



Protean eGov Technologies has over 25 years of experience in creating digital infrastructure and governance solutions. The company has enabled 19 nationally critical e governance stacks while working with 7 ministries across diverse sectors. Protean has strategically expanded across digital and e-governance ecosystem. As a niche player with a strong growth potential with market leadership, Protean has a strong balance sheet and cash flow. We recommend to subscribe for listing gains and long term.



About Company

Incorporated in December 1995, Protean eGov Technologies Limited was previously known as NSDL e-Governance Infrastructure Limited. The company is engaged in the business of developing citizen-centric and population-scale e-governance solutions for more than 2 decades. Protean eGov Technologies has played a vital role in developing national infrastructure for capital market development in India. The company has developed & implemented some of the most crucial technological infrastructure in India. Since December 2022, the company has implemented and managed 19 projects spread across several ministries. The company's vital role in developing digital infrastructural solutions has led to the achievement of multiple milestones. Key amongst them are (i) Modernizing direct tax infrastructure through the introduction of projects like PAN issuance. (ii) The company has enabled the universal social security system for all Indians, in particular for workers in the unorganized sector, by creating technology infrastructure as a CRA for the Atal Pension Yojana. (iii) The company has also been instrumental in improving accessibility to education and skill financing through the development of efficient digital marketplaces. This has led to the discovery of financial resources through platforms such as Vidya Lakshmi and Vidyasaarathi.

Issue details

Price Band (in ₹ per share)	752-792
Issue size (in ₹ Crore)	464.44-489.20
Fresh Issue (in ₹ Crore)	NIL
OFS (in ₹ Crore)	464.44-489.20
Issue open date	06-11-2023
Issue close date	08-11-2023
Tentative date of Allotment	13-11-2023
Tentative date of Listing	17-11-2023
Total number of shares (lakhs)	61.91
No. of shares for QIBs (50%) (lakhs)	30.21
No. of shares for NII (15%) (lakhs)	9.06
No. of shares for retail investors (35%) (lakhs)	21.14
Employee Reservation (lakhs)	1.50
Employee Discount	INR 75
Minimum order quantity	18
Face value (in ₹)	10.00
Amount for retail investors (1 lot)	13,536-14,256
Maximum number of shares for Retail investors at lower Band	252 (14 lots)
Maximum number of shares for Retail investors at upper band	252 (14 lots)
Maximum amount for retail investors at lower Band- upper band (in ₹)	1,89,504-1,99,584
Exchanges to be listed on	BSE

canmoney.in

A route to making money online

Akshay R. Pradhan

akshay@canmoney.in | Tel 022-43603861

Objective of the Offer

- Sale of shares of upto 60,41,000 by selling shareholders.



Brief Financials				
PARTICULARS (Rs. Cr)*	June 23	FY23	FY22	FY21
Share Capital	40.42	40.42	40.38	40.13
Net Worth	888.09	856.94	788.01	667.45
Revenue from Operation	220.40	742.20	690.09	603.13
PBT	41.72	140.41	185.62	116.00
PAT	32.21	107.04	143.93	92.18
EPS	31.88^	26.50	35.78	23.02
Net Asset Value (Rs)	21.97	21.20	19.51	16.62
P/E#	24.84	29.88	NA	NA
P/B #	36.04	26.50	NA	NA

Source: #calculated at upper price band * Restated consolidated financials ^ annualized EPS

Industry Review

They are one of the key IT-enabled solutions companies in India engaged in conceptualizing, developing, executing nationally critical, and population scale greenfield technology solutions. They collaborate with the government and have extensive experience in creating digital public infrastructure and developing innovative citizen-centric e-governance solutions. They were originally setup as a depository in 1995 and created a systemically important national infrastructure for capital market development in India. They have been the chief architect and implementer for some of the most critical and large-scale technology infrastructure projects in India. (Source: CRISIL Report) They believe our solutions have led to identification of bottlenecks in government services, increased transparency and efficiency, redefined delivery of public services and led to a reduction in service delivery costs. They were among the leading Indian companies in the e-governance sector in terms of profitability, operating income, operating profit and operating profit margin in Fiscal 2023 (Source: CRISIL Report) They are a professionally managed company and are led by an experienced senior management team whose expertise and industry experience have helped them grow our operations and innovate our services. Since inception and as of June 30, 2023, They have implemented and managed 19 projects spread across seven ministries and autonomous bodies ushering change in public delivery of services. Our primary engagement has been with following ministries:



They have been instrumental in establishing public digital infrastructure and creating e-governance interventions impacting multiple sectors of the Indian economy. Some of our key interventions include: • Modernising the direct tax infrastructure in India through projects like Permanent Account Number (“PAN”) issuance, the Tax Information Network (“TIN”) including Online Tax Accounting Systems (“OLTAS”). • Strengthening the old age security system in the country by building the core IT infrastructure as a Central Recordkeeping Agency (“CRA”) for the National Pension System (“NPS”). • Enabling the universal social security system for all Indians, particularly the workers in the unorganized sector by creating technology infrastructure as a CRA for the Atal Pension Yojana (“APY”). • Contributing to the India Stack, a set of application programming interface (“API”) that allows governments, businesses, startups and developers to utilise a unique digital infrastructure to prepare solutions that are presence-less, paperless and enable cashless service delivery. They have also enabled the BFSI sector by providing Aadhaar-based identity authentication and e-Sign services, as a licensed certifying authority empaneled by the Controller of Certifying Authorities. They were appointed as a registrar for enrolling citizens for Aadhaar.



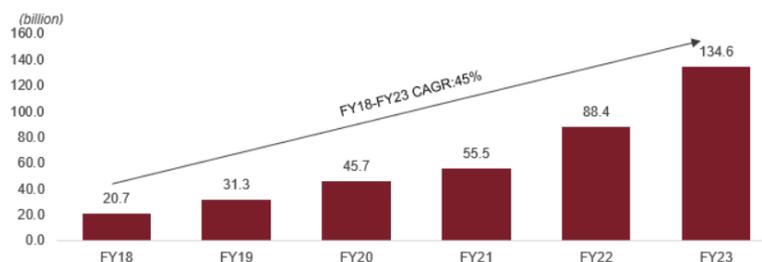
Industry Review

- Improving accessibility to education and skill financing through creation of efficient digital marketplaces enabling discovery of financial resources through platforms such as Vidya Lakshmi, and Vidyasaarathi.
- Contributing to and supporting open digital building blocks such as Open Network for Digital Commerce (“ONDC”) for use-cases across sectors like e-commerce, mobility, healthcare, agriculture and education. They are one of the key and early contributors to the open source community and protocols that are powering ONDC. In our experience, these projects have resulted in reduction of turnaround time by digitizing processes, ensuring better compliance with government policies and enhancing transparency by providing real-time reports and dashboards to stakeholders. Project-wise major highlights and our market share are as below:

Services	Major Highlights	Protean’s Market Share
Service vertical: Public Finance Management System and Taxation		
Pan Issuance	Over 446 million PAN issued since commencement	45%
TIN	2.10 million deductors filed TDS returns electronically through TIN systems in Fiscal 2023	58%
Service vertical: Social Security (as of June 30, 2023)		
National Pension Scheme	16.56 million Subscribers	94%
	AUM (₹ million) 90,85,774	99%
Atal Pension Yojana	47.75 million Subscribers	100%
	AUM (₹ million) 2,95,825	

Government’s outlay on promotion of digital payments Digital payments continue to get boost in 2023 There has been a manifold increase in digital payments in the recent past. To further boost digital transactions, the finance minister in Union Budget 2023-2024 earmarked ₹ 115.4 billion to bolster the digital India initiative of which ₹ 1.5 billion are proposed to provide financial incentive to promote digital mode of payments. Further, various initiatives such as setting up of 75 digital banking units in 75 districts across the country by scheduled banks and 100% inclusion of post-offices under the core banking systems thus providing features such as net banking, mobile banking, ATMs, and also provide online transfer of funds between post office accounts and bank accounts have been taken. Consumers are increasingly preferring mobile transactions owing to the convenience these offer. The share of mobile banking and prepaid payment instruments is expected to increase dramatically over the coming years. Improved data connectivity, low digital payment penetration, and proactive government measures to increase digitalisation will also help in the country’s transition to a cashless economy.

Figure 1 Digital Payments by Volume





Industry Review

PAN card allotment in India Total PAN card allotment has gone up 3 times in the last eight Fiscals PAN card is mandatory to file tax returns in India. A PAN card is issued to all those people/entities who form the taxpayer base. A taxpayer is an individual or corporation who pay taxes annually on earnings as per the provisions of the Income Tax Act. The Act applies different tax rates depending on the category of taxpayers. It categorises taxpayers as individuals, Hindu undivided family (“HUF”), association of persons (“AOP”), body of individuals (“BOI”), firms, companies, government, local authorities, AOP (trust), and artificial juridical person (“AJP”). Till date, over 97% of the total allotments have been made to individuals. Increase in the number of PAN allotments is a reflection of the efforts made by the government to widen the taxpayer base. Increasing emphasis on financial inclusion in the country, widening the usage of PAN cards, expanding the formal economy and overall GDP growth in the nation have led to expansion of the taxpayer base, which, in turn, has increased the number of PAN card allotments in the last decade.

Figure 2 Total allotment of PAN cards in India (in million)

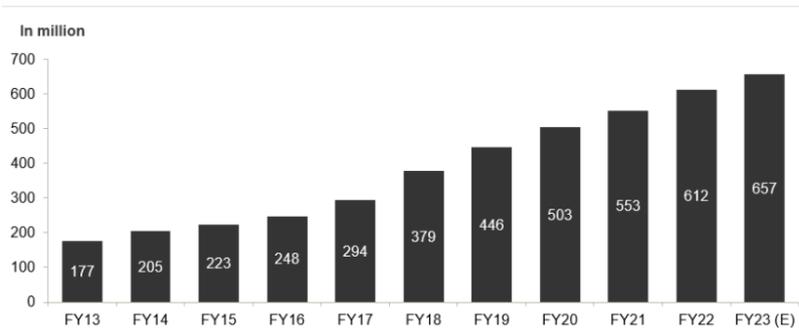
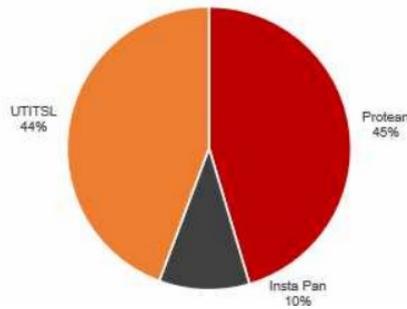


Figure 3 Market share in PAN card allotment from introduction From Fiscal 2021 until Quarter One of Fiscal 2024





Competitive Strengths

Pioneer and market leader in universal, citizen centric and population scale e-governance solutions:

They are among the few players in India which are working towards creation of open digital ecosystems. For example, They are one of the key and early contributors to the open source community and protocols that are powering ONDC. They are among India's top IT-enabled e-governance service providers in terms of profitability and operating income in Fiscal 2023. (Source: CRISIL Report) They continue to be a market leader in provision of e-governance services such as management of the TIN, PAN processing, NPS and Atal Pension Yojana.

Secure, scalable and advanced technology infrastructure:

They have made investments in technology platforms that in our experience have strengthened our competitive advantage, increased our operating advantage, ensured scalability and improved functionality while driving innovation. These investments have also helped them to provide our clients and other stakeholders with bespoke services.

Large physical infrastructure with pan-India network and scale resulting in inclusion:

They have developed a pan-India service delivery network across India for various public and other services provided by them. Our service network has grown over the years and grew from 33,041 centres, as of March 31, 2021 to 53,948 centres, as of March 31, 2022, 74,435 centres as of March 31, 2023 and further to 79,374 centres, as of June 30, 2023. As of June 30, 2023, our PAN and TIN facilitation centres network was in over 12,000 PIN codes spread across over 700 districts in India. In addition, as of June 30, 2023, They covered over 26,000 nodal offices of the central government, over 263,000 nodal offices of state governments and had over 87,000 points of presence across India for the administration of the NPS.

Track record of healthy financial performance:

They have established a track-record of strong and consistent financial performance. Our technology driven operations and low operational costs have resulted in comparatively higher operating margins. They have been able to scale our technology platforms with limited capital expenditure and working capital to offer additional service offerings. The multi-term population scale projects They undertake ensure visibility of revenues and They generated ₹ 6,031.32 million, ₹ 6,909.09 million, ₹ 7,422.06 million, ₹ 1,567.48 million and ₹ 2,204.03 million, as revenue from operations in Fiscals 2021, 2022 and 2023 and in the three months ended June 30, 2022 and June 30, 2023, respectively. Our profit for the year/period was ₹ 921.87 million, ₹ 1,439.37 million, ₹ 1,070.42 million, ₹ 212.71 million and ₹ 322.11 million in Fiscals 2021, 2022 and 2023 and in the three months ended June 30, 2022 and June 30, 2023, respectively. Our Adjusted EBITDA was ₹ 848.43 million, ₹ 1,238.34 million, ₹ 1,179.64 million, ₹ 216.77 million and ₹ 340.88 million in Fiscals 2021, 2022 and 2023 and in the three months ended June 30, 2022 and June 30, 2023, respectively, while our Adjusted EBITDA Margin was 14.07%, 17.92%, 15.89%, 13.83% and 15.47% in similar periods.



Risk Factors

Dependence on government entities:

They are substantially dependent on projects awarded by government entities and agencies and their relationship with GoI entities exposes them to risks inherent in doing business with them, which may adversely affect our business, results of operations and financial condition.

Inability to provide business solutions:

They may not be able to provide business solutions that meet their clients' requirements, which could lead to clients discontinuing their work with them, which in turn could harm their business. They provide e-governance solutions that meet business requirements and offer their capabilities and expertise to the Central government and respective state governments, regulators, financial and non-financial institutions to create large-scale e-governance solutions.

Inability to develop new business:

Their business will suffer if They fail to anticipate and develop new services and enhance existing services in order to keep pace with rapid changes in technology and in the industries on which They focus.



Our View

Protean eGov Technologies has over 25 years of experience in creating digital infrastructure and governance solutions. The company has enabled 19 nationally critical e governance stacks while working with 7 ministries across diverse sectors. Protean has strategically expanded across digital and e-governance ecosystem. As a niche player with a strong growth potential with market leadership, Protean has a strong balance sheet and cash flow. We recommend to subscribe for listing gains and long term.

Source– Company Website and red herring prospectus



Analyst Certification

We/I Akshay Pradhan, M.Com, Research Analyst authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer (s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation (s) or view (s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Disclosures and Disclaimers

CANARA BANK SECURITIES LTD (CBSL), a wholly owned subsidiary of CANARA BANK, is a SEBI registered intermediary offering broking services to its institutional and retail clients; we also run a proprietary trading desk. CBSL is member of BSE & NSE. We are registered as RESEARCH ANALYST under SEBI (INH000001253). CBSL or its associates do not have an investment banking business. Hence, they do not manage or co manage any public issue. Neither CBSL nor its associates, neither the research analysts nor their associates nor his/her relatives (i) have any financial interest in the company which is the subject matter of this research report (ii) holds ownership of one percent or more in the securities of subject company (iii) have any material conflict of interest at the end of the month immediately preceding the date of publication of the research report OR date of the public appearance (iv) have received any compensation from the subject company in the past twelve months (v) have received any compensation for investment banking merchant banking or brokerage services from the subject company in the past twelve months (vi) have received any compensation for any other product or services from the subject company in the past twelve months (vii) have received any compensation or other benefits from the subject company or third party in connection with the research report. (viii) Research Analyst involved in the preparation of Research report discloses that he /she has not served as an officer, director, or employee of subject company (ix) is involved in market making activity of the company.

We shall adhere to SEBI guidelines from time to time.

We may have earlier issued or may issue in future reports on the companies covered herein with recommendations/ information inconsistent or different those made in this report. We may rely on information barriers, such as "Chinese Walls" to control the flow of information contained in one or more areas within us, or other areas, units, groups or affiliates of CBSL. The Research Desk does not solicit any action based on the material contained herein. It is for the general information of the clients / prospective clients of CBSL. CBSL will not treat recipients as clients by virtue of their receiving the research report. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of clients / prospective clients. Similarly, the Research Desk does not have regard to the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive it. The securities discussed in the report may not be suitable for all investors. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Persons who may receive the research report should consider and independently evaluate whether it is suitable for his/ her/their particular circumstances and, if necessary, seek professional/financial advice. And such person shall be responsible for conducting his/her/their own investigation and analysis of the information contained or referred to in the research report and of evaluating the merits and risks involved in the securities forming the subject matter of the reports. All projections and forecasts in research reports have been prepared by our research team.

The client should not regard the inclusion of the projections and forecasts described herein as a representation or warranty by CBSL. For these reasons: The client should only consider the projections and forecasts described in the research reports after carefully evaluating all of the information in the report, including the assumptions underlying such projections and forecasts. Past performance is not a guide for future performance. Future returns are not guaranteed and a loss of original capital may occur. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. We do not provide tax advice to our clients, and all investors are strongly advised to consult regarding any potential investment. CBSL or its research team involved in the preparation of the research reports, accept no liabilities for any loss or damage of any kind arising out of the use of these reports. The technical levels and trend etc mentioned in our reports are purely based on some technical charts/levels plotted by software used by us and these charts/levels are believed to be reliable. No representation or warranty, express or implied is made that it is accurate or complete. The recommendation expressed in the reports may be subject to change. The recommendations or information contained herein do/does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. This research reports are for the use and consumption of the recipient only. This publication may not be distributed to the public used by the public media without the express written consent of CBSL. The Research reports or any portion hereof may not be printed, sold or distributed without the written consent of CBSL. The research report is strictly confidential and is being furnished to client solely for client's information, may not be distributed to the press or other media and may not be reproduced or redistributed to any other person. The opinions and projections expressed herein are entirely based on certain assumptions & calculations and are given as part of the normal research activity of CBSL and are given as of this date and may be subject to change. Any opinion estimate or projection herein constitutes a view as of the date of this report and there can be no assurance that future results or events will be consistent with any such opinions, estimate or projection. The report has not been prepared by or in conjunction with or on behalf of or at the instigation of, or by arrangement with the company or any of its directors or any other person. Any opinions and projections contained herein are entirely based on certain assumptions and calculations. None of the directors of the company or any other persons in the research team accepts any liability whatsoever for any loss arising from any use of the research report or its contents or otherwise arising in connection therewith. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that the client has read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India (SEBI) before investing in Securities Market. Please remember that investment in stock market is subject to market risk and investors/traders need to do study before taking any position in the market.

Research Desk

Canara Bank Securities Ltd

SEBI: RESEARCH ANALYST REGISTRATION: INH000001253

BSE: INB 011280238, BSE F&O: INF 011280238

NSE: INB 23180232, F&O: INF 231280232, CDS: 231280232

Maker Chambers III, 7th floor,

Nariman Point, Mumbai 400021

**Contact No. : 1800220369/18001031369, 022 - 22802441/42,
43603841/42**

Email id: researchdesk@canmoney.in Website: www.canmoney.in