



“Radiant Cash Management Services Limited”

September 11, 2023

Management:

Col. David Devasahayam, Chairman and Managing Director
Dr. Renuka David, Whole-time Director
Mr. Vasanthakumar, Nominee Director
Ms. Jayanthi, Independent Director and Chairperson of the Audit Committee
Lt. Gen. Devraj Anbu, Independent Director and Chairman of Stakeholder Relationship Committee
Mr. Ashok Sarangi, Independent Director and the Chairman of Nomination and Remuneration Committee

Mr. T.V. Venkataramanan, Chief Financial Officer
Col. Benz K. Jacob, Chief Operating Officer
Mr. Muthuraman, Director for Strategy and Investor Relations
Mr. Nithin Tom, Company Secretary

Moderator:

Dear Shareholders, good afternoon, a very warm welcome to the Annual General Meeting of Radiant Cash Management Services Limited through video conferencing or other audio-visual facility. As a reminder, for the smooth conduct of the Meeting, the Members will be in the mute mode, and audio and video will be opened when they will speak at the AGM as per the pre-registration. Please note that, as per the requirements, the proceedings of the Annual General Meeting will be recorded and transcript of the recording will be available on the website of the Company.

I now hand over the proceedings to Col. David Devasahayam, Chairman and Managing Director of the Company. Over to you sir.

Col. David Devasahayam: Thank you. Good afternoon everyone, I welcome the members to the 18th Annual General Meeting of your Company which has been convened through video conferencing in compliance with the Companies Act 2013 read with circulars issued by the Ministry of Corporate Affairs and SEBI. I am informed, that we have the requisite quorum present through Video Conference to conduct the proceedings of this meeting. Participation of members through video conference is being reckoned for the purpose of quorum as per the circulars issued by MCA, and Section 103 of the Companies Act, 2013. The quorum being present, I call this meeting to order

Before we start the main proceedings of the meeting, let me now introduce the Board of Directors your Company, who are attending this AGM through the electronic mode. Dr. Renuka David, Whole-time Director, joining from Chennai, Mr. Vasanthakumar, Nominee Director, joining from Bangalore, Ms. Jayanthi, Independent Director and Chairperson of the Audit Committee, joining from Chennai, Lt. Gen. Devraj Anbu, Independent Director and Chairman of Stakeholder Relationship Committee, joining from Coonoor, Mr. Ashok Sarangi, Independent Director and the Chairman of Nomination and Remuneration Committee, joining from Mumbai.

Apart from the Directors, we also have with us, Mr. T.V. Venkataramanan, CFO, Col. Benz, Chief Operating Officer, Mr. Muthuraman, Director for Strategy & Investor Relations and Mr. Nithin Tom, Company Secretary joining with me from the Corporate Office of the Company. Other key executives and senior management are joining from their respective locations. Statutory auditors and Secretarial auditors have also joined this meeting. I thank all the Shareholders, Directors, Auditors and the Management Team for joining this meeting. I now request, Company Secretary, to provide general instructions to the shareholders, regarding participation in this meeting.

Nithin Tom:

Thank you, Chairman. Dear members, this Annual General Meeting is being held through video conferencing, in accordance with the Companies Act, 2013 and circulars issued by the Ministry of Corporate Affairs and SEBI. The facility for joining this meeting, through video conference or other audio-visual means, is made available for the members, on a first-come-first-serve basis. The Register of Directors and Key Managerial Personnel, the Register of Contracts or Arrangements, and other documents mentioned in the AGM Notice, will be provided electronically for inspection during the AGM.

As the AGM is being held through video conferencing, the facility for appointment of proxies, was not applicable. Hence the proxy register for inspection is not available. We will facilitate an

opportunity to speak for the shareholders, who have already registered to speak at the AGM, once the Chairman opens the floor for questions and answers. Members are requested to refer to the instructions, provided in the notice of AGM, for a seamless participation through electronic mode. In case members face any difficulty, please reach out on the helpline numbers provided in the notice of AGM. Thank you.

Col. David Devasahayam: Thank you Nithin. Ladies and gentlemen, notice dated August 8, 2023 convening this Annual General Meeting and a copy of the Annual Report for the financial year ended March 31, 2023, has already been sent to Members of the Company electronically. With your permission therefore, I shall take them as read.

The auditor's report on the financial statements and the secretarial audit report of the Company for the financial year ended March 31, 2023 do not contain any qualification, reservation, adverse remark or disclaimer. Accordingly, the reports are not required to be read out as provided in the Companies Act, 2013.

Well, now let me begin my formal address to the shareholders.

Dear shareholders, a very warm good afternoon to each and every one of you. It gives me great pleasure to welcome you all to the 18th Annual General Meeting of Radiant Cash Management Services Limited. I am extremely delighted to address the new shareholders of our Company at the first AGM being held after the successful listing of equity shares of the Company at the Stock Exchanges of the National Stock Exchange of India Limited and Bombay Stock Exchange on the 4th of January, 2023.

I would like to share with you the progress we made last year.

The Company crossed a significant milestone during financial year '22-'23 by listing its shares at the stock exchanges. During financial year '23, Radiant Cash demonstrated impressive performance across various aspects of our business. Our retail touch points grew by 27%, totaling 63,420 touch points as on March 31, 2023 and the total cash movements for financial year '23 reached ₹1,572 billion, showing a 21% growth rate indicating higher transaction volumes and increased thrust in our services.

The Company achieved a higher revenue of ₹3,575 million, an increase of about 25% from the previous year, and continued to showcase steady growth and financial stability by delivering an all-time high EBITDA margin of 25%. The profit before tax increased by 62%, amounting to ₹843 million for the financial year 2023.

For fiscal 2023, the Board has recommended a final dividend of ₹2/- per equity share. Together with the interim dividend of INR1 per share already paid. The total dividend paid per share for financial year '23 amounts to ₹3/- per share. With this the Company has announced total dividend of approximately ₹320 million for the financial year '23 for the shareholders.

During the first quarter of financial year '24, the Company achieved a total revenue of ₹951 million, resisting an increase of 13% as compared to Quarter 1 of FY '23. However, there was a

marginal dip in EBITDA and Profit Before Tax as compared to Q1 of FY '23 due to increase in employee and other costs, benefits of which will be reflected from Q3 of FY '24 onwards.

As on June 30, 2023, Radiant Cash Management Services operates a vast network of 64,972 touch points serving 13,708 pin codes spread across 6,269 locations in India, with significant number of touch points located in Tier 2 and Tier 3 plus towns and cities and we have a strong presence in these fast growing markets.

The Company has grown to new heights, by delivering a consistent financial and operational performance over the years. The Company has also established itself as a preferred choice for clients seeking value-added services and reliable cash management solutions.

Outlook for the current financial year 2023-24.

The retail cash management market is projected to reach ₹20.4 billion by fiscal 2027, growing at a CAGR of 20.3%.

In India, retail cash management remains relatively untapped. All over the country and over 30 million retailers, only 10% of them are members of the organized sector and as of now, we are servicing only about 64,000 such touch points. We believe that there exists huge potential in the retail cash management services and the market for retail cash management is significantly underpenetrated in India.

During the year 2022-23, Radiant has increased its focus on Cash Van operations, whose contribution has increased to 5.8% of Revenues in FY '23 up from 4.3% the previous year. The regulatory requirements, has reduced the intensity of competition and the pricing has improved. The market size is fairly large and growing and Radiant is a relatively small player with significant scope for increasing its market share.

Strong growth in currency in circulation, high replacement rates of currency notes due to RBI's clean note policy and high level of outsourcing requirements by banks drive the healthy growth of this segment. New strategic initiatives. Your Company has established itself as a preferred choice for clients seeking value-added services and reliable cash management services.

New Strategic Initiatives

In a pursuit of expanding our reach, we have now strategically broadened our presence and extended our services to a wider audience by undertaking the logistics of valuables. Your Company started a new business division for facilitating movement of valuables called Radiant Valuables Logistics. There are substantial synergies between both the divisions that is retail cash management and the new Radiant Valuables Logistics division due to the strong network of the Company spread across the country.

I would like to conclude by stating that the financial year 2023 was a strong year for our business. We have positioned the Company as a leading player and we actively seek opportunities to engage with a larger customer base and establish a strong market presence. I want to assure you

that the Company is geared for growth with its impressive track record, dedicated workforce, and strong capabilities to provide exceptional service and value to all our stakeholders.

I want to thank all our employees, clients, and governments for the support over the years and I thank each and every shareholder for the faith reposed in us.

Our sincere thanks to all of you.

With that I now come on to the agenda of the meeting. We now take up the resolutions as set forth in the notice. We will open the floor for any questions by Members after all the resolutions are tabled. Accordingly, I will now only read out the resolutions.

Item number one of the notice. Adoption of the audited financial statements of the Company for the financial year ended March 31, 2023 together with the reports of the Board of Directors and the Auditors thereon.

Item number two of the notice. To confirm the payment of interim dividend of ₹1/- per equity share and to declare a final dividend of ₹2/- per equity share for the financial year ended March 31, 2023.

Since I am interested in the agenda items of three, four and five, I hereby request Lt. Gen. Devraj Anbu, Independent Director of the Company to conduct the proceedings for those items.

Lt. Gen. Devraj Anbu: Thank you, Col. David. Now moving on to item number three of the notice. Appointment of Dr. Renuka David, who retires by rotation and being eligible, offers herself for re-appointment.

Item number four of the notice. Re-appointment of Col. David Devasahayam as Managing Director of the Company for a period of five years.

Item number five of the notice. Re-appointment of Dr. Renuka David as Whole-Time Director of the Company for a period of five years.

Thank you and back to you Col. David to continue with the proceedings of the remainder of the meeting.

Col. David Devasahayam: Thank you, Lt. Gen. Devraj Anbu. Before moving on to the question-and-answer session, I request the Company Secretary to explain the process of e-voting on the resolutions and the information regarding announcement of voting results.

Nithin Tom: Thank you Chairman. Members may kindly note that, the text of the resolutions, along with explanatory statement, is provided in the Notice circulated to the members. In compliance with the provision of the Companies Act, 2013 and the SEBI Listing Regulations, the Company has provided the facility to its members, to cast votes on all resolutions set forth in the Notice, through remote electronic voting system administered by NSDL.

Members who have not yet cast their votes, will have an opportunity to vote during the meeting, through the e-voting website of NSDL. The instructions for e-voting are provided from Note

No. 17 (a) in the Notice of AGM. The Members may kindly note that the facility for e-voting is also extended up to 30 minutes after the conclusion of this AGM.

The Board of Directors appointed, S Sandeep, Practicing Company Secretary, as the Scrutinizer to supervise the e-voting process. The results will be declared within two working days, based on Scrutinizer's Report on the e-voting done today, by members participating in this AGM, and also the remote e-voting already done by members earlier.

The result declared along with the Scrutinizer's Report shall be displayed on our Company's website and on the website of NSDL. The Company shall simultaneously forward the results to National Stock Exchange of India Limited, BSE Limited, where the shares of the Company are listed.

As the meeting is convened through VC today, resolutions have already been put to vote through remote e-voting and the requirement to propose and second are not applicable for this meeting.

Thank you. Handing over back to the Chairman.

Col. David Devasahayam: We can start the question-and-answer session for the shareholders. The members who have registered to speak at the AGM are now allowed to express their views or ask questions. Members are requested to keep the questions brief and specific.

Moderator: Thank you very much sir. Ladies and gentlemen, we will now begin the question-and-answer session. We have one shareholder who has registered to speak at this AGM. We will invite our first speaker member number one that is Mr. Vinay Bhide to ask the question or give comments. Mr. Bhide, we have sent a prompt on your screen. You need to accept that. Then you can unmute your audio and video. And then you can go ahead with your question.

Vinay Bhide: Chairman, Executive Director, Col. David Devasahayam, Dr. Renuka David, other Directors presented today is AGM, Company executives, fellow shareholders. Good afternoon to you, my name is Vinay Bhide and I am a shareholder of our Company. I must thank you for the excellent performance of the Company in the financial year and the performance has also been well depicted in our annual report and also well explained by our Chairman, Managing Director at the start of this meeting.

To understand you know the working of the Company better, I have listed out a few questions which I will quickly read out for everybody's benefit. But before that let me mention that you know in addition to the Company's performance, the Company has declared dividends of ₹1 per equity share as Interim dividend and ₹2 per equity share as final dividend and we as shareholders are extremely pleased about that.

The questions that I have listed out for query are as follows. **The first question**, 63% of our financial year '22-'23 revenues came from Tier 3 cities. Is this due to Company's planned focus on these geographies? Also is it due to better margins from Tier 3 cities as compared to other Tier cities. So, that was the first question sir. **The second question**. Cash pickup and delivery and network currency management of approximately 70% and 18% of the financial year 2022-23 revenues. The question here is, are these key margin drivers and is cash processing, cash

funds and cash transit low in margin? Also, if the answer to this question is yes, are they for additional client support? **Third question**, a comparison of the financial year 22-23 as well as the financial year 21-22 revenues and EBITDA percentages indicate disproportionately higher growth and profits. While this is a welcome sign, we would like to know the reasons for this. As also, is it due to better contractual service rates from clients? **The next question**, is it the objective of the management to attain debt-free status and continue to retain it? And **finally, one question**, what were the capex and opex spends on information technology in the financial years 21- 22 and 22, 23. I have you know listed out quite a few questions. So whatever questions can be -- answered at this meeting you can provide the answers and the rest can follow with on the email.

I must say that, our Company Secretary Mr. Nithin as well as Veza Events who have organized this event have taken a lot of trouble having us participate in this AGM. So, I will close with -- support for all the resolutions and best wishes to you sir and to the Board and to the Employees. Thank you for registering me as a speaker.

Moderator: Thank you so much Mr. Bhide. That was the last question. I now hand over the meeting to the Chairman for further proceedings. Over to you, sir.

Col. David Devasahayam: Thank you very much. The Company at the same time has also received few questions through email from Shareholders to be answered at this AGM. Therefore, we will begin answering these questions one by one in a logical sequence.

Mr. Muthuraman: Thank you Chairman. I will take the first question. The question from the shareholder is for 25% of business that is network cash management and cash processing that depends on volume of cash handled. How was the cash volume we handled in FY'23 and previous years? Please provide this data, as it is not reported in the investor presentation published.

So, the management response is as follows. The total cash handled data is disclosed in slide 25 of the analyst presentation for Q4 FY'23 and full year FY'23 results.

The cash handle details are as follows. The network cash management volumes were ₹54,955 crores in FY'23. ₹53,860 crores in FY'22 and ₹38,269 crores in FY'21. The total volume of cash handled in FY'23 is ₹1.57 lakh crores, in FY'22 it is ₹1.30 lakh crores and in FY'21 it is ₹91,221 crores.

T.V. Venkataramanan: Thank you sir. The next question is, what is the mix of fixed cost and variable cost in our total cost? In FY'23 we had ₹60 crores Employee Cost and ₹210 crores Other Opex.

Our answer to this question is that in our cost structure, bank charges is the only variable cost. Besides this, others costs such as Service Charge Expenses, Guards / Drivers and Cash Van charges, Cash lost in transit, Conversion charges and a portion of Employee costs are semi-variable costs, in the sense we can add or reduce these costs based on the business volumes. Including this, the variable cost is about to 50 to 53 percent and fixed cost is about 26 to 29 percent of revenues.

Now, I move on to the next question what was our employees count on roles as well as contractual employees in each year from FY'2019 to FY'2023. The employee count for the last 5 years of 2,174 for FY'23, 1,880 for FY'22, 1,660 for FY'21, 1,787 for FY'20 and 1,651 for FY'19. The cash executives count for the last 5 years were 7,125 for FY'23, 6,577 for FY'22, 6,053 for FY'21, 6,390 for FY'20 and 5,759 for FY'2019.

Col. David Devasahayam: Thank you, Venkat for the comprehensive answer. I think I will take on the next question. Most of the cash vans, generators etc. used by Radian Cash Management are in the name of a related entity. Is there a plan to reduce this in the coming years? If yes, by when and by how much can we see such reduction?

My answer is that the PSARA license is in the name of Radiant Protection Force Private Limited, a group Company. PSARA license is issued state-wise and as such we have 19 individual state licenses. This license is required as per Ministry of Home Affairs for carrying out security duties with armed guards. The entire crew of van, plus guards, plus driver is taken on lease from the RPF at a cost-plus 9%. Now this is a fixed percentage. We don't vary this year-on-year.

We have disclosed this in the prospectus during the IPO. This has also been approved by the shareholders through postal ballot for 3 years in March 2023. As of now, therefore, the management has no plans to change this practice.

Muthuraman: Thank you. I will take the next question from the shareholders. A comparison of FY '22- '23 and FY '21-'22 Revenues and EBITDA percentage indicate disproportionately higher growth in profits. What is the reason? Is it due to better contractual service rates from the clients?

Our answer is that the contractual service from clients have not changed so much during this period. The improvement in profitability is on account of our operating leverage.

This is a substantial increase in revenues of about 24% in FY '23. We had ₹354 crores in FY '23 as against ₹286 crores in FY '22. The additional contribution on account of the volume increase, once you adjust for proportionate change in fixed costs has resulted in additional EBITDA contribution of almost ₹30 crores increase.

Col. David Devasahayam: Thank you, Muthu. I will take on the next question. Is it the objective of the management to attain debt-free status and continue to retain it?

Good question. As of now, the Company's long-term debt is ₹12 million and the cash surplus is over ₹800 million, making us a zero-debt Company. The Company intends to remain long-term debt-free in the future as well. However, the Company may have short-term borrowings, mainly cash credit utilization as and when needed, depending upon the business requirements.

I will also take on the next question on pricing. Do you see the pricing going down as large players become more dominant? Client concentration at end-client level.

I don't see any such thing happening. Pricing has been by and large stable during the last 3 years. Client concentration at the end-customer level is very low, as we service over 3300 end customers. Top 10 end customers account for less than 40% of our revenues.

Over to you, Venkat.

T.V. Venkataraman: Thank you, Chairman, sir. Next question is what has been regulatory RBI driven impact on the business in terms of cost structure and margins?

The answer is that the regulatory impact on our business is not very significant in the Retail Cash Management business. Implementation of RBI norms by the Banks has been steadily growing from 2 cities in 2021 to about 100 cities in 2023; the increase in cost on account of this has fully compensated through a revised pricing agreement, we have signed with all the banks. The overall impact of this, on revenues, costs and margins are not very significant.

Col. David Devasahayam: Thank you Venkat, I think, I will take on the next question. Kindly provide some details on the succession planning at the Company, who is being groomed as a worthy successor to a current MD?

Interesting question. The nomination and remuneration committee of the Board reviews and makes necessary recommendations to the Board on leadership, needs of the Company and for orderly succession from time to time.

Based on the recommendations of the committee, the Board will decide and announce on succession for MD at an appropriate time. The Company has a strong senior management team heading various businesses, including Mr. Alexander David, GM Operations, who has been with the Company for over 12 years now. Therefore, we do not see any challenge in identifying a suitable successor at an appropriate time.

I'll take on the next question also. It seems the head of strategy and investor relations, Mr. Muthuraman, N is not an employee of the Company as per the LinkedIn profile and as per the organization chart published in the Radiant's Quarterly Investor Presentation. Why is the person in such a critical role, when he's not an employee of the organization?

Good question again.

Mr. Muthuraman has been in an advisory capacity with the Company for over four years and this has been the case at the time of the IPO as well. His role is limited, I will repeat, that limited to strategy and investor relations and he does not handle any day-to-day operations in the Company. Hence, we have not considered full-time employment for this role. The Company has engaged other similar advisors as well on similar task to provide consulting for different aspects of our business. This strategy helps us in optimizing our cost, while availing inputs from various subject matter experts.

Muthuraman: Thanks, Chairman, sir. I will take on the next question. Operating leverage, as per the last five years 2019 to '23 of data, other operating expenses as a percentage of sales have remained in the 56% to 58% range, despite revenues growing by more than 50% during this time?

Our response is that, operating leverage comes from two sources, employee costs and other expenses.

Employee costs are largely fixed and has been steadily reducing as a percentage of revenue from 20.3% in FY '19 to 16.9% in FY '23. So, that contributed to almost more than 3% increase in our data margins. The other expenses has pure variable costs like bank charges, semi-variable costs like bank charges, guards, drivers, etcetera and pure fixed costs like insurance, rent, etc.. So, as a percentage of revenue, this has also reduced from 61.9% in FY '19 to 57.9% in FY '23, adding to another 4%. Together, these two adding up to about 7% improvement in EBITDA from FY '19 to FY '23. Both of these have contributed almost an equal measure.

I will take on the next question as well. How do you define network density? Is there any metric that you track for that?

Network density for our Company is quite complex and it varies based on the location, whether it is Tier 1 and Tier 2 versus Tier 3 plus, what is the mode of transportation, the type of end customers, say a petrol bus is in the pharmacy and hence cannot be defined with a single metric. The closest metric could be the number of touch points per cash executive. So, this could again the results could vary based on nature of points, whether it is beat, request or delivery points as well as the three points mentioned above, that is the type of location, mode of transport and type of end customers.

Col. David Devasahayam: Col. Benz, Chief Operating Officer, can you take on the next question?

Col. Benz Jacob: Yeah, I will take the next question. The next question is difference between various types of pickup points that is cash, beat request and cash delivery.

There are three types of points, beat pickup points, request pickup points and cash delivery.

Beat pickup points, total number of cash pickup points, visited on all working days hence serviced by the Company.

Request pickup points are those where visited based on specific request of the clients serviced by the Company and Cash Delivery points are the total number of points where cash is delivered. The total points includes all these three types of pickup & delivery points.

The next question is difference between vault, safe and strong room.

A secured room as per RBI specifications where cash, valuable and documents are kept under dual locker system with two different custodians and has a limit of ₹50 crores per vault. The strong room the limit is ₹20 crores per strong room and the safe the limit is ₹5 crores per safe.

T.V. Venkataramanan: Thank you Col. Benz. The next question is cash pickup and delivery and Network Currency Management form approximately 70% and 18% of total FY22-23 revenues. Are these the key margin drivers and is cash processing cash vans and cash transit, cash in transit low in margin? If yes, then are they for additional client support.

Gross margin from cash processing and cash van operations are comparable to the gross margin from cash pickup and delivery segment. These are offered as value added services, value added products to our clients.

There was another question that what is the IT expenditure on IT in the FY23, it is about 7.5 million in FY23.

David Devasahayam:

Thank you, Venkat. That brings me to the last question and it was raised by our speaker, shareholder. 63% of our financial year 2022-23 revenues came from Tier 3 plus cities. Is this due to the Company's planned focus on these geographies? Also, is it due to better margins from Tier 3 plus cities as compared to other Tier cities?

Our geographic spread of revenues is dependent on our end-customers' geographic spread. Radiant has amongst the strongest networks in Tier 3+ locations where growth in retail touch points are expected to be higher. Our margin profiles across geographies are largely similar; Tier 1 & 2 have closer touch points and higher cash volumes, but also entail higher cost of operations; Tier 3+ may have larger spread and lesser cash volume per point, but cost of operations are lower; thus margins are largely comparable.

We have come to the end of the question and answer session. Thank you.

I hope I have addressed your queries. All of us as a team have worked on these and I hope they were comprehensive. If there are any questions remaining from any shareholders, they are always free to contact our Secretarial or Investor Relations and we will be more than happy to specifically address the same.

As explained to you earlier, the e-Voting on the NSDL platform will continue to be available for the next 30 minutes from the conclusion of AGM. Therefore, I request members who have not cast their vote yet to do so within the next 30 minutes. I hereby authorize Nithin Tom our Company Secretary to declare the results of the voting and place the results on the website of the Company at the end of the meeting.

The resolutions as set forth in the notice shall be deemed to be passed today subject to the receipt of the requisite number of votes. Thank you for attending the meeting. I hereby declare the proceedings of the 18th Annual General Meeting closed.

Thank you and best wishes to all the shareholders.

Moderator:

Dear members, as instructed by the Scrutinizers, we request all the members participating in the AGM and who have not yet cast their vote to do so in the remaining period of 10 minutes. Thank you.

Dear members, as advised by the Scrutinizers, the time for e-Voting has elapsed. This concludes the proceedings of the AGM. Thank you all for participating in the AGM and e-Voting.

*****END*****