from Investing Activities				
Purchase of Property, Plant & Equipment, Intangibles (Including	(16.87)	(61.05)	(30.56)	(52.33)
Proceeds from Sale of Fixed Assets	1.80	0.18	-	0.46
Investment in Fixed Deposits	(32.32)	(187.75)	(118.05)	(276.08)
Proceeds from maturity of Fixed Deposits	17.52	218.68	114.73	314.59
Proceeds from redemption of Mutual funds	-	-	282.37	450.99
Investment in Mutual funds	-	-	-	(385.00)
Interest income	1.21	6.52	5.26	5.04
Dividend Income	-	-	2.75	-
Net Cash Generated from/(used in) Investing Activities	(28.66)	(23.42)	256.50	57.67
Cash Flows from Financing Activities				
Shares bought back	-	-	(250.00)	-
Dividend paid (including Dividend Distribution Tax, as applicable)	-	(250.00)	-	(229.06)
Proceeds from borrowings	-	1.65	1.17	21.30
Repayment of long term loans	(0.91)	(3.08)	(2.50)	(2.42)
Net Increase / (decrease) in Short Term Borrowings	(11.17)	158.42	(99.46)	15.17
Payment of principal portion of lease Liability	(2.54)	(9.36)	(4.14)	(0.68)
Interest paid (including interest on lease liability)	(2.38)	(20.74)	(19.44)	(31.05)
Interest Paid	-	-	-	-
Net Cash Generated from/(used in) Financing Activities	(17.00)	(123.11)	(374.37)	(226.74)
Increase / (Decrease) in Cash and Cash Equivalents	(15.73)	164.31	158.51	239.44
Cash and Cash Equivalents at the Beginning of the Year	702.06	537.75	379.24	139.80
Cash and Cash Equivalents at the End of the Period/Year	686.33	702.06	537.75	379.24
Components of Cash and Cash Equivalents (Refer Note 9)				
Cash on Hand	0.84	0.37	1.07	1.24
Balances with Banks	43.45	84.33	168.05	121.82
Fund held relating to Cash Management activity	642.04	617.36	368.63	256.18
Total Cash and Cash Equivalents	686.33	702.06	537.75	379.24

Our recommendation

- Radiant cash management services is engaged in retail cash management services.
- The company is serving marquee clients in the segment of private and public banks, e-commerce operators, railways, and retail petroleum distribution outlets.
- It provides services across 13,044 pin codes in India covering all districts (other than Lakshadweep) with about 55,513 touch points serving more than 5,388 locations as of July 31, 2022.
- The company is operating in a risky business segment with competition.
- The valuations of the company looks expensive on the basis of price to book and price to earnings ratios.
- Our recommendation is “Neutral”.

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