"Radiant Cash Management Services Limited Q1 FY27 Earnings Conference Call"

August 18, 2026

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Moderator: Ladies and gentlemen, good day and welcome to Radiant Cash Management Q1 FY27 Earnings Conference Call.

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. Raju Barnawal from Antique Stock Broking Limited. Thank you and over to you Mr. Barnawal.

Raju Barnawal: Thank you. Good morning and welcome everyone to Q1 FY27 Earnings Conference Call of Radiant Cash Management.

Today we have with us the Management Team of Radiant Cash Management represented by Mr. Alexander David – Whole-Time Director, Mr. Venkataramanan – CFO, and Mr. Muthuraman – Head (Strategy) and IR. With this, I hand over the call to Mr. Alexander for his opening remarks, post which we will start the Q&A session.

Thank you and over to you, sir.

Alexander David: Thank you, Raju. Good morning, everyone. Unfortunately, our CMD is today a little unwell so I would be representing him today on today's call. Thank you for joining us today for Radiant's Investor Call.

The standalone revenues for the quarter grew by 7% over the same quarter previous year. This growth was driven by commencement of a recent large mandate with IDBI Bank.

We also had healthy growth in revenues from cash van operations. The revenue decline in Ecom Logistics segment has been arrested and the segment reported positive growth in the current quarter. We handled cash volume of Rs. 0.43 trillion during the quarter, a growth of about 2.3% over the same period last year. We had one of the least amounts of gross cash losses in this quarter at Rs. 2 million. We continue to have the lowest cash losses in the industry by a wide margin because of our robust risk management systems.

Our standalone EBITDA margins for the quarter Q1 FY27 dropped to 13.5% from 15.9% in the same quarter last year. The drop is on account of increase in our manpower costs, specifically the cost of gunmen in certain regions and increase in minimum wages in few states affected our margins for this quarter.

The company has sought significant price revision with all its customers and expects the same to materialize in the current quarter. The improvement in profitability of co-business hinges on three critical aspects, business growth, price revision, and cost optimization. We have added experienced resources from the industry to drive our business growth, both from banks as well as direct clients.

The recent initiatives taken at our industry level is expected to help in price revisions as well as abating the intensity of competition. Cost optimization is an ongoing exercise. We are increasingly using technology for cost reductions and expect to see the impact in the coming quarters.

Radiant Valuable Logistics has shown very good traction with revenues reaching Rs. 22 million for the quarter. Induction of senior resources from the valuable logistics industry and signing up of new marquee national chains has helped improve revenues at a brisk pace and the management is confident of reaching breakeven in the current quarter.

Consolidated Financial Performance:

The overall consolidated PAT has dropped to Rs. 52 million in Q1 FY27 from Rs. 57 million in the same quarter last year, as the Fintech subsidiary reduced its losses in this quarter.

The subsidiary is currently scaling up its Soundbox and QR code deployments with several rural and urban banks and improving its transaction revenues on installs based on POS machines.

The team is confident of turning EBITDA positive in the current quarter and contributes meaningfully to the overall profitability of the company in the full year. Mr. Muthuraman will provide more details on Ace Money's performance and future plans.

We remain committed to provide transparent updates on our progress and answering any questions you may have.

I would now request Mr. Muthuraman to speak about the performance of Acemoney, followed by Mr. Venkataramanan to speak about the financial performance and KPIs.

Muthuraman Natarajan: Thanks Alex. Good morning, everyone. Thanks for joining this earnings call.

I would be presenting the update on Radiant Acemoney, our Fintech subsidiary.

As we had mentioned in our last call, PIDF subsidy was discontinued in December 2025, after which the focus of Radiant Acemoney has been to improve its transaction revenues from the installed base of POS machines and business correspondence from among this network. Radiant Acemoney has also increased its thrust on deployment of Soundbox and QR codes for rural and urban banks, which has gained significant traction.

Radiant Acemoney currently provides Soundbox both on outright and rental models and has a target to deploy over 50,000 Soundboxes in the current financial year. Besides transaction revenue and Soundbox deployment, Radiant Acemoney has diversified its revenue base to include establishing a corporate BC network for banks, providing white-label UPI solutions, and extending its Fintech software solutions for smaller banks and NBFCs. Initial traction has already been achieved for each of these businesses in Q1 FY27 and the management is confident of scaling them up in the current financial year.

Currently, we have a network of over 20,000 BCs, cumulatively deployed over 58,000 Soundboxes so far, and facilitated a transaction volume of Rs. 170 crores in Q1 FY27. We will continue to provide regular updates on the progress of Acemoney to our investors as we scale greater heights in the coming months.

I would now request our CFO – Mr. Venkataramanan, to present our financial performance.

T.V. Venkataramanan: Thank you, Mr. Muthuraman. Good morning, everyone. Thanks for joining us on this investor call today.

I will present the company's key performance indicators and financial performance for the quarter ended 30 June 2026.

The retail cash management business grew at 5.5% during this quarter over same period last year, with the growth coming mainly from the IDBI mandate that commenced in this quarter.

In terms of sectors, BFSI and Organized Retail grew at a healthy pace while Railways, Petroleum and E-Commerce segments witnessed sluggish growth in this quarter.

In this quarter, we handled Rs. 0.43 trillion of cash, a growth of about 2.2% over the same period last year. Direct clients accounted for 18.4% of our revenues for this quarter, up from 14.3% in the same period last year.

Our gross cash losses for this quarter stood at Rs. 2.06 million, or 0.0005% of the total cash handled during the year. This is one of our lowest cash losses in a quarter since we went public in 2023, and also the best performance in the industry, a reflection of our strong focus on risk management and ex-servicemen culture in our company.

Radiant Valuable Logistics reported revenues of Rs. 22.1 million, reporting sequential growth of 24% in Q1FY27 over Q4FY26, and is well on its way to achieve positive EBITDA in the current financial year.

Coming to the financial performance:

Consolidated revenues for the quarter were Rs. 1.08 billion, representing 5.8% growth over the same period last year. Standalone revenue growth was 7.05%. The standalone EBITDA margin for the quarter was 13.5%, as against 15% in the previous quarter, despite reduced losses in Radiant Valuable Logistics.

Key reasons for this margin reduction were a sharp increase in manpower-related costs, namely employee costs, driver and gunman costs, and service charge expenses towards cash executives. A sharp increase in minimum wages and a shortage of licensed gunmen in several southern states was driving higher manpower costs.

The company has taken up with all its customers for price revisions and expects the same to materialize in the current quarter. The consolidated EBITDA margin for the quarter improved marginally to 11.01% from 10.7% in the previous quarter due to narrowing down losses in Radiant Acemoney. The working capital management continued to remain excellent, with debtors reducing to 65 days' revenue in June 26, down from 70 days' revenue in March 2026.

Cash balance continues to be healthy at Rs 2.1 billion as on 30 June 26, of which free cash flow is Rs 644 million. For the remaining quarter of FY27, the management expects Aceware and Radiant Valuable Logistics to turn profitable, improving EBITDA margins on the back of price revisions from customers and higher growth revenue of the core business. The management is actively working towards meeting each of these milestones and confident that the same will reflect in the financial performance in the coming quarters.

Now I hand over the floor for questions and answers.

Moderator: The first question comes on the line of Vinit Sahu, an Individual Investor. Please go ahead.

Vinit Sahu: So, Alexander, you talked about three drivers to growth and profitability and two of them, which is business growth and cost reduction. You have been talking for the last six quarters without any real settlement. The third is price hike, which I think is the new one that you talked about. So, my question to you is, you know, price hike, the inflation has been there for five months, right from March onwards. And you are dealing with a bunch of private companies. So, what is taking price hike so long? And what exactly do you mean by business growth? Because your core business itself has grown at 1% or 2%. So, can you just elaborate on this diverse and when, how this is going to get achieved?

Muthuraman Natarajan: Yes, thanks, Mr. Sahu. So, our contracts are typically long-term contracts with the banks with no specific identified prices, automatic price escalation on an annual basis.

That's how the industry operates. In the past, there has been a steady growth in number of points that they give to us, which will accommodate the cost increases, which happens, inflationary cost increases. Now, in recent times, because of lack of fresh points that banks allocate to us, either because of competitive pressures or because of their change in focus, the number of points from the banks are not increasing.

So, that is why our focus is on improving the direct lines. So, that is the reason and correspondingly in the same period, obviously, the manpower costs have increased, both regulatory as well as market driven. Regulatory in terms of minimum wages in certain states, particularly northern states and Karnataka and market driven, particularly for the gunmen costs.

Because of that, the industry, the Cash Logistics Association as an industry made an appeal to Indian Bank Association and advanced levels of discussions have happened. And IBA has formed a committee for looking into the price revision and promised to revert within a very short period of time. And we are expecting these negotiations to get completed in Q2.

And the price revision should come through. So, the cost reduction is an ongoing measure. If you can see that, in a sense, despite the – well, our volume of cash, if you see over a longer period of time, the volume of cash handled remains the same.

The number of points has increased, which means the cost of servicing those points are higher. But we have been able to contain our costs, particularly bank charges and cash executive expenses. But own employee costs, because of inflationary nature, has increased at about 8%-9% every year, whereas our revenue growth has not been.

So, cost is fairly in our control, and we have – management has taken conscious measures. Price revision I addressed. The revenue top line growth is where we do face challenges.

Management is conscious. We have hired certain senior resources from the industry now. And also increased our focus on direct clients.

So, today it is about 18%, up from 14%. And we believe our future growth could come largely from increasing trust in the direct client's business. So, as an organization, I think we are infusing the sales DNA across the hierarchy, and it is definitely taking longer than what we had anticipated in the past.

And so we are taking measures to address that, and we expect that the current year revenue growth should – So, IDBI mandate has helped in this quarter's growth. But beyond that, we have lined up a few large names and direct clients, and we hope that the revenue growth will cross double digits in the current year.

Vinit Sahu: So, you picked up a large deal last year, which would have added on Rs. 4 crores from quarter one onwards per quarter. So, if I take that Rs. 4 crores out, our core growth is zero. So, are you saying that when you grow by, say, double-digit, let's say 12% to 14%, it will be outside this large deal from the bank that you picked up last year?

Muthuraman Natarajan: No. Including this IDBI Bank, we will have double-digit growth is what our expectation is for the current year.

Vinit Sahu: So, if I look at valuable growth, valuable logistics, and the core, then that means the core business is still growing at the non-IDBI and non-valuable business is still growing at 3-4%, which is less than inflation, isn't it?

Muthuraman Natarajan: That's true. So, the challenge has been that the revenue from some of the banks have been declining. In some instances, the banks have stopped offering this as a service to their customers.

And in other instances, for smaller value points, alternate mechanisms, which are not entirely legally approved, routes are being adopted by the industry. So, we do face the long tail of smaller points moving out of the entire industry of retail cash management and moving to payments bank. So, that has eroded our revenue.

Like, for example, we had highlighted that particular phenomenon in e-commerce logistics segment. Other segments, that impact is not very large. So, yes, because of this, it was a negative growth, which we are compensating through addition of direct Clients.

But yes, the addition of direct Clients has not been at the sufficient pace to make up for this loss and still provide for a double-digit growth. We have hired more senior resources from the industry and adjacent industries to help us grow this business. And we expect that current quarter, the remaining quarters of this year will help us reach this target of double-digit growth in the current year.

RVL is too small to make an impact. It is still 22 million in a quarter. It is too small to make an impact.

Vinit Sahu: Yes, I understand. But RVL has gone from zero to, say, Rs. 8 crores in a year over the last two years. So, that's like, if I take that also out, then the core business is actually negative, despite inflation.

Muthuraman Natarajan: No, not negative. Rs. 8 crores on Rs. 430 crores is smaller than it's 2%.

Vinit Sahu: Sir, the next question is regarding acemoney. So, they hardly had any revenue. I think a very minor one. And the cost is again coming to around Rs. 8 crores to Rs. 10 crores per year. So, one is, of course, you are saying they will break even, which is fine. But what exactly is the big picture here? I mean, it looks too insignificant. It is a drag on our profitability. It is not really looking strategic to me. If you look at the outside radiant, inside radiant maybe it is, but you look at the big picture. So, can you just explain a bit on iAcemoney, what exactly is the big deal?

Muthuraman Natarajan: Yes. Okay. So, the original intent with which we did the acquisition got distracted because of the opportunity of the PIDF subsidy, which came through till December '25. The management has gone back to the core business of expanding its network of business correspondents. So, if today we have 20,000 business correspondents, but the location where they are and the scale of economies, we are not yet able to fully leverage that network on the, of our core business. We have cumulatively probably lost about Rs. 30 crores of annual revenue to Payments Bank or slightly more than that.

Our expectation is that with the establishment of a busy network by Radiant AceMoney, we can provide the same services which we lost to Payments Bank business. That is one part of the story. The other part is on its own, the QR code deployment and Soundbox deployment has huge potential and we are able to sign up with several banks and the order pipeline for the current quarter and the next quarter are fairly healthy.

So, that is giving us the confidence that the business will achieve break-even in the near term. So, longer term objective is that Acemoney should be able to provide half of its time to fulfilling the requirements of Radiant Cash Management and the balance half will be to expand its own network of bringing, providing digital banking solutions to those who have come into the banking system, but not yet into the digital banking system. So, this is through smaller banks, urban and rural banks, etc., where the bank accounts are open, but none of them have digital banking facilities. So, that is, these are the two twin objectives over the long term for Acemoney.

Alexander David: Just to add to Mr. Muthuraman, what Mr. Muthuraman said Alex here, is the whole strategy behind Acemoney was, we want to, our biggest today asset as a company today is, we have a network. Today we have spread over 15,000 pin codes. That is a very difficult thing to achieve and which we have achieved over 21 years. And today as everybody knows, digitization has had a small impact on us, especially in tier one locations. So, when we acquired Acemoney, the whole strategy was to use this network to enable them and to kind of show ourselves as a Phygital company. You know, we can use our network, use the fintech services to provide digital banking, to also then combat these BC operators, the payment banks, to use the fintech to help us also get into that segment as well. So, and to arrest where we have been losing the business, let's say in e-com logistics. You might have seen that has now got arrested and that's steadily growing. So, that was the whole strategy behind Acemoney. It's still quite nascent, but we truly believe it is a sunrise industry and over time we will be able to see a lot of benefit from it.

Moderator: Thank you. Next question comes on the line of Ankit Kanodia with Zen Nivesh. Please go ahead.

Ankit Kanodia: Yes. Hi, sir. Thank you so much for taking my question. So, my first question is related to the payment aggregator license, which we have been trying for some time now. Any updates or any clarity on how it is progressing and by when we can expect that to start taking in?

T.V. Venkataramanan: This is Venkat here. See, the revised payment aggregator licence application is yet to be filed. RBI has asked for certain clarifications and queries on this about two months back.

We will be resubmitting the application maybe by the end of this month or in the first week of September. Once that is submitted, we expect the application, we expect to get the application in hand by early next year, by January or February 27. And we should be, once it comes, we are geared to start the, our plan is to start the business at least in the next financial year because the application takes about four to five months' time from RBI.

Ankit Kanodia: That was very helpful, sir. Sir, related to this only, given our synergy with this payment aggregator license and our Acemoney subsidiary, do we expect any benefit from MDR to help us sometime in the future when we start taking in this payment aggregator work?

Muthuraman Natarajan: See, across the board, if there is an MDR on UPI, it will definitely help both Radiant Acemoney as well as RCMS itself because the unit economics for cash management improves correspondingly. And also, the cash volume today, 170 crores of transactions we have done, our yield on that will definitely improve. But still, it is a debatable point at what point of time the government will, if at all, introduce MDR on UPI transactions. So, we will know the, once we know when it is being implemented and the quantum, I will be able to tell you the exact impact. But overall, if it gets introduced, it is definitely positive for both Acemoney as well as for Radiant cash management.

Ankit Kanodia: Got it, got it. So, the way the government is talking about, it will be implemented only in the top 6% of UPI transactions, which is more than Rs. 2000 and where the merchant is having, I think, roughly around Rs. 1.5 crores plus revenue in a year. So, do you think in that mode, we will have good leverage here?

Muthuraman Natarajan: Yes, yes, definitely. I mean, in a sense, this is, I mean, once UPI MDR comes in, this will be seen like more another bulk, I mean, particularly out the retail part, another mode of bulk transaction like in any FD or RTGS, etc. And because of our strong network of, so today we have about, I mean, in a sense, 1,50,000 POS machines, 20,000 BCs. So, through this network, any UPI transaction happens above 2000, that will definitely add to our revenue.

Ankit Kanodia: Got it. Sir, one last question, if I may. In fact, it is not a question, it is more of an expression and suggestion. Sir, we did a good, declared a good dividend in Q4 FY26. In fact, what I can see from an investor's angle, don't you think it would have been better or even now, it would be better if we announced a buyback, because our cash flow situation is still healthy. And by doing a buyback, we give a signal to the market that promoters and management is finding value at this price. So, any color on that? Or any comment on that?

Muthuraman Natarajan: We will give a serious thought, Ankit, as in we have received similar feedback from the other market participants as well. We will give it a serious thought and bring it up for discussion at the board, in the coming board meeting.

Ankit Kanodia: Thank you so much, sir, and all the best.

Moderator: Thank you. Next question comes from the line of Ramesh with SJ Investments. Please go ahead. The line of Mr. Ramesh has gone on hold. I will promote the next. The next question comes from the line of Khush Shah with Vivo Commercial. Please go ahead.

Khush Shah: So, my question is related to the polymer side, where there has been news around that there is a new rollout of polymer sheets for the Rs. 10 or Rs. 20 note. So, I just want to understand, as you are in the cash logistics business for years, and what's your view that when will be the inflection point of the polymer notes would be there in the market? Because if I assume that after the demonetization, there has been a lot of cash in the market. So, by this, the new polymer sheet, how it will just affect our business, more positive, negative, if you can share your views of this polymer sheet?

Muthuraman Natarajan: Yes. See, in the retail cash management business, we are largely in the reverse cash logistics, where we pick up cash from the retail outlets to bring it. Whether it is coins or polymer notes or paper notes, it doesn't make any difference to our process or to our cost.

At the CIT, that is cash in transit operations business, there could be an opportunity, like when we had at the time of demonetization, to replace the paper notes with polymer notes, we will definitely get more opportunity. So, that could be probably a one-time business bump because of this transition, as and when it happens. At this point of time, we do not know clarity on when the government plans to introduce the polymer notes. But the core business is indifferent to the nature of that currency.

Khush Shah: Got it, understood. So, just a ballpark of this news that has been accumulating that any timeline that you would also know that around maybe three years, two years or in coming five years, this polymer sheet could be changed?

Muthuraman Natarajan: No, sorry, as in we don't have visibility on when the government plans to introduce. We also read from newspapers just like you do.

Khush Shah: Okay, sir. Thank you so much. Thank you.

Moderator: Thank you. Next question comes from the line of Chandramouli Jagannathan, an individual investor. Please go ahead.

C. Jagannathan: What is the price increase that you are expecting from the bank?

Muthuraman Natarajan: So, okay, basically our ask is a cumulative price increase because I think last price revision has happened at this level probably in 21, when the new RBI norms were introduced and banks agreed on a price revision. So, last four, five years, there has not been a price revision at the card rate levels. So, we do expect it to be substantial, but it will be very precluding on our part to tell that in a public forum what we are negotiating individually with banks and with the association. But it will be expected to be substantial.

C. Jagannathan: When is it expected, sir, likely to be?

Muthuraman Natarajan: In Q2, we expect to complete the negotiation.

C. Jagannathan: Effective from April, right?

Muthuraman Natarajan: Effective from July or effective from September, October.

C. Jagannathan: And what is the net cash position as of June 26?

T.V. Venkataramanan: As of June 26, we have three FDs of about Rs. 64 crores.

C. Jagannathan: Okay, this is the net cash position apart from your debt and things like that?

Muthuraman Natarajan: Yes, yes. The total gross cash position is about Rs. 318 crores. Of which Rs. 196 crores is cash used in cash management operations. Okay. Some of it is fixed deposits, earmarked as towards bank guarantee, and Rs. 65 crores approximately is the free cash flows, free cash.

C. Jagannathan: And you are talking about Acemoney the break-even in the next few quarters, but if I really look at it, the top line is only about 70 lakhs which has been added in the quarter maybe in terms of a transaction revenue.

C. Jagannathan: So, what is the break-even level because I could see the employee cost itself roughly about, I don't know, 7 to 8 crores per annum. And maybe there could be other costs also.

Muthuraman Natarajan: No, no. Yes, after PIDF was suspended, we have taken a sharp this thing, I mean, cleanup and reduced the manpower costs as well there. And so currently the manpower is required only to the extent where we are actually deploying the Soundbox and QR codes and for the UPI white label solutions. And FinTech software solutions, anyway, we have a technology team which is doing that. So, the fixed costs have substantially come down. And so that is why, in fact, between Q4 and Q1, there is a narrowing down of losses. And we expect it to narrow down further and break-even in the month of September and for the full quarter will be in Q3.

C. Jagannathan: So, you said that you have done a transaction value of about Rs. 170 crores Q1. So, how is it shaping up, sir? How is it shaping up? At what value and maybe what is the plan over the years to come?

Muthuraman Natarajan: Yes, so the immediate next two, three quarters, a big part of our revenues will come from Soundbox deployment. So, we are planning 50,000 Soundboxes to be deployed in the current year. So, the economics is the thing.

We have a network presence where we can do this deployment at economical cost. So, we have already lined up probably, I think, 60%-70% of this is already currently in our order book. So, we don't see a challenge in doing that.

So, that should cover a substantial portion of our fixed costs. And the transaction revenues will take longer to grow steadily. And our team also, it is, our team has to visit these merchant outlets and encourage them to do more transactions on our business, et cetera.

So, it will take a slightly longer time to build. And this Soundbox and QR code deployment and FinTech software solutions for smaller banks and NBFCs will be the revenue driver for the remainder of this year. Transaction revenues will be more meaningful in the next financial year is what we think.

C. Jagannathan: So, you mean to say even out of the 70 lakhs, the major portion comes from the Soundbox?

Muthuraman Natarajan: Soundbox deployment. That's right. Yes, Soundbox deployment and white-label UPI solutions. We also have a tie-up with Hitachi for deployment of their ATM, white-label ATM solutions. So, those are the ones which without, these are without much incremental development, incremental costs. So, these will help in reducing our losses.

C. Jagannathan: Okay. What about the radiant, I mean, the standalone EBITDA that you are expecting this year? Because you are talking about 10% to 12% growth, including that IDBI-1.What is the EBITDA that you are talking about? Of course, this depends on the price increase also, I believe. Yes.

Muthuraman Natarajan: So, with the factoring in, price increases coming in, we are expecting the full year to end at 17%-18% EBITDA margin for the standalone business.

C. Jagannathan: Including the price increase? Sorry.

Muthuraman Natarajan: Yes, after factoring in the price increase.

C. Jagannathan: So, the top-line growth is also that is inclusive of the price increase that you are talking about?

Muthuraman Natarajan: See, yes, we have not taken the full impact of price revision because we don't know the quantum and we don't know this thing. Our expectation of double-digit growth is largely from the core business growth, points growth and revenue growth, organic.

Moderator: Thank you. Next question comes on the line of Diya Jain with Sapphire Capital. Please go ahead.

Diya Jain: Hi, sir. Thank you for the opportunity. So, how do we look at FY28 in terms of growth and margins? Now that Acemoney revenues will start peaking in?

Muthuraman Natarajan: Yes. So, the top-line growth should be in mid-teens, 12%-13% growth, and we are hoping to reach at a consolidated level EBITDA margins of about 19%-20%.

Diya Jain: And do you expect the shortage of arm guards in your state to normalize in the coming quarters?

Muthuraman Natarajan: No. Shortage in the sense because the prices have gone up. So, with the price revision, if the banks agree to those price revisions that we see, we should be able to meet those demands. And yes, we are working on other alternate options also. Competitive in nature. I cannot put this in public domain. But it's not going to be a challenge to find manpower. It is only the cost. And the cost will be hopefully taken care of with the price revision.

Diya Jain: Thanks.

Moderator: Thank you. Next question comes from the line of Vinit Sahu, an individual investor. Please go ahead.

Vinit Sahu: So, my question is that the whole industry looks like it is under severe pressure for multiple points. So, can you talk a little bit about how competition and one of the listed participants is also under as much stress as you are. How is the competition behaving? What kind of pricing you are seeing for the last five months under negotiations and etc.?

Muthuraman Natarajan: As Alex mentioned in his initial speech, we have as an association, we have come together and appealed to the banks for price revision. And as an association, we understand that industry as a whole is going through the pressure. So, we do expect the competition to abate in the coming quarters. But irrespective of that, we are working towards targeting direct clients where there is no limit to whom we can approach. This has been our thesis. 2 crore outlets, retail outlets are there. 50 lakh outlets could avail this service. What we are playing actually is in a very, very narrow niche. And this service can be used by a much, much, much wider variety of retail outlets.

So, there, there is no competition. Who reaches first and who is able to convince them to part with their hard-earned cash to us for a deposition is the challenge there. And so longer term, that will be our focus.

And in the immediate term, as I said, as an association, we have made a pitch to the banks and the feedback from the banks is also fairly positive. So, we expect that competition should abate and margin should improve across the board.

Vinit Sahu: Yes, I understand. I was more keen on knowing in the last five months, whether you went for new tenders or re-tenders. What has been the behavior of competitors? I am not too worried about the customer giving you more money, which is okay, fine. But how the competitors, are they kind of aggressively picking up orders or are they working out of some deals?

Muthuraman Natarajan: Nothing noticeable change between last year and this year, Mr. Sahu. And the intensity of competition is there. Actually, the industry is a little skewed. We service 42 banks, but practically only three or four players who can service Pan India. So, the balance of this thing should be in favor of the industry rather than in favor of the banks. But yes, as in the sense, each player acts in its own self-interest. And we have not seen too much, we have not lost any large mandate because of pricing in the recent months.

Vinit Sahu: Coming to valuable logistics, I know you had a couple of ideas when we met last time in February in Chennai. So, how is the implementation of those initiatives? Is that number 8 to 10 crores? Will they look substantial in the next two, three years?

Alexander David: Yes, Mr. Sahu. It is doing well. We have really restructured ourselves. And now we have a good team also in place. Unfortunately, a little bit of volatility had happened because of the war. And even the Prime Minister had kind of told that, you know, to avoid buying gold. So, that has had a major impact today in the industry. The customers have become extremely conservative in movements. But we are seeing that that is slowly changing. And our teams are in the market every day. And as and when the market stabilizes, we should see a lot of positive development in the sector.

Moderator: Thank you. Next question comes on the line of Gaurav Katyal, an Individual Investor. Please go ahead.

Gaurav Katyal: I have a simple question. As compared to the data of the last three years from FY23, now we have reduced our EBIDTA margins or operating margins more than 50%, which is around 10-11% only, which was more than 52% max. So, in how much time we can expect the recovery again more than 20%? So, according to a different environment of business and different our subsidiary and valuable logistics and the strategy in the place, like working with banks and everything else. So, how the management can expect the recovery back to +40% margins of operating margins? Can you give some picture on this?

Muthuraman Natarajan: Yes. So, the overall margins have dropped because of four counts. One is the Acemoney loss, which we expected to reduce and turn positive. RVL losses, which we expect to reduce and turn positive. The manpower increases, the manpower cost increases for which we have filed for, we have sought price revisions. And the most important is the stagnant, as in much lower top-line growth. We are taking serious measures to get industry-experienced persons for driving our business growth. And we are expecting that will help move to double-digit top-line growth. So, with these four, that's why, based on these, we have given a guidance that we should be able to get to about 19%-20% EBITDA margins in the next financial year.

Gaurav Katyal: So, our main business, our main core business is regarding cash management. More than 85% business comes from cash management only. So, like you are saying that there is very stagnant growth. So, is there any, do you see any kind of big scope there because of digital money in place and everything, digital payments are going on? So, how the management expects to be having a very big growth in the coming period? There will be any decline in this field in the coming years? What is your take on this?

Muthuraman Natarajan: Sir, definitely digital transactions have grown. Simultaneously, cash volumes have also grown. Currency in circulation today is at 42 lakh crores.

What our thesis is that we are operating in a very, very narrow niche segments where banks offer this as a service to their customers, only to their select set of customers. As a premium value-added service and in turn outsources that business to us. It need not be a premium value-added service.

In fact, our pricing is very competitive and, in fact, extremely low for a merchant compared to a credit card transaction where they may be incurring 150 basis points or 200 basis points as charges. This will be 10, 15, 20 basis points. It is one-tenth of what they incur for their credit card transactions.

So, the unit economics is compelling at the retail level. Just that banks are dependent on banks to offer this to more and more clients is not giving us the kind of growth aspirations that we have. So, we are focusing on improving our direct customers and that should help us give this growth projection that we have suggested.

Gaurav Katyal: Okay. Thank you. And one last question regarding the RBI license. Any update on that?

Muthuraman Natarajan: Just now, Mr. Venkat briefed. Again, there is a set of queries that RBI has asked which we have engaged a reputed consulting firm to help us draft a response and we will be giving the response by next month and hopefully by early 2027, we will have the license and commence the business set.

Gaurav Katyal: Okay. Thank you.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of question-and-answer session. I now hand the conference over to the management for closing comments.

Alexander David: Thank you. The performance of this quarter is muted despite some growth in revenues because of sharp increase in manpower costs for which rate revisions are under negotiation with banks. The new initiatives RVL& Acemoney are steadily improving and will start contributing positively to the bottom line in the second half of this year. I want to express my gratitude for your continued support of Radiant. We are confident that our continuous efforts will yield promising results for all stakeholders. Thank you for your time and your interest in our company.

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