Protean eGov Technologies Ltd

A Play on Digital India - Protean

India's Pioneer In E-Governance

Over 25 years of experience in creating digital public infrastructure and developing innovative citizen-centric e-governance solutions

Key IT-enabled solution provider engaged in conceptualizing, developing and executing nationally critical and population scale greenfield technology solutions

Enabled 19 nationally critical e-governance stacks while working with 7 ministries across diverse sectors[1]

Marquee Banks and financial institutions as shareholders

Professionally managed led by Experienced Board And Management

Market Leader Taxation, Social Security Welfare, Identity across
B2G | B2B | B2C

171,000+ Physical touchpoints covering 12,000+ Pin codes across 36 States & UTs

Robust Financials Asset Light Healthy Cash Flows Dividend Paying Debt Free

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Change *is* growth | *formerly NSDL e-Governance Infrastructure Limited*

About : Protean eGov Technologies Ltd.

- ➢ A leading player in e-governance and Digital India initiatives, with significant market shares in PAN card issuance, e-TDS/TIN filings, and the NPS-CRA segment.

- ➢ It aims to enhance its capabilities around India's digital stack, including open digital ecosystems and cloud services

- ➢ Diversifying into areas such as open digital ecosystems, cloud services, data analytics solutions, and international e-governance projects, aiming to leverage its expertise in managing large databases and secure servers.
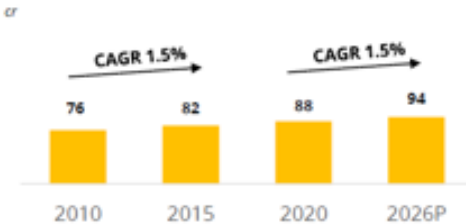
Growing Addressable Market

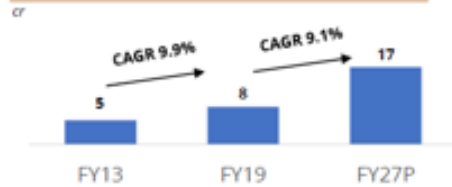**Favourable macroeconomic conditions poised for significant growth**

Demographic Shift	Digitalization	Financialization

Demographic Shift

Indian economy witnessing rising working age population

cr

CAGR 1.5% → CAGR 1.5% →

- 2010: 76
- 2015: 82
- 2020: 88
- 2026P: 94

Rising Tax-Payer Base

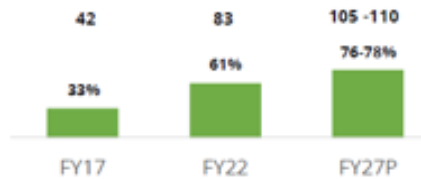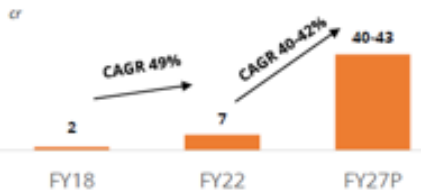cr

CAGR 9.9% → CAGR 9.1% →

- FY13: 5
- FY19: 8
- FY27P: 17

Digitalization

Increasing internet penetration...

Total no. of subscribers (in cr)
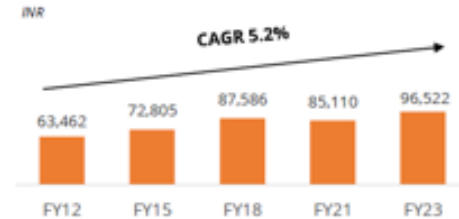C 0.1cr mobile subscribers added everyday (FY23)

- FY17: 42 / 33%
- FY22: 83 / 61%
- FY27P: 105 -110 / 76-78%

...with rising volume of digital payments

cr

CAGR 49% → CAGR 40-42% →

- FY18: 2
- FY22: 7
- FY27P: 40-43

28 cr digital transactions happening in a day (FY22)

Financialization

Indian economy witnessing rising per capita income

INR

CAGR 5.2% →
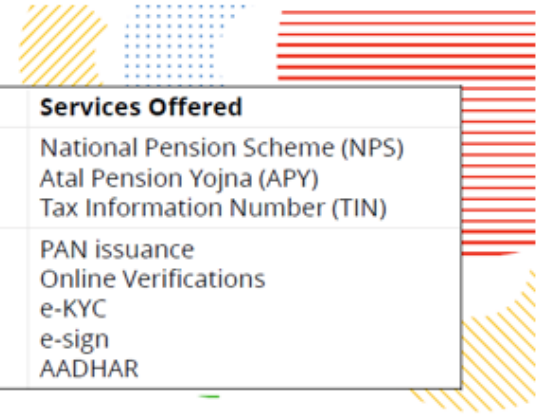
- FY12: 63,462
- FY15: 72,805
- FY18: 87,586
- FY21: 85,110
- FY23: 96,522

Growth in Household savings

INR Bn

CAGR 8.7% →

- FY12: 20,565
- FY15: 24,391
- FY18: 32,966
- FY21: 43,906

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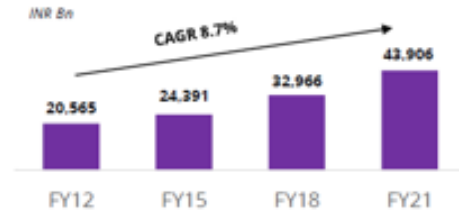
Business Verticals

Business Verticals and Revenue Mix

Vertical	Primary Customer Type	Revenue Model	Services Offered
E-Governance Platforms	B2B & B2G	Annuity and Transactional	National Pension Scheme (NPS) Atal Pension Yojna (APY) Tax Information Number (TIN)
Digital Identity	B2C & B2B	Transactional	PAN issuance Online Verifications e-KYC e-sign AADHAR

3QFY24

Pie chart 1:
- Tax Services — 47%
- Pension Services — 32%
- Identity Services — 14%
- Open Digital Ecosystems — 5%
- Others & New Initiatives — 2%

Pie chart 2:
- Transactional — 80%
- Annuity — 20%

Pie chart 3:
- Revenue from Govt. — 12%
- Revenue from Non-Govt — 88%

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Business Verticals
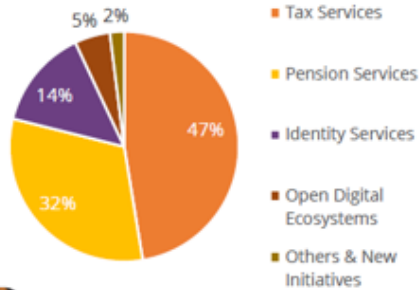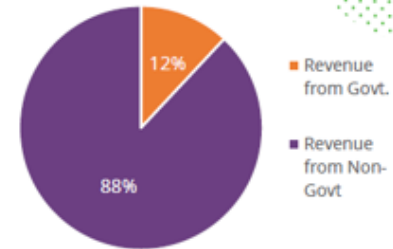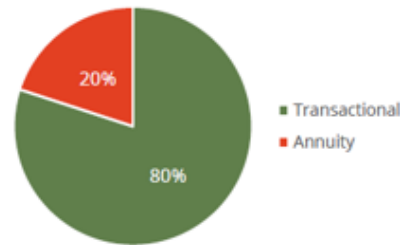
Core Business Positioning

Demonstrated capability at population-scale

- **47 cr+** PAN Cards[1] – the first digitally verifiable ID
- **7 cr+** NPS & APY subscribers[1]
- **260 cr+** Aadhaar authentications[1]
- **1046 cr+** Online PAN verifications[1]

Ring fenced businesses and dominant position

- **APY:** Sole administrator with **100%** market share
- **NPS:** 3-player market – Leading market share of **97%**[1]
- **PAN:** 3-player market – Leading market share of **64%**[1]

Competitive advantage

- **Trusted partner** for the Banking & Financial sector
- **Large customer base** spanning across B2C, B2B and B2G segments
- **Population scale delivery** through resilient and scalable technology infrastructure
- **Strong Phygital (Physical + Digital) distribution** network of 1.66 lakh+ touchpoints

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Note: 1. Since commencement.

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- ➤ PAN Card Issuance and Verification: Processes millions of PAN applications and verifications (60%+ Market share)

- ➤ Tax Information Network (TIN): Manages an extensive TIN for the ITD, facilitating various tax-related services and transactions.

- ➤ NPS-CRA:The company is a major CRA for the NPS and APY schemes, serving a vast majority of subscribers.

- ➤ Identity Solutions: Offers comprehensive identity solutions including e-KYC, e-authentication, and e-Sign services.

Business Growth

- Core business is growing double digits due to multiple growth drivers such as higher number of taxpayers, financialization of savings etc.

- Revenue is granular (transaction based) and low value per transaction

- Normalized operating margin is around 18-20%

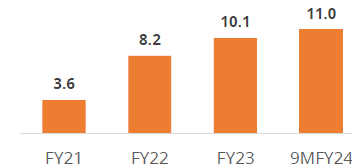## Key Growth Drivers *# in Cr

PAN Services

Offline ■ Online

	FY21	FY22	FY23	9MFY24
Online	0.7	1.1	1.6	1.6
Offline	2.3	2.6	2.5	2
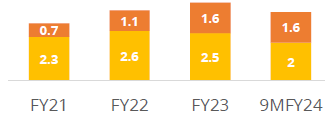
Total PANs issued till date 47.1 Cr

CRA Services

Cummulative ■ New Additions

	FY21	FY22	FY23	9MFY24
New Additions	0.8	0.9	1.2	1.2
Cummulative	4.2	5.1	6.2	7.4

e-Sign Transactions

FY21	FY22	FY23	9MFY24
3.6	8.2	10.1	11.0

Cumulative till date 38.6 Cr

e-KYC Transactions

FY21	FY22	FY23	9MFY24
9.1	17.4	24.6	33.1
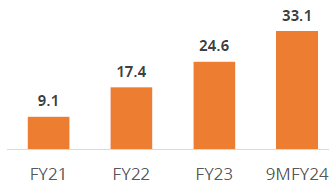
Cumulative till date 137.2 Cr

Aadhaar Authentication

FY21	FY22	FY23	9MFY24
17.9	27.5	27.7	37.6
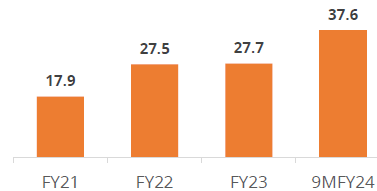
Cumulative till date 261.0 Cr

Online Pan Verifications

FY21	FY22	FY23	9MFY24
93.7	212.3	241.3	251.4
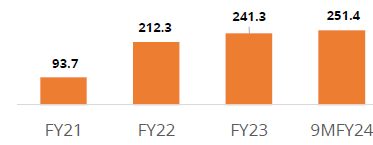
Cumulative till date 1045.9 Cr

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Business Growth

➤ Topline growth was impacted in 2020/21 due to Covid. Growth at 15%+

➤ Operating margins being impacted by one time write off of recievables

➤ Imvestment in talent and infrastructure on new initiatives (more on it soon)

Profit & Loss

Standalone Figures in Rs. Crores / View Consolidated

	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022	Mar 2023
Sales +	898	756	716	603	691	742
Expenses +	717	589	568	518	567	623
Operating Profit	181	167	148	85	124	119
OPM %	20%	22%	21%	14%	18%	16%
Other Income +	27	35	38	49	79	41

Quarterly Results

Standalone Figures in Rs. Crores / View Consolidated

	Sep 2022	Dec 2022	Jun 2023	Sep 2023	Dec 2023
Sales +	178	176	220	235	203
Expenses +	148	143	185	198	206
Operating Profit	30	33	35	37	-3
OPM %	17%	19%	16%	16%	-1%

Expanding the India Stack

Strategic Business Expansion

Multi-sector interventions
- E-Commerce
- Mobility
- Agriculture – Agri-stack
- Health
- Education

Open Digital Ecosystems

Cloud Services & Infosec
- MEITY Certified
- Security Architecture
- Governance, Risk and Compliance
- Managed Security Service

Cloud & Infosec Services

Data Stack

Large headroom for steady growth
- Vertical Integration building on Infra layer
- Comprehensive Digital Onboarding, Identity Verification and Data Services Stack
- Account Aggregator

Strong adjacencies
- Expansion into global markets
- Launch of indigenous Cloud offerings and Cyber security advisory

High growth potential
- Digital India is growing 2.5x faster than the overall economy
- Multisectoral interventions at Infra & Innovation layer
- Progressive policy framework and regulatory enablers

- Digital Onboarding
- Credit Verification
- Account Aggregator
- Data Analytics

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➢ Provides the technology rails for ONDC (platform for digital commerce)

➢ Provides SaaS applications to onboard buyers and sellers

➢ Leveraged to ONDC volumes : Small fee of the platform transactions

Expanding the India Stack

Tailwinds Across Industries – Digital Transformation

Digital Stacks launched by GoI since 2010 across: Digital Identity | Digital Transactions | Digital Assets

e-Commerce

- **Digital Consumption** poised to grow from $60-70Bn to $340 Bn by 2030
- Digital commerce users could increase from **165Mn (FY22) to 500Mn (FY30)**
- **7x growth in MSMEs** on digital platforms (from 6Mn to 40Mn)
- More than 60% new shoppers from **Tier III-IV towns**; expected to grow at 15-20%.

Mobility

- Shared mobility demand driven by increasing **urbanization**
- "Digital mobility" in India is set to grow **2x** to $11 billion by 2030.
- Organized cab and shared mobility segments are poised for growth as **50% of Millennials** prefer using a cab as opposed to owning a car

Healthcare

- **Government focus** on strengthening 'National Digital Health Mission' – planned outlay of **INR 641bn** over next 6 years
- The Healthtech industry is estimated to grow at a **CAGR of 41%** between FY22 and FY25, **and CAGR of 38%** between FY25 and FY30

Protean enables Digital Public Infrastructure in providing open network for e-commerce & mobility solutions

Account Aggregator

- Annual consents expected to reach **1bn** in CY 2025 and **5bn** in CY 2027 with broadening of ecosystem and new emerging use cases
- Personal and Consumer loans to increase from **$170Bn to $350Bn by FY30**
- Government focus on **developing Open Credit Enablement Network (OCEN)** to democratize credit for MSMEs

Agriculture

- GoI[1] push towards creating a **Agristack framework** to serve as foundation for innovative agro-focused solutions
- Agtech has the potential to add **$95 billion** to the Indian economy by 2030, through reduced input costs, enhanced productivity, and cheaper credit

Education and Skilling

- Digital education industry is expected **to grow at 30% - 40% over next 3 years** to reach a size of **INR 500–560bn**
- **66% of digital consumers** prefer to take an expensive online course, even if it means taking out a personal loan, as compared to an average offline course
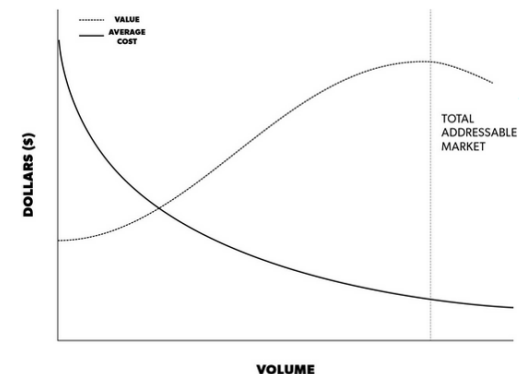
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Source: CRISIL Report, Global Health Expenditure Database, World Health Organization; Note: Numbers have been rounded-off. 1. Government of India.

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Thesis Summary

➤ **Leadership in Core Business Segments**: Protean holds a dominant position in essential e-governance services, including PAN card issuance, e-TDS/TIN filings, and NPS Central Recordkeeping Agency (CRA) services.

➤ **Diversification into High-Growth Areas**: The company is strategically expanding into high-potential areas such as cloud services, open digital ecosystems (like ONDC), and international markets.

➤ **Annuity-Based Revenue Model**: A substantial portion of Protean's revenues comes from transaction-based and annuity services, ensuring a steady cash flow.

➤ **Strategic Positioning for Digital India Initiatives**: As a key player in the Digital India initiatives, Protean is well-positioned to benefit from the government's push towards digitization. The company's involvement in foundational projects like ONDC could be the next growth driver

Risks and Challenges

➢ **Government Dependency** : Protean's business heavily relies on government contracts and initiatives. Changes in government policies or delays in project execution, could adversely affect the company's revenues and growth plans.

➢ **Regulatory Risks and Pricing Pressure**: Being in a regulated industry, changes in regulations or government-determined pricing for services like PAN issuance and NPS could impact profitability.

➢ **Data Security and Privacy Concerns**: Handling vast amounts of personal and financial data brings significant responsibility. Any data breaches could not only result in financial penalties but also damage the company's reputation, affecting its business prospects.

➢ **Execution Risks in New Ventures**: The successful expansion into new areas such as cloud services and international markets entails execution risks.