



RADIANT CASH MANAGEMENT SERVICES LIMITED

Issue highlights

- ❑ **Radiant Cash Management Services Ltd ("Radiant")** was incorporated on March 23, 2005. Radiant is an integrated cash logistics player with leading presence in retail cash management ("RCM") segment of the cash management services industry in India and is one of the largest players in the RCM segment in terms of network locations or touch points served as of March 31, 2022.
- ❑ Radiant operates their business across 5 verticals:
 - Cash pick-up and delivery,
 - Network currency management,
 - Cash processing,
 - Cash vans /cash in transit,
 - Other value-added services.
- ❑ Radiant 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.
- ❑ Their marquee clients include some of the largest foreign, private and public sector banks, and the end user of the services include some of the largest e-commerce companies, retail chains, NBFCs, insurance firms, ecommerce logistics players, railways and retail petroleum distribution outlets. 4 of their Top-5 clients in Fiscal 2021, have been with them for a period of more than 5 years.
- ❑ For the 4 months period ended July 31, 2022 and Fiscals 2022, 2021 and 2020, the total annual currency movement, or the total value of the currency passing through their RCM business, amounted to ₹ 485.85 billion, ₹ 1,303.80 billion, ₹ 912.22 billion and ₹ 1,290.77 billion.
- ❑ As of July 31, 2022, they had a fleet of 739 specially fabricated armoured vans through a combination of leased vehicles and on short term contractual basis. This allows them to service clients across the length and breadth of the nation along with the support of a team consisting of 8,780 persons, including employees and contractual workers.
- ❑ Radiant is backed by reputed institutional investor, **Ascent Capital**, who has invested in the company in Fiscal 2015.

Brief Financial Details*

(₹ In Cr)

	As at Jun' 30,	As at Mar' 31,		
	2022(03)	2022(12)	2021(12)	2020(12)
Equity Share Capital	10.13	10.13	1.03	1.11
Reserves	145.07	129.64	126.07	118.46
Net worth	155.19	139.76	127.10	119.57
Revenue from Operations	84.05	286.04	221.67	248.28
Revenue Growth (%)	-	29.04%	(10.72)%	-
EBITDA	21.82	59.59	49.76	55.77
EBITDA Margin (%)	25.86%	20.73%	22.20%	22.15%
Profit before Tax	20.56	52.06	45.0	50.26
Net Profit for the period	15.32	38.21	32.43	36.50
Net Profit Margin (%)	18.15%	13.31%	14.47%	14.50%
EPS – Basic & Diluted (₹)	1.51 [^]	3.77	3.20	3.60
RoNW (%)	9.87% [^]	27.34%	25.52%	30.53%
NAV (₹)	15.33	13.80	12.55	11.80

Source: RHP *Restated Financial, [^] not annualised; PAT Margin and EBITDA Margin on Total Income; NAV on increased capital.

Issue Details

Fresh Issue of Equity shares aggregating upto ₹ 60 Cr and offer for sale of 33,125,000 Equity Shares

Issue size: ₹ 371 – 388 Cr

No. of shares: 39,507,979 – 39,185,606

Face value: ₹ 1/-

Price Band: ₹ 94 - 99

Bid Lot: 150 Shares and in multiple thereof

Post Issue Implied Market Cap = ₹ 1,012 – 1,062 Cr

BRLMs: IIFL Securities, Motilal Oswal, Yes Securities

Registrar: Link Intime India Pvt Ltd.

Issue opens on: Friday, **23rd Dec'2022**

Issue closes on: Tuesday, **27th Dec'2022**

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	30-12-2022
Refunds/Unblocking ASBA Fund	02-01-2023
Credit of equity shares to DP A/c	03-01-2023
Trading commences	04-01-2023

Issue break-up

	No. of Shares		₹ In Cr		% of Issue
	@Lower	@Upper	@Lower	@Upper	
QIB	19,753,990	19,592,802	185.69	193.97	50%
NIB	5,926,196	5,877,841	55.71	58.19	15%
-NIB1	1,975,399	1,959,280	18.57	19.40	-
-NIB2	3,950,797	3,918,561	37.14	38.79	-
RET	13,827,793	13,714,963	129.98	135.78	35%
Total	39,507,979	39,185,606	371.38	387.94	100%

NIB-1=NII Bid between ₹ 2 to 10 Lakhs

NIB-2 =NII Bid Above ₹ 10 Lakhs

Listing: BSE & NSE

Shareholding (No. of Shares)

Pre issue	Post issue [~]	Post issue [^]
101,253,360	107,636,339	107,313,966

[~]Lower price Band [^]Upper Price Band

Shareholding (%)

	Pre-Issue	Post-Issue
Promoter & Promoters Group	66.39%	53.21%
Public – Investor Selling S/h	33.61%	10.28%
Public – Others	0.00%	36.51%
Total	100.00%	100.00%

BACKGROUND

Company and Directors

The company was originally incorporated as 'Radiant Cash Management Services Private Limited' on March 23, 2005. The company was promoted by Col David Devasahayam and Dr. Renuka David. Currently, the Promoters hold 67,222,431 Equity Shares, representing 66.39% of the pre-Offer issued, subscribed and paid-up Equity Share capital of the company.

Brief Biographies of Directors

Col. David Devasahayam is the Founder, Chairman and Managing Director of the company. He has served in the Indian Army for over 24 years. He has been associated with the company since its incorporation. He has 16 years of experience in relation to his professional association with the company.

Dr. Renuka David is the Founder and Whole-time Director of the company. She has been associated with the company since its incorporation. She has 16 years of experience in relation to her professional association with the Company.

Ayyavu Palanichamy Vasanthakumar is the Nominee Director of the company as appointed by Ascent Capital Advisors India Pvt Ltd. He has been associated with the company since January 3, 2019. Currently, he is working as a Partner at Ascent Capital Advisors India Pvt Ltd. He has around 19 years of experience in venture capital and private equity investments.

Jayanthi is an Independent Director of the company. She has been associated with the company since 2021. She has 35 years of experience in Indian Administrative Services and has held various positions in the Government.

Ashok Kumar Sarangi is an Independent Director of the company. He has been associated with the company since 2021. He has 32 years of experience with the RBI.

Lt. Gen. (Retd.) Devraj Anbu is an Independent Director of the company. He has been associated with the company since 2021. He has over 35 years of distinguished tenure in the Indian Army.

Key Managerial Personnel

Thinniyam Vaidyanathan Venkataramanan is the Chief Financial Officer of the company. He has been associated with the company since August 2, 2021. He has extensive experience in Finance and Accounting.

Jaya Bharathi Karumuri is the Company Secretary and Compliance Officer of the company. She has been associated with the company since September 1, 2021. She has over 19 years of experience in Secretarial practice.

Col. Benz K. Jacob is the Director - Operations of the company. He has been associated with the company since December 3, 2008. He has over 28 years of experience in the Indian Army.

Karthik Sankaran is the Chief Technology Officer of the company. He has been associated with the company since February 4, 2020. He has over 16 years of experience in information technology.

Cyrus Shroff is the Head – Business Development of the company. He has been associated with the company since July 20, 2009. He has over 25 years of experience in Financial Services.

Alexander David is the General Manager of Operations of the company. He has been associated with the company since June 1, 2012. He has over 8 years of experience in operations.

Sunder Fernando is the AGM Finance and Accounts of the company. He has been associated with the company since February 3, 2016.

SJS Swamidoss is the Director - Banking for the company. He has been associated with the company since February 1, 2008. He was previously associated with the RBI as Director and he has over 37 years of experience in Banking.

Col. Krishna Mohan Rai is the General Manager of Operations & Administration of the company. He has been associated with the company since December 8, 2014. He has over 33 years of experience in the Indian Army.

Wg. Cdr. Shashank Naidu is the Director- Audit & IT of the company. He has been associated with the company since August 7, 2006. He has over 26 years of experience in the Indian Air Force.

OBJECTS OF THE ISSUE

Objects	(₹ In Cr) Amount
• Funding working capital requirements;	20.00
• Funding of capital expenditure requirements for purchase of specially fabricated armoured vans;	25.48
• General Corporate Purposes	[•]
Total	[•]

OFFER DETAILS

Fresh Issue	No. of Shares	WACA* per Equity Share (₹)
Fresh Issue (₹ 60 Cr)	Upto 6,382,979 [~] - 6,060,606 [^] Equity Shares	–
Offer for Sale	No. of Shares	
The Promoter Selling Shareholder:		
Col. David Devasahayam	Upto 10,125,000 Equity Shares	0.54
The Investor Selling Shareholders:		
Ascent Capital Advisors India Pvt Ltd	Upto 23,000,000 Equity Shares	21.23

([~] at lower price band and [^] upper price band); *WACA= Weighted average cost of acquisition (in a fully diluted basis)

SHAREHOLDING PATTERN

Shareholders	Pre-offer		No. of Shares offered	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoters	67,222,431	66.39%	10,125,000	57,097,431	53.21%
Promoters Group	200	0.00%		200	0.00%
Total for Promoter and Promoter Group	67,222,631	66.39%	10,125,000	57,097,631	53.21%
Public - Investor Selling Shareholder	34,030,529	33.61%	23,000,000	11,030,529	10.28%
Public – Others	200	0.00%		39,185,806	36.51%
Total for Public Shareholder	34,030,729	33.61%	23,000,000	50,216,335	46.79%
Total Equity Share Capital	101,253,360	100.00%	33,125,000	107,313,966	100.00%

BUSINESS OVERVIEW

Radiant Cash Management Services Ltd (“Radiant”) is an integrated cash logistics player with leading presence in retail cash management (“RCM”) segment of the cash management services industry in India and is one of the largest players in the RCM segment in terms of network locations or touch points served as of March 31, 2022. Radiant 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.

Their marquee clients include some of the largest foreign, private and public sector banks, and the end user of the services include some of the largest e-commerce companies, retail chains, NBFCs, insurance firms, ecommerce logistics players, railways and retail petroleum distribution outlets.

For the 4 months period ended July 31, 2022 and Fiscals 2022, 2021 and 2020, the total annual currency movement, or the total value of the currency passing through their RCM business, amounted to ₹ 485.85 billion, ₹ 1,303.80 billion, ₹ 912.22 billion and ₹ 1,290.77 billion. In fiscal 2021 Radiant has the highest EBITDA margin, ROCE and ROE amongst organised players in the cash management services segment.

They cater to broad set of outsourcing requirements pertaining to cash management services for banks, financial institutions, organized retail and e-commerce companies in India.

Radiant operates their business across 5 verticals:

- Cash pick-up and delivery;
- Network currency management (also known as cash burial in industry parlance);
- Cash processing;
- Cash vans /cash in transit and
- Other value-added services.

Service	Details of Services rendered
Cash pick-up and delivery:	The range of services under this segment consist of collection and delivery of cash on behalf of the clients from the end user. Based on volumes, multiple modes of transport are used for movement of cash and valuables, including 2-wheelers, hired vehicles and specially fabricated armoured vans. Their average daily volume of cash moved from all customers in the 4 months ended July 31, 2022, Fiscal 2022, Fiscal 2021 and Fiscal 2020 was ₹ 467.20 crore, ₹ 417.90 crore, ₹ 364.90 crore and ₹ 430.30 crore.
Network currency management:	The services under this segment consist of cash collection from end user and deposit into their current accounts and subsequent transfer to the client's accounts either on the same day or on the next working day. Company's network of more than 55,513 touch points and a wide network of bank accounts with various banks across the country, allows them to offer a unique value proposition to their clients, especially private sector and foreign banks, with limited branch networks.
Cash processing:	As an integrated RCM service provider, they also offer value added cash processing services to their clients. These primarily are in the nature of their trained executives sorting the notes into categories such as soiled, mutilated, fit, issuable, counterfeit, ATM-ready bundles, etc.
Cash Vans / Cash in transit:	The company also offer specially fabricated armoured vans, on long term or ad-hoc hire for movement of cash or bullion within their client's network.
Other value-added services:	The company also offers man-behind counter and currency chest operations to large retail stores and banks. As on July 31, 2022, they had 11 vaults, 16 strong rooms, and 28 safes. As of July 31, 2022, they were present across 55,513 touch points across 13,044 pin codes covering 11,553 touch points in tier 2 and 36,220 touch points in tier 3+ towns and cities across all states and union territories in India (other than Lakshadweep).

Contribution of revenue of each the 5 verticals:

(₹ In Cr)

Location	For the 3 months ended June 30,	For the year ended March 31,		
	2022	2022	2021	2020
Cash pick-up and delivery	58.82	191.52	131.04	164.91
Network currency management	14.87	64.40	49.60	57.50
Cash processing	4.14	13.38	7.92	8.40
Cash vans / Cash in transit	4.65	12.44	10.98	13.65
ATM	-	-	-	-
Other Value-Added Services	1.57	4.30	4.15	3.82
Others - COVID 19 lockdown negotiated billing	-	-	17.99	-
Total	84.05	286.04	221.67	248.28

Company's ability to offer RCM services across India, with presence in tier 2 and tier 3+ towns and cities has enabled them to attract some of the largest foreign, private and public sector banks in India as their clients. The revenues for each of the 3 months ended June 30, 2022, Fiscal 2022, Fiscal 2021 and Fiscal 2020, from tier 1, tier 2 and tier 3+ towns and cities, as a percentage of their total revenues for the respective periods was as follows:

Location	For the 3 months ended Jun'30,2022	Fiscal 2022	Fiscal 2021	Fiscal 2020
Tier 1	14.39%	12.81%	13.66%	11.95%
Tier 2	20.58%	19.61%	19.56%	13.49%
Tier 3+	65.03%	67.58%	66.78%	74.56%
Total	100.00%	100.00%	100.00%	100.00%

MARQUE CLIENTELE

The company has a client base covering some of India's largest foreign, private sector and public sector banks (including India's largest public sector bank). 4 of their Top-5 clients in Fiscal 2021, have been with them for a period of more than 5 years. Their end user segments are fairly well diversified across multiple sectors, including e-commerce companies, retail chains, NBFCs, insurance firms, e-commerce logistics players, railways and retail petroleum distribution outlets.

Banking Industry		Diversified Sector	
<ul style="list-style-type: none"> Axis Bank, Citibank, Deutsche Bank, HDFC Bank, ICICI Bank, Kotak Mahindra Bank, 	<ul style="list-style-type: none"> Standard Chartered Bank, State Bank of India, The HSBC, Yes Bank 	<ul style="list-style-type: none"> Bajaj Finance Ltd, Equitas Small Finance Bank, Ecom Express Pvt Ltd, Delhivery Pvt Ltd Hiveloop Logistics Pvt Ltd 	

The revenue from various end user industry segments for the 3 months ended June 30, 2022, Fiscal 2022, Fiscal 2021 and Fiscal 2020, was as follows:

End user Industry	For the 3 months ended June 30,		For the year ended March 31					
	2022		2022		2021		2020	
	Amount (₹ Cr)	% to Total	Amount (₹ Cr)	% to Total	Amount (₹ Cr)	% to Total	Amount (₹ Cr)	% to Total
E-commerce	10.33	12.29%	45.06	15.75%	34.50	15.56%	23.65	9.53%
Ecommerce - logistics	8.43	10.03%	26.07	9.11%	22.48	10.14%	19.18	7.72%
Banking, Financial Services And Insurance	28.07	33.40%	99.32	34.72%	70.27	31.70%	85.66	34.50%
Organised retail	13.84	16.46%	31.83	11.13%	21.53	9.71%	17.90	7.21%
Others*	23.38	27.81%	83.77	29.29%	72.90	32.89%	101.89	41.04%
Total	84.05	100.00%	286.04	100.00%	221.67	100.00%	248.28	100.00%

* Others consist of end users in various sectors including railways, oil and gas (primarily in the nature of retail petroleum distribution outlets), restaurants, courier service, hospitals and pharmacies, micro-finance and government and quasi-government entities.

Radiant has implemented API integration with certain of their clients, which allows them to provide near real time reports for their clients, in turn improving the client's access to information faster. Further, they have also created the **RADMUS** mobile application which is an enterprise mobile application for secure end-to-end reconciliation between the customer, end user and the company. Their approach towards continuous technology improvement and innovating is a key differentiation factor for the company.

As of July 31, 2022, they had a fleet of 739 specially fabricated armoured vans through a combination of leased vehicles and on short term contractual basis. This allows them to service clients across the length and breadth of the nation along with the support of a team consisting of 8,780 persons, including employees and contractual workers.

Their integrated service and product offering has enabled them to shift their business mix towards providing more value-added services to their clients, which has meant that they are able to offer their clients attractive pricing, more reliable service through a single point of accountability, improved advance planning of routes, faster reconciliation, as well as increased client loyalty and reduced client turnover. Their ability to do this is demonstrated by their industry leading EBITDA margin, ROCE and ROE amongst organised players in the cash management services segment in Fiscal 2020. Their EBITDA margin for the 3 months ended June 30, 2022, Fiscal 2022, Fiscal 2021 and Fiscal 2020 was 25.86%, 20.73%, 22.20% and 22.15% respectively.

Company's offerings and operations are backed by robust risk management policies, with their cash loss in transit for the 3 months ended June 30, 2022, Fiscal 2022, Fiscal 2021 and Fiscal 2020 being ₹ 2.54 crore, ₹ 1.89 crore, ₹2.70 crore and ₹ 2.52 crore, respectively. As on July 31, 2022, their risk management team consisted of 74 risk managers and 60 supervisors based across India, most of whom are retired junior commissioned officers from the armed forces. They also retain retired senior police officers as advisors in each state. The company follow a system of recruitment through reference, followed by background verification by their risk management team followed by police verification.

In addition, company's operations are integrated through technology, with their Network Operations Centre ("**NOC**") at Chennai monitoring the movement of each of their specially fabricated armoured vans using GPS and their vaults being monitored through closed circuit television feeds. Radiant offers 100% indemnification to their clients and all cash movements on behalf of their clients are insured. They also obtain tailor made insurance policies, structured as per client requirements. Radiant is certified by Intertek Certification Ltd under the requirements of ISO 9001:2015 for provision of cash management services through cash and cheque collection, transportation, processing, vaulting and deposition and they undergo periodic audit of processes and systems for the certification and renewals. They also undergo several external audit processes from clients on various aspects of operations including business continuity plans, disaster recovery plans and standard operating procedures on a periodic basis.

Radiant has a professional and an experienced management team, led by their Chairman and Managing Director and Promoter, Col. David Devasahayam, their Director Operations, Col. Benz K. Jacob, their Director (Banking), SJS Swamidoss, their Chief Financial Officer, Thinniyam Vaidyanathan Venkataramanan, their Chief Technology Officer Karthik Sankaran and their Head-Business Development, Cyrus Shroff, who are supported by a qualified and motivated pool of about 2,012 employees (as of July 31, 2022). Their key management personnel have experience and skills related to business operation, risk management, logistics and route planning, finance, accounts as well as experience in financial service industry. Together, they have demonstrated an ability to manage and grow their operations. Further, they are backed by reputed institutional investor, **Ascent Capital**, who has invested in the company in Fiscal 2015.

KEY FINANCIAL METRICS

(₹ in crore, except percentage data)

Location	For the 3 months ended June 30,	For the year ended March 31,		
	2022*	2022	2021	2020
Revenue from operations	84.05	286.04	221.67	248.28
Y-o-y growth	17.54%	29.04%	(10.72)%	12.38%
Total income	84.38	286.97	224.16	251.78
Y-o-y growth	17.61%	28.02%	(10.97)%	12.84%
EBIT	20.80	55.73	47.02	53.36
EBITDA	21.82	59.49	49.76	55.77
EBITDA margin (%)	25.86%	20.73%	22.20%	22.15%
PAT	15.32	38.21	32.43	36.50
PAT margin (%)	18.15%	13.31%	14.47%	14.50%
ROCE (%)	11.40%	33.07%	33.33%	37.91%
ROE (%)	9.87%	27.34%	25.52%	30.53%

* not annualised

Key performance indicators for the respective periods:

KPIs	As of July 31,	As of June 30,	As of March 31,		
	2022	2022	2022	2021	2020
Clients	68	68	65	56	57
End customers	3,149 [^]	2,853*	2,675	2,469	3,014
Pin codes	13,044	12,988	12,934	12,043	11,052
Locations	5,388	5,364	6,147	5,414	4,294
States	28	28	28	28	28
Union Territories	8	8	8	8	8
Total touch points	55,513 [^]	55,373	49,980	42,420	47,270
- Cash Pick-up points	50,158	50,092	45,082	39,375	41,450
- Beat pick-up points	47,503	47,508	41,151	35,863	36,009
- Request pick-up points	2,655	2,584	3,931	3,512	5,441
- Cash Delivery points	5,355	5,281	4,898	3,045	5,820
Split of touch points (tier 1, tier 2, and tier 3)	55,513 [^]	55,373	49,980	42,420	47,270
- Tier 1	7,740	7,544	6,113	6,618	6,682
- Tier 2	11,553	11,158	8,285	6,759	5,862
- Tier 3+	34,726	29,043	35,582	29,043	34,726
Cash Vans	739	739	739	694	629
Strong rooms	16	16	16	16	14
Safes	28	28	28	28	27
Vaults	11	11	11	11	11
Cash movement annual (₹ Cr)	48,584.8	36,251.6	130,380.4	91,221.6	129,077.3
Cash movement per day (₹ Cr)	467.2	464.8	417.9	364.9	430.3
Total network cash management (Annual) (₹ Cr)	16,229.4	11,891.5	53,860.3	38,269.7	48,933.4
Total network cash management (per day) (₹ Cr)	156.1	152.5	172.6	153.1	163.1
Total Staff (break-up between Employees on rolls and Cash Executive)	8,780	8,746	8,470	7,713	8,178
No. of employees as at end of year	2,012	1,996	1,892	1,660	1,787
No of cash executives (not on rolls) as at end of year	6,768	6,750	6,578	6,053	6,391

KPIs	As of July 31,	As of June 30,	As of March 31,		
	2022	2022	2022	2021	2020
Ex-Armed Forces Employees	1,844	1,844	1,896	1,803	1,801
% of Ex-Armed Forces Employees (%)	21%	21%	22%	23%	22%
Insurance Coverage (%)	100%	100%	100%	100%	100%
Cash Loss (₹ Cr)	2.54	2.54	1.89	2.70	2.52
Cash Loss as % of Cash movement (%)	0.007%	0.007%	0.001%	0.003%	0.002%
Insurance Premium Paid (₹ Cr)	0.88	0.88	2.97	3.10	2.16

*For an annual period of 12 months (July 2021 – June 2022; ^ For an annual period of 12 months (August 2021 – July 2022)

REVENUE MODEL

Service	Details of Revenue Method
Cash pick-up and delivery	The company ordinarily receive a fixed monthly revenue for each point of contact serviced, based on its location and daily cash limit, through long term contracts with their clients, of up to 3 years, renewable at the option of parties. They also earn additional revenues for ad-hoc request points, excess over cash limit, holiday pick-ups and evening pick-ups.
Network currency management	Company's fees are based on the value of the currency deposited in their accounts and is in addition to their revenues under the cash pick-up services for such points.
Cash processing	Their revenues are based on the amount of cash processed by them.
Cash Vans / Cash in transit	Company offers fabricated vans, on long term or ad hoc hire for movement of cash or bullion within their client's network. For long term hire, they charge their clients on a monthly basis with pre-determined hours and distance covered per day. For ad-hoc requirements, they charge on an hourly or distance covered basis.
Other value-added services	Man-behind counter and currency chest operations to large retail stores and banks, are charged on the basis of manhours expended or amount of money stored.

COMPETITIVE STRENGTHS

- **Leading integrated cash logistics player in a consolidating industry present across the value chain of retail cash Management**

Radiant is an integrated cash logistics player with leading presence in RCM industry and is one of the largest players in the RCM segment in terms of network locations or touch points served as of March 31, 2022. The Indian cash management services market revenue grew at a CAGR of more than 10% during the period between Fiscal 2010 and Fiscal 2021, growing from approximately ₹ 10 billion to ₹ 27.7 billion during this period. The RCM market is estimated at ₹ 6.8 billion in Fiscal 2021 and is projected to reach a market size of ₹ 20.4 Billion by Fiscal 2027, growing at a CAGR of 20.3%.

The growth in the organized retail sector as well as the corresponding outsourcing potential is expected to be prime factors for the development of the RCM market in India. Company's offerings cover the spectrum of retail cash management services (with the exception of ATM related services). Due to the inherent nature of services, the retail cash management, particularly network currency management and other value-added services provide for better pricing power and operating leverage compared to ATM related services. This is primarily on account of the ability to utilise the same infrastructure for multiple end users and for multiple clients with no direct linkage between the cost incurred and the revenues realised in each route, as compared to requirements for dedicated infrastructure and intermediary driven pricing in the ATM industry. Due to the relatively sticky nature of the business, Radiant also has significant ability to cross sell their value-added services such as network currency management and cash processing services. 4 of their Top-5 clients in Fiscal 2022 have been with them for a period of more than 5 years. These value-added services allow them to maximise value and provide better margins as compared to cash pick-up and drop services. They have accordingly ceased their ATM operations with effect from January 2019 and have diversified their operations towards other segments of the RCM industry.

In the RCM industry, there is a strong positive correlation between market share, network size and profitability and addition of a new point in an existing route contributes entirely to the profitability without any consequent increase in costs. The industry is consolidating due to changes in regulations designed to ensure that cash management companies meet certain operating standards with respect to the handing of cash. The top three players, of which Radiant is one, account for more than 75% of the total market share of the RCM market.

Radiant provides a wide range of services across each stage of the entire cash cycle in India and their services help increase the velocity of cash throughout the cash cycle and increase the speed with which they handle cash. In

addition, the size and wide reach of their network enables them to realize further economies of scale, allowing them to increase the productivity of their operations and their profit margins.

As a result of the increase in e-commerce penetration in tier 2 and tier 3+ towns and cities, e-commerce logistics companies are also expected to see resultant growth in volumes. In India, COD is the most popular way of payment for e-commerce retailers. COD accounted for more than 65 percent of all e-commerce payments in Fiscal 2020. As e-commerce penetration rises in these lower tiers, the percentage of COD payments is likely to rise in lockstep. E-commerce companies and e-commerce logistics companies constituted 15.56% and 10.14% of their revenues in Fiscal 2021 for handling the cash generated through their cash-on-delivery verticals.

- ***Pan India presence with strong network in Tier 2 and Tier 3+ locations and fast growing end user segments***

Radiant has more than 55,513 touch points as of July 31, 2022, covering 13,044 pin codes across India. They offer their services in all districts in the country with the exception of Lakshadweep. Of their touchpoints as of July 31, 2022, 55,513 or 86.06% are in tier 2 and tier 3+ towns and cities. Their revenue from operation from these markets in the 3 months ended June 30, 2022 and in Fiscal 2022, Fiscal 2021 and Fiscal 2020, was ₹ 71.95 crore, ₹ 249.37 crore, ₹ 191.39 crore and ₹ 218.61 crore, respectively. Their touch points in tier 2 and tier 3+ locations have increased proportionately from 40,588 on March 31, 2020 to 47,773 as on July 31, 2022. In the 3 month period ended June 30, 2022 and each of Fiscal 2022, Fiscal 2021 and Fiscal 2020, they earned 85.61%, 87.19%, 86.34% and 88.05% of their revenues from tier 2 and tier 3+ towns and cities.

Company's strong presence in tier 2 and tier 3+ markets allows them to be well positioned to capture the increased business for these sectors, through their existing end users and customers. Their pan-India footprint enables them to offer their services to their customers in these areas as they grow their businesses and take advantage of opportunities created by the government initiatives and the resulting increased business of their customers and end users. Their platform offers their customers a single point of reference across India for their operations, as well as an integrated service offering.

- ***Diversified client base with long standing relationship and ability to cross-sell value added services***

Company's ability to offer RCM services across India, with presence in tier 2 and tier 3+ towns and cities has enabled them to attract some of the largest foreign, private and public sector banks in India as their clients. They have a marquee client base covering some of India's largest foreign, private sector and public sector banks (including India's largest public sector bank). For the 3 months period ended June 30, 2022 and Fiscal 2022, Fiscal 2021 and Fiscal 2020, their Top-3 clients contributed 39.44%, 43.10%, 39.80% and 45.10% of their total revenue from operations, with their single largest client contributing 14.17%, 17.11%, 13.91%, and 19.44%, respectively.

Radiant obtained its first Retail Cash Management contract from Deutsche Bank in August 2005 for cash pickup and delivery services and network cash management services for end-users in the states of Tamil Nadu and Kerala. Over the years, their relationship with Deutsche Bank has expanded to cover Retail Cash Management services in all the states across India and Deutsche Bank continues to be one of their key clients even today.

- ***Robust Operational Risk Management***

Risk management is a critical aspect of company's operations as they are handling, transporting and managing large quantities of cash on behalf of their clients. Accordingly, they have prepared and instituted a robust risk management framework, which consists of multiple layers, including for their human resources as well as for their technological infrastructure. Their risk management framework is subject to periodic audit and various portions of their risk management policy including the business continuity plan and standard operating procedures are also subjected to audit by their clients, including many foreign banks. The ERP has been built to meet information security requirements and is audited by major national and multinational banks.

Company's country wide network is comprised of a well laid network of 74 risk managers and 60 supervisors. The risk management team is headed by the Director (Operations) who is assisted by a team of 134 employees, which include 70 ex-armed forces personnel and 64 other professionals. Their network is designed in a manner that risk managers will reach any point of adverse incident within 3 hours.

Their enterprise risk management framework consists of their Board approved risk management policy. The risk management framework is the means, by which they adopt practices designed to identify, assess, manage and mitigate any enterprise-wide risks.

- ***Significantly built-up technology to optimise operational profitability***

The key initiatives that Radiant has undertaken in this space are as follows:

- **Automation and API integration** with clients which allows them near real time reports for their clients, this improved the clients access to information faster thereby giving the customer another reason to choose them for provision of services.
- **Implementation of CPIN/OTP** while cash collection adding one more level of security
- **Client view application** provides direct access to their points and pickups and thereby providing them real time data.
- **QR code Scan** to recorded cash collected there by avoiding any manual intervention while picking up cash and the possible errors.
- **Mobile Applications** namely the Radmus App and Radiant Sandesh App, which is an enterprise mobile application for end-to-end reconciliation.
- **Steady financial growth**

Radiant has a track record of strong financial performance and delivering returns to shareholders. They have a scalable and asset-light model. They have focused on managing costs by using a technology-led business model. In last couple of years, they have created significant infrastructure in the form of digital assets and physical presence which will help them in generating operating leverage in their business operations.

- **Experienced management team and backed by a reputed institutional investor**

Company's management team has extensive experience in the cash management services sector. Their management have experience in various sectors, including security services, risk management, logistics and financial services. The management is supported by a qualified and motivated pool of about 2,012 employees (as of July 31, 2022). Further, given the nature of their operations, they rely significantly on ex-armed forces for their operations with up to 21% of their employee strength being derived from the armed forces. Further, they are backed by reputed institutional investor, **Ascent Capital**, who has invested in the company in Fiscal 2015.

KEY BUSINESS STRATEGIES

- **Capitalize on strong growth of key end-user sectors**

Company's end users operate across various sectors with end users in e-commerce, organized retail, e-commerce logistics and financial services, being their key end user sectors. Each of these 4 sectors have grown in the past and are expected to grow further. The end users in these segments have significant expansion plans in the medium term and they intend to capitalize on this strong growth with their country-wide infrastructure, company's quality of service delivery and strong relationship with these end-users. Despite the ongoing pandemic, they have received letters of intent from their clients for over 1,000 service points every month, in the last 12 months.

Further, with the growth in cash in circulation in the economy, they expect that banks will also be able to add newer end users, thereby increasing their scope of growth. They also expect significant growth to come through addition of more banks to their client-base. With recent consolidation of PSU banks through merger, they expect more such banks to offer doorstep banking services to their corporate clients and in turn outsource such services to companies such as Radiant.

- **Improve the share of Value-Added-Services in the revenue mix**

Owing to the increased financialisation and formalisation of the Indian economy, the greater amount of cash will require to be processed and be in circulation in the economy. There is a large potential for growth of their existing services, especially value-added services. Value-added-services offered by Radiant, including network currency management, cash processing, vaulting, and low denomination notes/coins conversion, give them twin benefits of strengthening their relationship with the clients while also adding to their profitability.

Radiant aims to increase the share of value-added services through the following strategies:

- Offer to accept higher share of low denomination notes and coins, which are a big challenge for the banks to handle and dispose.
- The banking infrastructure which complements their network currency management services has about 1,000 current accounts across all tier 1 cities, tier 2 towns and cities and several tier 3+ towns, cities and villages. Company's strategy in this segment is to offer combined special pricing to end-users with high volume of daily cash, supported with robust MIS through their technology platform to attract more end-users to adopt network currency management as integral part of service they avail from them.
- As on July 31, 2022, Radiant has 11 vaults, 16 strong rooms, and 28 safes. They intent to augment their 5,388 locations network to more locations and also upgrade their safes and strong rooms into vaults in the medium term. Company's strategy in this segment is to start offering Vaulting as a stand-alone service to the existing and new clients as an outsourced service at competitive rates.
- **Target direct end-users to improve profitability through increasing route density**

Radiant has invested significantly over the years in developing route infrastructure across the country, and they aim to build a sales organisation in each of its regional offices with specific mandates to target small and mid-size retail outlets along the existing routes and offer the services directly to these outlets. Company's services are offered at highly competitive rates. The revenue from additional points will contribute to the bottom line of the company, as incremental costs of servicing these points are minimal.

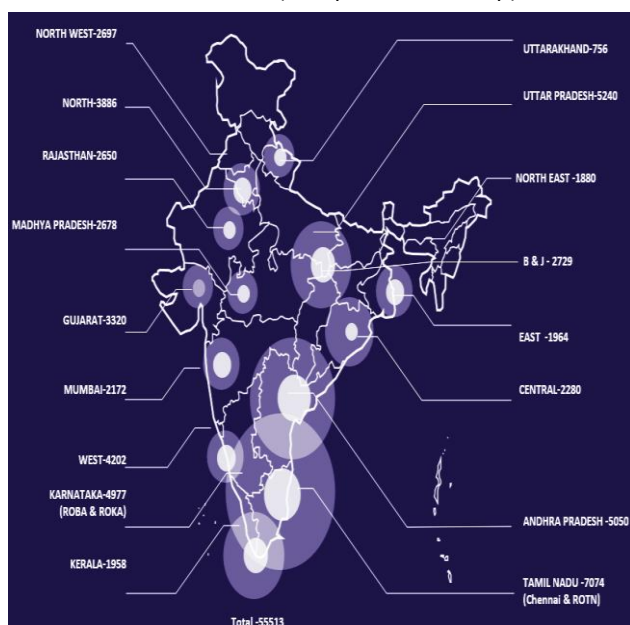
The company plans to strengthen their existing sales and marketing team, which is currently spread across Mumbai, Chennai and Jodhpur, with addition of a business development team at some of their regional offices to tap the local business and target direct customers.

- **Increase market share from unorganized players in Cash Van Operations**

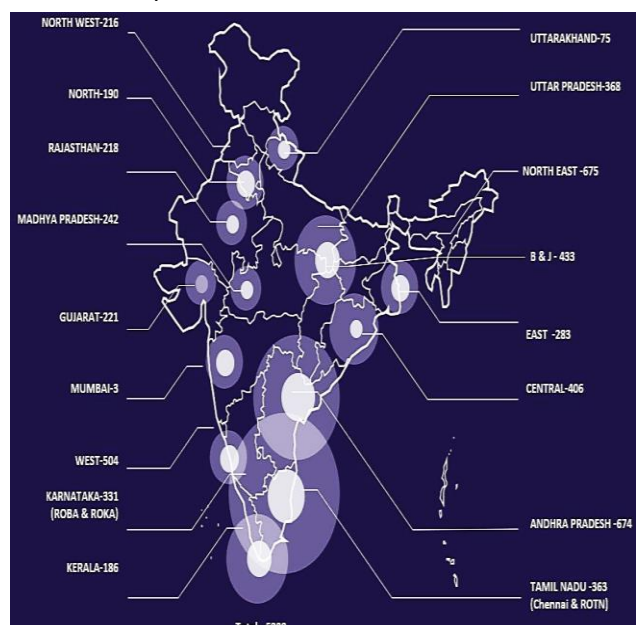
Due to the RBI directions of 2018, mandating maintenance of a minimum net worth of ₹ 1 billion and a fleet of at least 300 vehicles, Frost & Sullivan expects consolidation in the cash management services industry with the number of unorganised or smaller players ceasing to carry out this business on account of being unable to meet the relevant net worth requirements. The company intends to focus their efforts in consolidating their presence in the cash management services industry with specific focus on Cash-in-Transit / Cash van operations vertical, which has been the main focus of the unorganized players who are exiting this business because of the RBI regulations.

GEOGRAPHICAL PRESENCE*

More than 55,513 touch points, across all states and union territories in India (except Lakshadweep)



Operational network of 5,388 locations, covers all parts of the country to the district level



* As of July 31, 2022

INDUSTRY OVERVIEW

As per Frost & Sullivan, the RCM market is estimated at ₹ 6.8 billion in Fiscal 2021 and is projected to reach a market size of ₹ 20.4 billion by Fiscal 2027, growing at a CAGR of 20.3%. Growth is expected to be driven by a growth in currency-in-circulation (“CIC”), which is expected to reach ₹ 50.00 trillion by Fiscal 2027, increasing customer base in the form of rising number of retail outlets (both organized and unorganized), cash-on-delivery (“COD”) in ecommerce, petroleum outlets, insurance premium payments, railways, NBFCs, microfinance, restaurants, etc., efficiencies arising from adoption of RCM and higher penetration of COD as a method of payment in tier 2 and tier 3 cities (90%).

Further, the Indian e-commerce market is predicted to be worth ₹ 9.4 trillion by Fiscal 2025. The Indian E-commerce industry has been on an upward growth trajectory and is expected to surpass the US to become the second largest e-commerce market in the world by Fiscal 2034. Tier 2 and Tier 3 locations are expected to contribute to the growth trajectory of the e-commerce market, with e-commerce companies in India reported a 55% increase in sales at US \$ 4.1 billion across platforms in the first week of festive sales in October 2020 driven by increased demand for smartphones and rise in demand from Tier 2 and Tier 3 cities.

COMPETITION

The market for cash management services is very competitive, and this trend is expected to continue in the future as well. A significant number of companies are offering dedicated services within the cash management sector. Most players have substantial competitive advantages in terms of their focus on specific areas within the market, the ability to strengthen relationships with their strategic partners and strong presence across key geographical regions. Radiant compete with other Indian companies, operating in the organised and unorganised sectors in the provision of RCM services across all their verticals. Some or all of their competitors may be present in each of their verticals.

Their competitors include **CMS Info Systems Ltd., Writer Safeguard Pvt Ltd, SIS Prosegur Holdings Pvt Ltd, Brinks India Pvt Ltd, and Securevalue India Ltd.**

Competitive Landscape – Comparison of Top Players (as of March 31, 2022)

Company	Total Workforce	ATM Cash Management (# of ATMs)	Retail Touch Points (RCM)	RCV (# of vaults)	DCV (# of vans)
CMS Info Systems Ltd.*	20,000,	63,000	40,000	400	900
Securevalue India Ltd	8,716	46,214	DNA	45	232
Writer Safeguard Pvt Ltd	6,000+	18,000	12,000	60+	NA
SIS Prosegur Holdings Pvt Ltd	DNA	14,000	5,000	59	1,000
Brinks India Pvt Ltd	7,000	< 5,000	DNA	DNA	NA
Radiant Cash Management Services Ltd	8,470	NA	49,980	55	739

DNA – Data not available; NA= Not Applicable; *Data for CMS is as of October 31, 2021

	CMS Info Systems Ltd	Radiant Cash Management Services Ltd	Securevalue India	Writer Safeguard Pvt Ltd	SIS Prosegur Holdings Pvt Ltd	Brinks India Pvt Ltd
Headquarters	Mumbai	Chennai	Mumbai	Mumbai	Delhi	Mumbai
Key Area of Focus within Cash Management	Presence across ATM cash management, RCM, DCV and Managed Services	Key focus on RCM and DCV	Key focus on ATM cash management with limited presence in RCM and DCV	Mostly focused on ATM cash management and RCM	Key focus on ATM cash management and DCV. Limited presence in RCM	Presence across all segments with increasing focus on RCM

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2022)

Name of the Company	Consolidated/ Standalone	Face Value	Closing price on Dec'7,2022	Total Revenue Fiscal 2022 (₹ Cr)	EPS		NAV (₹)	P/E	RoNW (%)
					Basic	Diluted			
Radiant Cash Management Services Ltd	Standalone	1	-	286.97	3.77	3.77	13.80	[●]	27.34
Peer Group									
SIS Ltd	Consolidated	5	389.30	10,111.76	22.09	21.87	140.87	17.62	15.71
CMS Info Systems Ltd	Consolidated	10	328.40	1,597.58	15.07	14.33	82.02	21.79	17.84

Source: RHP, P/E Ratio has been computed based on the closing market price of equity shares on BSE on December 7, 2022.

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