

Radiant Cash  
Management Services  
Limited

Arm's Length Pricing Study  
Report  
February 2026

*Varma & Varma*

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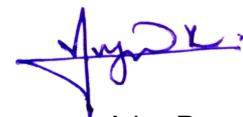
# 1. Introduction

We, M/s **Varma & Varma**, Chartered Accountants, have been appointed by M/s **Radiant Cash Management Services Limited** (hereinafter referred to as “the Company” or “Radiant” or “RCMS”) vide engagement letter dated January 27, 2026, to carry out a study on the “Arm’s length” basis for the transactions proposed to be entered into by the Company with **Radiant Protection Force Private Limited** (hereinafter referred to as “RPF”), a related party of RCMS.

This report presents the results of the Arm’s Length Pricing study carried out by us in this regard. The objective of this report is to carry out an arm’s length assessment for the proposed transactions to be entered into between RCMS and RPF.

For Varma & Varma  
Chartered Accountants

FRN: 004532S



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Partner

M No. 226775

UDIN : 26226775NMBRCZ9231

Place : Chennai

Date : February 10, 2026



## 2. Executive Summary

The results of our arm's length pricing study are detailed as follows :-

Sno	Transaction	Proposed Pricing Policy	Tested Party	ALP Approach considered	ALP Justified
<b>Services rendered by RPF to RCMS</b>					
1	Cash Van Services: Leasing, maintenance and running of Cash vans	Leasing cost of RPF Plus 9% to 10% markup	RPF	Transactional Net margin Method	Yes
2	Security Services: Providing security services by way of armed guards	Cost to Company plus 9% to 10% markup	RPF	Internal Comparable Uncontrolled transaction	Yes
3	Driver Services: Providing driver services	Cost to Company plus 9% to 10% markup	RCMS	Internal Comparable Uncontrolled transaction	Yes
4	Sub leasing: Sub lease of office building and amenities	As per Sub lease agreement	NA	Other Method	Yes
<b>Services rendered by RCMS to RPF</b>					
1	Loan extended by RCMS to RPF	Highest borrowing cost rate of RCMS plus 0.1% (or) Government yield whichever is higher	RCMS	Other Method	Yes

## 3. Group Overview

### Radiant Cash Management Services Limited

Radiant Cash Management Services Limited, established in 2005 by Colonel David Devasahayam, specializes in cash management services. The company offers a range of services including cash logistics, cash van operations, cash processing, and ATM services. With a widespread branch network and technologies, the company serves banks, retail business etc. The Company went public in the year 2023 and presently, its shares are listed in both Bombay Stock Exchange and National Stock Exchange. The Company is headquartered in Chennai, Tamilnadu.

### Radiant Protection Force Private Limited

Radiant Protection Force Private Limited was incorporated in June 2005 with the objective of maintaining and training security personnel to support the operations of group entities, including those engaged in cash management and logistics services.

The Company's operations involve recruitment and training of security personnel, many of whom are Ex-service professionals. The functions performed by the Company are routine in nature and are executed in accordance with contractual arrangements entered into with its clients and group entities.

## 4. Regulatory framework - Arm's Length Basis

### Overview

#### Arm's Length Basis

Under the Companies Act, 2013, the term "arm's length basis" refers to transactions conducted as if the parties involved are independent and on equal footing, without any special relationship, so that the transactions are carried out fairly and without any influence. This principle ensures that related party transactions are executed as if they were between two unrelated parties, thus maintaining transparency and fairness.

The regulatory and financial reporting framework for related party transactions in India is governed by the following

- a. The Companies Act, 2013: Section 177, Section 185, Section 188 etc
- b. The Securities and Exchange Board of India ("SEBI") Act, 1992: Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR")
- c. Indian Accounting Standards: Ind AS 24 - Related Party Transactions

### The Arm's Length Basis – Section 188 of the Companies Act 2013

As a result of the specific requirements of Section 188, compliance with Arm's Length Principle is a key attribute of all related party transactions. Explanation (b) to sub-section (1) of Section 188 defines the expression "arm's length transaction" to mean "*a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest*".

## 5. Determination of ALP

The extant regulatory framework does not define/ direct how or on what basis the Arm's Length Price ("ALP") is to be determined. Neither the Companies Act, 2013 (or rules thereunder) nor the SEBI LODR prescribes any specific/ standard methods to be followed for arriving at/ determining ALP. However, the Transfer Pricing framework under the Income Tax Act, 1961 stipulates certain specific methods for determining ALP, which is summarised as follows:

### Comparable Uncontrolled Price Method (CUP)

Under the comparable uncontrolled price ("CUP") method, the arm's length price for the transfer of goods or services between related parties is determined by the price paid for the same or similar goods or services in a transaction between unrelated parties. The standard of comparability under the CUP method is very high. A transaction is considered comparable only if the nature of the controlled transaction is substantially the same as those of the uncontrolled transaction. Additional factors for determining comparability are: (i) the quality of the product/ services; (ii) the volume of sales; (iii) the level of the market; (iv) the geographic market in which the transaction takes place; (v) the date the transaction takes place; and (vi) alternative commercial arrangements realistically available to both parties.

Further, CUP can be either Internal CUP or External CUP.

**Internal CUP:** Involves finding examples of comparable transactions a company has conducted with third parties.

**External CUP:** Involves considering the pricing of comparable transactions between third parties/ two unrelated parties, to the extent that such comparable transactions exist.

### Resale Price Method (RPM)

RPM computes purchase price paid to related party based on its resale price to unrelated party. RPM is typically useful to determine ALP of purchases made by the distributor (trader) from the related party. RPM presupposes that the distributor does not carry out any material value addition activity.

### Cost Plus Method (CPM)

Under this method, the total cost of production/ provision of services incurred by the enterprise in question in transferring goods and services to related party is calculated and the total gross profit mark-up used by comparable entities in similar transactions with independent enterprises is determined. The total gross mark-up arrived at is adjusted to take into account functional and other differences and is added to the costs calculated to determine ALP.

### Profit Split Method (PSM)

The profit split method ("PSM") evaluates whether the allocation of the combined profit or loss attributable to one or more controlled transactions is arm's length by reference to the relative value of each controlled taxpayer's contribution to that combined profit or loss. The PSM is most often selected when both parties to an intercompany transaction own valuable intangibles.

### Transactional Net Margin Method

The transactional net margin method ("TNMM") tests the arm's length nature of transfer prices in a controlled transaction by comparing the profits earned by one of the parties engaged in controlled transactions to the profits earned by uncontrolled parties engaged in similar business activities. The TNMM measures the total return on

business activities of the taxpayer, and therefore, “comparability” under the TNMM is primarily dependent upon the similarity of the functions performed and risks assumed by the controlled and uncontrolled parties. Under the TNMM, companies need to be broadly similar; substantial product and some functional differences between the controlled and uncontrolled parties are acceptable.

No particular method has been accorded a greater or lesser priority. The most appropriate method for a particular transaction would need to be determined having regard to the nature of the transaction, class of transaction or associated persons and functions performed by such persons, as well as other relevant factors.

For the purpose of determination of Arm’s Length Price for compliance under the Companies Act, 2013, one or more of the methods mentioned above or the principles enunciated thereunder can be applied.

## 6. Summary of Transactions

A summary of the proposed transactions between RCMS and RPF is as given below along with current and proposed pricing policy.

Sno	Transaction	Current Pricing policy	Proposed Pricing Policy	Transaction Value * (FY 2024-25) In Millions
<b>Services rendered by RPF to RCMS</b>				
1	Cash Van Services: Leasing, maintenance and running of Cash vans	Leasing cost of RPF Plus 9% markup	Leasing cost of RPF Plus 9% to 10% markup #	343.09
2	Security Services: Providing security services by way of armed guards	Cost to Company Plus 9% markup	Cost to Company Plus 9% to 10% markup #	294.58
3	Driver Services: Providing driver services	Cost to Company Plus 9% markup	Cost to Company Plus 9% to 10% markup #	127.73
4	Sub leasing: Sub lease of office building and amenities	As per Sub lease agreement	As per Sub lease agreement	9.81
<b>Services rendered by RCMS to RPF</b>				
1	Loan extended by RCMS to RPF	Highest borrowing cost rate of RCMS plus 0.1% (or) Government yield whichever is higher	Highest borrowing cost rate of RCMS plus 0.1% (or) Government yield whichever is higher	3.04

\* As furnished to us by the Company

# For the purpose of ALP study, the markup is assumed as 10%

## 7. Analysis of Individual Transactions

### Security and Driver Services

RPF holds a valid licence under the Private Security Agencies (Regulation) Act, 2005 (“PSARA”) authorising it to provide private security services. RPF employs armed security personnel, including drivers, who are deployed in accordance with the service requirements.

RPF and RCMS have entered into an intercompany agreement dated April 1<sup>st</sup> 2023, pursuant to which RPF provides security and driver services to RCMS. Such services are rendered in line with the specifications and service standards stipulated under the principal agreement entered into by RCMS with its customers (hereinafter referred to as the “Principal Agreement”). In this regard, RPF has acknowledged and accepted the rights, responsibilities, and obligations relating to the provision of security services, to the extent applicable, as undertaken by RCMS towards its customers under the Principal Agreement.

### Cash Van Services

RPF provides cash van leasing and fleet management services to RCMS. In this regard, RPF manages a fleet of cash vans. These vehicles are fabricated and customised in compliance with Reserve Bank of India’s (RBI) regulatory requirements for the secured transportation of cash.

Pursuant to a lease agreement dated April 1<sup>st</sup> 2023, the fabricated cash vans are sub leased by RPF to RCMS for use in its cash management operations. RPF is responsible for coordinating the procurement, fabrication, and deployment of the cash vans in line with RCMS’s operational requirements.

In addition to leasing the vehicles, RPF undertakes fleet management activities, which include incurring expenses related to the operation, upkeep, and periodic maintenance of the cash vans. Such activities cover fuel, routine servicing and repairs necessary to ensure continuous availability and operational efficiency of the fleet.

### Sub Lease of Office Premises

RPF has taken on lease a commercial office premises admeasuring approximately 14,913 square feet, bearing Plot Nos. 15 and 16, located at Raju Nagar, 1st Street, Okkiyam Thoraipakkam, Old Mahabalipuram Road (OMR), Chennai – 600096, pursuant to a lease agreement dated January 18, 2021.

Subsequently, RPF has sub-leased the said premises to RCMS under a lease agreement dated March 13, 2021, for use in RCMS’s business operations.

### Loan extended by RCMS to RPF

RCMS has extended an inter corporate loan of Rs 60 million to RPF vide agreement dated September 30, 2024 (“the Loan Agreement”). Significant terms of the agreement are as follows:

Terms	Details
Tenure	Five years (starting from September 30, 2024 to September 30, 2029 including 1 year moratorium)
Security	Unsecured
Interest rate	Higher interest rate applicable to the lender plus 0.10% provided that the interest rate charged is not lower than the

	prevailing government security closest to the tenure of the loan
Interest Repayment	Interest shall be payable at quarterly rests on the due date specified in the Loan Agreement
Principal repayment period	From October 1, 2025 to September 30, 2029

## 8. Functional Analysis

Functional analysis is a method of evaluating functions, risks, and assets (both tangible and intangible) of a business unit in order to identify the economic contributions made by the entities to the transaction under review. The purpose of such analysis is to pinpoint the value added activities undertaken by each related party in order to identify comparable transactions for calculating an arm's length range of results. The functional analysis provides the factual foundation for establishing a transfer pricing methodology consistent with the arm's length standards.

The goal of the functional analysis is therefore to identify the Company's functional profile, i.e.

- what **FUNCTION** the Company performs,
- what **ASSETS** it uses as part of its business activities
- what **RISK** it bears

An analysis of the functions performed by RCMS and RPF in relation to inter-company transaction is as follows :

### Functions performed

#### **Contracting and Customer Management**

RCMS enters into principal agreements with its customers for the provision of cash management services. RCMS is responsible for negotiating commercial terms, defining service scope and service-level requirements, and managing ongoing customer relationships. RCMS remains contractually liable to its customers for the quality, timeliness, and regulatory compliance of the services rendered.

RPF does not enter into any contracts with end customers. Its role is limited to providing services to RCMS in accordance with intercompany agreement.

#### **Service Planning and Operational Coordination**

RCMS is responsible for overall planning and coordination of cash management operations. This includes determining service schedules, routing of cash vans in line with customer contracts and regulatory requirements.

RPF executes operational activities as per the requirements set out in the principal agreement between RCMS and its customers. RPF acknowledges and accepts all the rights and obligations pertaining to the provision of security related services to the end customers.

#### **Security Services and Fleet Management**

RPF provides armed security and driver services in accordance with the requirements specified in the principal agreement. It recruits, trains, and deploys security personnel and ensures compliance with applicable regulations, including PSARA, while performing security services. RPF leases cash vans from third-party lessors, undertakes fabrication and customisation of such vans in compliance with RBI guidelines, and sub leases the vans to RCMS. RPF also manages fleet-related activities such as maintenance, repairs and insurance.

As stated in the previous paragraph, RCMS's role is limited to overall planning and coordination of cash management operations with deployment of personnel and fleet management falling within the scope of RPF.

## **Regulatory and Compliance Alignment**

RCMS is responsible for ensuring overall compliance with regulatory requirements applicable to cash management services, including RBI guidelines and customer specific compliance obligations.

RPF ensures compliance with regulations applicable to security service providers, including holding a valid PSARA licence, and adheres to operational compliance requirements while rendering services to RCMS.

The degree of functions performed by the respective entities is summarized below.

<b>Function</b>	<b>RCMS</b>	<b>RPF</b>
Contracting and Customer Management	✓✓	✘
Service Planning and Operational Coordination	✓✓	✓
Security Services and Fleet Management	✓	✓✓
Regulatory and Compliance Alignment	✓	✓

High - ✓✓    Limited - ✓    Nil - ✘

## **Risk Assumed**

An analysis of the risk assumed by RCMS and RPF in relation to inter-company transaction is as follows :

### **Customer and contractual risk**

As stated in the lease agreement between RCMS and RPF, RPF is responsible in respect of any losses, claims by customers of RCMS or any deficiency in services in relation to provision of security services as per the principal agreement. However, since the contract between RCMS and its customers are on Principal basis, RCMS retains the contractual risks related to customer agreements. In respect of service level non-performance attributable to RPF, by virtue of the above mentioned agreement, the same is effectively passed on by RCMS to RPF.

### **Operational risk**

RPF assumes routine execution risk linked to the performance of security services, fleet management, and support activities in accordance with instructions and specifications provided in the principal agreement, with limited operational risk retained by RCMS.

### **Manpower Risk**

RPF bears manpower-related risks, including recruitment, training, deployment, and retention of security personnel, as well as compliance with labour laws. The disciplined workforce structure mitigates risks of disruption but does not transfer entrepreneurial risk to RPF.

RCMS bears residual manpower risk to the extent that any manpower-related failure ultimately affects service delivery to customers.

### **Reputational Risk**

RCMS bears the major reputational risk as the customer facing entity. Though, basis the agreement between RCMS and RPF, the risk to the extent of those arising from any failure or deficiency in service is transferred to RPF, RCMS retains the residual risks in such cases also as any failure or deficiency in service rendered would affect the reputation of RCMS.

The degree of risk assumed by the respective entities is summarized below :-

Function	RCMS	RPF
Customer and contractual risk	✓✓	✓
Operational risk	✓	✓✓
Manpower Risk	✓	✓✓
Reputational Risk	✓✓	✓

High - ✓✓ Limited - ✓ No - ✕

## Assets Employed

An analysis of the assets employed by RCMS and RPF in relation to inter-company transaction is as follows :

### Tangible assets

RCMS specifies operational requirements and deploys cash vans for customer operations but does not assume ownership responsibility for the vehicles leased from RPF.

RPF leases cash vans from third-party lessors, undertakes their fabrication in compliance with regulatory guidelines, and sub-leases the vehicles to RCMS. RPF bears routine asset-related responsibilities such as maintenance, repair and insurance.

### Human Capital

RCMS employs managerial, supervisory, and administrative personnel responsible for planning, coordination and customer management. Such human capital supports RCMS's role as the principal service provider.

RPF's primary asset is its trained manpower, predominantly comprising ex-servicemen. This workforce enables RPF to execute security and support services reliably.

### Licences and Regulatory Approvals

RPF holds a PSARA licence and other operational approvals necessary for rendering security services. Such licences are mandatory for service provision and do not, by themselves, create unique or valuable intangibles.

RCMS does not hold any significant license for the purpose of deployment of personnel and fleet management.

The degree of assets employed by the respective entities is summarized below.

Function	RCMS	RPF
Tangible assets	✓✓	✓✓
Human Capital	✓✓	✓✓
Licences and Regulatory Approvals	✓	✓✓

High - ✓✓ Limited - ✓ No - ✕

## Conclusion

Based on the functional, asset, and risk analysis, and having regard to the contractual arrangements between RCMS and RPF, it is observed that RPF performs the principal operational functions relating to the provision of security and cash van services and assumes a significant portion of the risks associated with service execution. Accordingly, RPF bears substantial operational, manpower, and execution risks associated with service delivery.

## 9. Approach to determine Arm's Length Price (ALP)

### Approach to determine ALP - Cash Van Services

#### Application of CUP Method

Based on our discussion with the management of RCMS and RPF, we understand that RPF neither provides such cash vans services to any unrelated parties nor does RCMS obtain such cash vans services from any unrelated parties.

Hence application of CUP method for cash van services is not considered feasible.

#### Application of TNMM

As stated in above since CUP method is not considered as feasible TNMM method is considered as the appropriate method for determining the arm's length price.

#### Identification of Comparable Companies

Comparable companies were identified through a multi-step process. The initial understanding of the business model, functions performed, and services rendered was obtained through discussions with the management. Based on this understanding, an industry specific search was undertaken, including identification of companies registered with the Currency Cycle Association, as such entities operate within a similar environment. In addition, a broader search was conducted using publicly available information to identify companies engaged in cash management and related services with broadly comparable functional profiles.

Financial data for the three immediately preceding audited financial years (FY 2022-23 to FY 2024-25) of the identified comparable companies was sourced from the "Prowess IQ database". ProwessIQ, or Prowess for Interactive Querying, is a powerful internet based application for querying Centre for Monitoring Indian Economy (CMIE)'s database on performances of listed and unlisted companies.

#### Considering RPF as Tested Party

Based on our discussion with the management, we have identified "Albatross Security and Allied Services Pvt Ltd" as the comparable entity to RPF.

A detailed analysis of the company considered has been provided in Appendix I. Since data for the financial year ended March 31<sup>st</sup> 2025 is not available, data for the financial year ended March 31<sup>st</sup> 2024 and March 31<sup>st</sup> 2023 was considered for the analysis (the extant Income Tax Transfer Pricing Regulations permits considering data upto two years prior from the tested year in case relevant data for the latest audited financial year is not available).

A summary of the benchmarking exercise is as follows :-

S No	Company Name	Sales (Rs in millions)	Operating Cost (Rs in millions)	Operating Profit (Rs in millions)	Operating margin (%)
1	Albatross Security and Allied Services Pvt Ltd				5.10
<b>Markup</b>					<b>5.10</b>

### Operating Margin of RPF

The computation of operating margin of RPF basis the financial statements for the year ended 31<sup>st</sup> March 2025 is as follows :-

Sno	Particulars	Amount (in Millions)
A.	Revenue from operations	715.69
B.	Revenue from operations (Considering 10% Margin) [A * 110/109]	722.26
C.	Operating expenses	645.86
D.	Employee benefits expense	6.83
E.	Other expenses	54.88
F.	Rent payment by RPF to lessor	13.05
G.	Total Operating Expense [C+D+E-F]	694.52
H.	Operating Profit (B-G)	27.73
I.	Operating Margin (H/G)	3.99%

### Conclusion :-

Since the operating margin earned by RPF at 3.99% is lower than the benchmark margin of 5.10%, the markup of 10% applied on the services rendered by RPF to RCMS can be considered to be at arm's length, based on the analysis and justifications discussed above.

### Considering RCMS as Tested Party

Comparable companies engaged in cash management services similar to those provided by RCMS to its end customers are available and have been identified for the purpose of benchmarking RCMS at the entity level. While the intent here is to test the ALP compliance for cash van related services, since the testing is done at RCMS entity level the results of the same would invariably provide an ALP justification for all the three transactions which form part of the operating cost of RCMS, namely security services, driver services and cash van services.

Accordingly, the operating margin of RCMS has been evaluated against the operating margins of comparable companies engaged in similar cash management activities. Where RCMS is observed to earn an operating margin that is at arm's length, it indicates that the overall pricing of intercompany transactions entered into by RCMS, including the security and protection services procured from RPF, has not resulted in any erosion of RCMS's profitability. On this basis, and in the absence of reliable direct comparables at the level of RPF, the arm's length nature of the transactions between RPF and RCMS is supported through the arm's length outcome at the level of RCMS

A detailed analysis of the comparable companies considered and basis for their inclusion/exclusion is provided in Appendix II A and B.

A summary of the benchmarking exercise is as follows :-

S No	Company Name	Sales (Rs in millions)	Operating Cost (Rs in millions)	Operating Profit (Rs in millions)	Operating margin (%)
A	S I S Cash Services Ltd.	14,754.47	13,759.94	994.53	7.23
B	Securitrans India Pvt Ltd	6,495.62	5,268.07	1,227.55	23.30
C	Hitachi Cash Management Services Pvt Ltd	4,855.50	4,619.20	236.30	5.12
<b>Average Markup</b>					<b>11.88</b>

### Payment made to RPF

Sno	Particulars	Amount (in Millions)
A.	Contract Charges - Guards and Drivers	422.31
B.	Contract Charges - Cash Van	254.31
C.	Lease charges - Cash Van	88.96
D.	Total expense incurred by RCMS on with respect to Cash Van and Security services provided by RPF (A+B+C)	765.58
E.	Additional expense expected to be incurred by RCMS on account of increase in margin from 9% to 10% (D * 1/109)	7.02

### Operating Margin of RCMS

Sno	Particulars	Amount (in Millions)
A.	Employee benefits expense	799.94
B.	Depreciation and amortization expenses	84.99
C.	Other expenses	2,587.53
D.	Additional expense on account of increase in margin	7.02
E.	Total Operating expenses	3,479.48
F.	Revenue from Operations	4,050.91
G.	Operating Profit (F-E)	571.43
H.	Operating Margin (G/E)	16.42%

### Conclusion :-

Since the operating margin earned by RCMS at 16.42% is higher than the benchmark margin of 11.88%, the markup of 10% applied on the services rendered by RPF to RCMS can be considered to be at arm's length, based on the analysis and justifications discussed above.

## **Approach to determine ALP - Security and Driver Services**

### **Application of TNMM**

As detailed in the preceding section, based on the detailed TNMM analysis it has already been concluded that the services rendered by RPF to RCMS can be considered to be at arm's length. Since the margin analysis is carried out at an entity level covering all services, the same establishes that the basis of pricing of security and driver services also can be considered to be at Arm's Length.

### **Application of CUP Method**

An alternative analysis under CUP method is also carried out for these services as detailed hereunder.

### **Considering RPF as the tested party**

An analysis of the sales transactions of RPF for the financial year ended 31<sup>st</sup> March 2025 indicates that approximately 90% of the total revenue has been generated from services rendered to RCMS, with about 10% arising from transactions with unrelated customers.

### Security Services

Based on discussions with the management of RPF, it is understood that services provided to unrelated parties are predominantly in the nature of non-armed security services rendered to non-BFSI entities. Such services do not involve the deployment of armed personnel.

While the services rendered by RPF to unrelated parties are not identical to those rendered to RCMS, they are considered to be broadly comparable in nature for benchmarking purposes. Both sets of services involve the deployment and management of security personnel and are rendered within the same overall security services framework. The core functional elements, including manpower recruitment, training, supervision, and deployment, remain largely similar across both types of services.

A summary of the cost base and margins earned by RPF in respect of transactions with certain significant unrelated parties is provided in Appendix III. The average markup earned by RPF on such transactions is observed to be 12.08%.

In view of the above, the application of a markup of 10% on security services rendered by RPF is lower than the markup earned from unrelated parties for broadly comparable services. Accordingly, the markup of 10% provides support for the arm's length nature of the pricing of security services, based on the analysis discussed above.

### Driver Services

Since RPF does not offer services of drivers on a standalone basis to other unrelated parties, application of CUP method considering RPF as the tested party is not considered feasible.

### **Considering RCMS as the tested party**

As part of the alternative analysis under CUP, RCMS has been considered as the tested party to evaluate the availability of comparable uncontrolled purchase transactions.

Based on the discussion with the management of RCMS, we understand that RCMS has obtained similar security and driver services from certain unrelated parties. A summary of the cost base and margins charged by such unrelated parties are provided in Appendix IV. The average markup charged by other unrelated parties on such transactions is observed to be 7.00%.

The relatively higher proposed markup of 10% charged by RPF, as compared to the 7.00% charged by other service providers for similar services rendered to RCMS, can be commercially explained by qualitative differences in the nature of manpower deployed and service continuity offered.

RPF predominantly employs personnel with prior experience in the armed forces or allied defence services. Such personnel possess higher levels of training, operational discipline, and situational preparedness, which enhances the quality and reliability of security services rendered. The deployment of ex-servicemen contributes to improved adherence to security protocols, better handling of sensitive cash logistics operations, and reduced operational risk for RCMS.

Further, the employment of ex-servicemen has resulted in a stable workforce. This has enabled RPF to provide uninterrupted security services to RCMS, with no instances of work stoppages or labour disruptions such as strikes. Given the critical nature of cash management operations, continuity of service is a key commercial consideration, and the ability of RPF to ensure uninterrupted operations provides incremental value to RCMS as compared to services rendered by other providers.

In addition to the above justification, it is evident from the functional analysis documented in Section 8 of this report that RPF is characterised as the entity performing the major functions and bearing the higher operational risk profile in relation to the services rendered.

Basis the justification provided above, it is established that the proposed markup of 10% on security and driver services can be considered to be at arm's length.

## Approach to determine ALP - Sub Lease

A comparison of the rent payable by RPF to the Lessor and the rent payable by RCMS to RPF as per the respective underlying lease agreement is as follows :-

Period	Rent payable by RPF to Lessor	Rent payable by RCMS to RPF
Feb 2021 to Mar 2022	8,94,780	7,00,000
Feb 2022 to Mar 2023	9,39,519	7,35,000
Feb 2023 to Mar 2024	9,86,495	7,71,750
Feb 2024 to Mar 2025	10,35,820	8,10,338
Feb 2025 to Mar 2026	10,87,611	8,50,855
Feb 2026 to Mar 2027	11,41,992	8,93,397
Feb 2027 to Mar 2028	11,99,091	9,38,067
Feb 2028 to Mar 2029	12,59,047	9,84,970
Feb 2029 to Mar 2030	13,22,000	10,34,220

Under both the lease agreements the lease rent is increased by 5% on an annual basis.

As per the lease agreement, the building consists of 3 floors each having a super built-up area of 4,971 square feet, aggregating to 14,913 square feet in total. We are informed that that in one of the floors, area measuring around 3,200 square feet is actually being occupied by certain other group entities of RPF and that the above fact has also been factored into by the management of RPF while finalising the total rent amount to be collected from RCMS.

Based on the above explanation, the comparison of the per square feet rate considering the rent for the month of April 2025 is as follows :-

Sno	Particulars	Figures
A	Per month Rent expense paid by RPF to Landlord (in Rs.)	10,87,611
B	Space leased out to RPF by Landlord (in Sq. ft)	14,913
C	Expense Per Sq Ft rate (A/B) (in Rs.)	72.93
D	Rent recovered from RCMS (in Rs.)	8,50,855
E	Area Occupies by other group entities (in Sq. ft)	3,200
F	Area occupied by RCMS (B-E) (in Sq. ft)	11,713
G	Income Per Sq Ft rate (D/F) (in Rs.)	72.64

Considering the above analysis it is evident that the per square feet rate charged by RPF from RCMS for the sub lease is at par with the per square feet rate charged by the lessor from RPF. Hence, the rental income recovered by RPF can be considered to be at arm's length.

## Approach to determine ALP – Interest on Loan

As per the Loan agreement between RCMS and RPF dated September 30<sup>th</sup> 2024, RCMS has extended Rs 60 million as inter corporate loan to RPF. The interest rate applicable on the loan is higher of the following :-

- a. Highest borrowing rate of RCMS plus 0.10% and
- b. Yield on Government Security

The average borrowing cost computation of RCMS considering the period between April 2025 and Sept 2025 is as follows :-

Bank	Interest Rate (%)	As on 1st April 2025	As on 30th Sept 2025	Average Balance	Weighted Average Interest Rate
HDFC Bank	8.20	9,04,14,246	12,50,59,776	10,77,37,011	1.15
IDFC Bank	7.95	34,89,08,954	28,08,98,025	31,49,03,490	3.26
RBL Bank	7.89	30,00,00,000	12,71,57,810	21,35,78,905	2.20
Yes Bank	9.70	11,88,21,538	14,30,29,013	13,09,25,276	1.66
<b>Weighted Average Interest Rate</b>					<b>8.27</b>

The interest rate charged by RCMS for the quarter ended 30<sup>th</sup> September 2025 is 9.80% (i.e. 9.70% being the highest interest rate for the quarter ended 30<sup>th</sup> September 2025 plus 0.1%). Based on the weighted average interest rate of approximately 8.30% as computed above, the implicit spread on the interest rate charged on RPF is 150 basis points, and hence, the interest income recovered from RPF can be considered to be at arm's length.

## 10. Disclaimers and Limitations

1. This report has been prepared and is intended solely for the use and benefit of RCMS and not for reliance by any other person without our prior written consent.
2. The analysis represented in this report is based upon representations, documents, facts, data, and assumptions that have been included or referenced herein, and the assumption that such information is accurate, true, and authentic. We have relied upon statements and representations made by the management of RCMS and have assumed that such statements and representations are true without regard to any qualifications as to knowledge and belief.
3. The report is based upon the assumption that RCMS has conducted a reasonably thorough search for relevant information in response to the questions and information requests of V&V.
4. The report does not address any matters, transactions, or taxable years other than those specifically identified herein. V&V recommends that the analysis contained in this report be reviewed and either updated or re-evaluated on a periodic basis.
5. This report is not binding upon the Indian regulatory authorities or the courts, and therefore there is no assurance or guarantee that the authorities will not successfully assert a contrary position. Also, no assurance can be given that future legislative or administrative changes, on either a prospective or retrospective basis, would not adversely affect the accuracy of the conclusions stated herein.
6. In addition, in preparing this report, V&V has relied upon the accuracy of information generated from databases (which are licensed from third parties) and does not assume any responsibility in respect of any inaccuracies, omissions or errors, which may subsequently be discovered in information contained in the databases.
7. Neither V&V nor any individuals associated with this report shall be required, by reason of this report, to provide testimony to appear in court or at other legal proceedings, unless specific arrangements to do so have been made.
8. It is understood and agreed that the analysis and conclusion represented in this report will consist of arm's length analysis for the client's review, consideration, decision, and/or approval. We will not make any decisions on behalf of the client in connection with the implementation of such recommendations. All management decisions and conclusions reached in connection with the engagement will be the responsibility of the client.

## Appendices to the Arm's Length Pricing Study Report

**RADIANT CASH MANAGEMENT SERVICES LIMITED**  
**Arm's Length Pricing Study Report**

Method :- TNMM  
Tested Party :- RPF

Appendix I

(Rs In millions)

Sl.No	Company Name		Filtration Criteria				Total Amount	
			Industry Comparable	Turnover Comparable	Final Score	Considered as comparable		OP/OC (A.3 / B.3)
1	Albatross Security and Allied Services Pvt Ltd		Y	Y	2	Y		5.10%

**RADIANT CASH MANAGEMENT SERVICES LIMITED**  
**Arm's Length Pricing Study Report**

Method :- TNMM  
 Tested Party :- RCMS

**Appendix II A**

Sl.No	Company Name	Filtration Criteria			Remarks
		Industry Comparable	Turnover Comparable	Considered as comparable	
1	Brink'S India Pvt. Ltd.	N	Y	N	Not considered as comparable as 48% of the revenue of the entity is from Non Cash management Services as per Financial statement for the year ended 31st March 2025
2	S I S Cash Services Ltd.	Y	Y	Y	Considered as Comparable since Note 22 to the Financial statements for the year ended 31st March 2025 "The Company's revenue is from rendering of services towards cash logistics services"
3	Securitrans India Pvt. Ltd.	Y	Y	Y	Considered as Comparable since significant accounting policies forming part of the financial statement states that "the Company is engaged in the business of providing cash management services such as ATM replenishment, ATM First Line Maintenance, Cash delivery and pick up. Bullion movement, dedicated cash vans to Banks and managed services"
4	Hitachi Cash Mgmt. Services Pvt. Ltd.	Y	Y	Y	Considered as Comparable since significant accounting policies forming part of the financial statement states that "the Company is engaged in the business of providing cash management services including vaulting and cash processing". Further income breakup includes ATM and allied services, retail cash management and dedicated Van Services
5	G 4 S Secure Solutions (India) Pvt. Ltd.	Y	N	N	Not comparable as comparable since the operating levels of the company are not similar to the operating levels of the tested party
6	Sequel Logistics Pvt. Ltd.	N	Y	N	Not considered as comparable since significant accounting policies forming part of the financial statement states that the primary activity of the company is logistics of products in critical logistics domain. The company has 95 branch offices and 24 high grade vaults across India.

**RADIANT CASH MANAGEMENT SERVICES LIMITED**  
**Arm's Length Pricing Study Report**

Method :- TNMM  
 Tested Party :- RCMS

Appendix II B

(Rs In millions)

Sl.No	Company Name	FY 2022-23			FY 2023-24			FY 2024-25			Total Amount			
		Sales (S.1)	OP <sup>*</sup> (A.1)	OC <sup>#</sup> (B.1)	Sales (S.2)	OP <sup>*</sup> (A.2)	OC <sup>#</sup> (B.2)	Sales (S.3)	OP <sup>*</sup> (A.3)	OC <sup>#</sup> (B.3)	Total Sales (S.4 = S.1 + S.2 + S.3)	Total OC (B.4 = B.1 + B.2 + B.3)	Total OP (A.4 = A.1 + A.2 + A.3)	OP/OC (A.4 / B.4)
1	S I S Cash Services Ltd.	4,045.69	215.07	3,830.62	4,895.38	397.69	4,497.69	5,813.40	381.77	5,431.63	14,754.47	13,759.94	994.53	7.23%
2	Securitrans India Pvt. Ltd.	2,217.20	379.99	1,837.21	2,182.78	452.98	1,729.80	2,095.64	394.58	1,701.06	6,495.62	5,268.07	1,227.55	23.30%
3	Hitachi Cash Mgmt. Services Pvt. Ltd.	-	-	-	-	-	-	4,855.50	236.30	4,619.20	4,855.50	4,619.20	236.30	5.12%

#Operating Cost = Depreciation + Employee benefit expenses + Other expenses  
 \*Operating Profit = Revenue from Sale of Service - Operating Cost

Average Markup 11.88%

**RADIANT CASH MANAGEMENT SERVICES LIMITED**  
**Arm's Length Pricing Study Report**

Method :- CUP  
 Tested Party :- RPF

**Appendix III**

Name of Customer	Designation	Agreement date	Basis	DA	Other Allowance	PF	ESI	Total Cost	Margin	Margin (%)	Total Price
										11.95%	
										13.03%	
										13.52%	
										11.06%	
										10.46%	
										10.89%	
										13.68%	

Average Margin 12.08%

Proposed Margin to be charged by RPI 10.00%

**RADIANT CASH MANAGEMENT SERVICES LIMITED**  
**Arm's Length Pricing Study Report**

Method :- CUP  
 Tested Party :- RCMS

**Appendix IV**

Sno	Name of Customer	Designation	Basic	HRA	Other Allowance	Bonus	PF	ESI	CTC Cost	Margin	Margin (%)	Total Cost
											7.00%	
											7.00%	
											7.00%	
											7.00%	

Average Margin 7.00%

Proposed Margin to be charged by RPF 10.00%