

IPO Report

Choice

“SUBSCRIBE” to

Protean eGov Technologies Ltd.

Pioneer and leader in people-centric e-governance solutions market



Salient features of the IPO:

- **Protean eGov Technologies Ltd.** (PeTL), formerly known as NSDL E-Governance Infrastructure Ltd., is coming up with an IPO to raise around Rs. 490cr, which opens on 6th Nov. and closes on 8th Nov. 2023. The price band is Rs. 752 - 792 per share.
- The IPO consists only of OFS portion, thus the company will not receive any funds from the issue.
- Couple of financial investors like 360 One Special Opportunities Fund (formerly known as IIFL Special Opportunities Fund), NSE Investments Ltd., HDFC Bank Ltd., AXIS Bank Ltd., Deutsche Bank A.G. and Union Bank of India are participating in the OFS and partially offloading their stake in the company.
- PeTL is professionally managed and thus doesn't have any identifiable promoters. Public shareholders will continue to hold 100% stake in the company.

Key competitive strengths:

- Pioneer and market leader in universal, citizen centric and population scale e-governance solutions
- Secure, scalable and advanced technology infrastructure
- Large physical infrastructure with pan-India network and scale resulting in inclusion
- Diversified, granular and annuity based service offerings
- Track record of healthy financial performance
- Experienced senior management team backed by strong corporate governance standards and supported by marquee investors

Risk and concerns:

- General slowdown in the global economic activities
- Unfavorable government policies & regulations
- Huge reliance on government programs
- Difficulty in product/services diversification
- Difficulty in maintaining the profitability
- Competition

Below are the key highlights of the company:

- E-governance is the use of Information & Communications Technology to conduct government business and provide public services. The strategic objective of e-governance is to support and simplify governance for all parties: government, citizens and businesses. The growth will be led by technology and platform up-gradation and e-governance initiatives of the central & state governments. E-governance aims to make interactions between government and citizens, government and business enterprises, and inter-agency relationships more friendly, convenient, transparent, and economical.
- PeTL is one of the key IT-enabled solutions companies in India, engaged in conceptualizing, developing and executing nationally critical and population scale greenfield technology solutions. It collaborates with the government and has extensive experience in creating digital public infrastructure and developing innovative citizen-centric e-governance solutions. In terms of operating income and profitability margins, the company was among the leading domestic companies in the e-governance market in FY23 (Source: RHP).
- Since inception and till 30th Jun. 2023, PeTL has implemented and managed 19 projects spread across seven ministries and autonomous bodies ushering change in public delivery of services. It is primarily engaged with Ministry of Finance, Ministry of Information & Broadcasting, Ministry of Skill Development & Entrepreneurship, Ministry of Commerce & Industry, Ministry of Communications, Ministry of Electronics & Information Technology and Ministry of Education.

Issue details

Price band	Rs. 752 - 792 per share
Face value	Rs. 10
Shares for fresh issue	Nil
Shares for OFS	0.619cr shares
Fresh issue size	N/a
OFS issue size	Rs. 465.6 - 490.3cr
Total issue size	0.619cr shares (Rs. 465.6 - 490.3cr)
Bidding date	6 th Nov. - 8 th Nov. 2023
Implied MCAP at higher price band	Rs. 3,203cr
Implied enterprise value at higher price band	Rs. 3,089cr

Book running lead manager	ICICI Securities Ltd., Equirus Capital Pvt. Ltd., IIFL Securities Ltd. and Nomura Financial Advisory and Securities (India) Pvt. Ltd.
---------------------------	---

Registrar	Link Intime India Pvt. Ltd.
-----------	-----------------------------

Sector	IT-Enabled Services
--------	---------------------

Promoters	The company is professionally managed and thus doesn't have any identifiable promoters
-----------	--

Issue break-up

Category	Percent of issue (%)	Number of shares
QIB portion	50%	0.302cr shares
Non institutional portion (Big)	10%	0.06cr shares
Non institutional portion (Small)	5%	0.03cr shares
Retail portion	35%	0.211cr shares

Indicative IPO process time line

Finalization of basis of allotment	13 th Nov. 2023
Unblocking of ASBA account	15 th Nov. 2023
Credit to demat accounts	16 th Nov. 2023
Commencement of trading	17 th Nov. 2023

Pre and post - issue shareholding pattern

	Pre-issue	Post-issue
Promoter & promoter group	0.00%	0.00%
Public	100.00%	100.00%
Non-promoter & Non-public	0.00%	0.00%
Total	100.00%	100.00%

Retail application money at higher cut-off price per lot

Number of shares per lot	18
Employee discount	Rs. 75 per equity share
Application money	Rs. 14,256per lot

Key highlights of the company (Contd...):

Company name	Face value (Rs.)	CMP (Rs.)	MCAP (Rs. cr)	EV (Rs. cr)	Stock return				TTM total operating revenue (Rs. cr)	TTM EBITDA (Rs. cr)	TTM PAT (Rs. cr)	TTM EBITDA margin	TTM PAT margin
					1 M	3 M	6 M	1 Y					
Protean eGov Technologies Ltd.	10	792	3,203	3,089					806	130	118	16.2%	14.6%
Central Depository Services (India) Ltd.	10	1,456	15,217	14,625	7.1%	18.3%	44.8%	19.0%	565	328	292	58.2%	51.7%
Computer Age Management Services Ltd.	10	2,255	11,077	10,527	-10.4%	-4.8%	9.1%	-11.8%	997	434	297	43.5%	29.8%
KFin Technologies Ltd.	10	452	7,687	7,508	-3.7%	17.2%	43.8%		733	306	202	41.8%	27.5%
Average												47.8%	36.3%

Company name	5Y revenue growth (CAGR)	5Y EBITDA growth (CAGR)	5Y PAT growth (CAGR)	5Y average EBITDA margin	5Y average PAT margin	5Y capital employed growth (CAGR)	5Y CFO growth (CAGR)	5Y average working capital cycle (Days)	5Y average CFO / EBITDA	5Y average CFO / Capital employed	5Y average fixed asset turnover (x)	5Y average total asset turnover (x)	5Y average RoE	5Y average RoIC
Protean eGov Technologies Ltd.	-0.4%	-9.6%	-3.5%	18.4%	16.8%	5.6%	0.2%	54.0	84.7%	17.0%	9.1	0.7	15.9%	24.9%
Central Depository Services (India) Ltd.	29.7%	31.3%	24.9%	56.3%	53.9%	17.7%	30.5%	22.2	83.2%	31.0%	3.2	0.3	21.1%	27.3%
Computer Age Management Services Ltd.	8.8%	17.9%	20.6%	40.1%	26.8%	11.1%	18.5%	(6.4)	78.6%	86.6%	2.7	0.6	36.3%	28.5%
KFin Technologies Ltd.				41.3%	9.5%			52.5	80.9%	25.4%	0.8	0.5	7.0%	7.0%
Average	19.2%	24.6%	22.8%	45.9%	30.1%	14.4%	24.5%	22.8	80.9%	47.6%	2.3	0.4	21.5%	20.9%

Company name	TTM EPS (Rs.)	BVPS (Rs.)	DPS (Rs.)	Debt equity ratio (x)	TTM fixed asset turnover ratio (x)	TTM total asset turnover ratio (x)	TTM RoE	TTM RoCE	TTM P / E (x)	P / B (x)	EV / TTM sales (x)	EV / TTM EBITDA (x)	MCAP / TTM sales (x)	TTM Earning yield
Protean eGov Technologies Ltd.	29.2	212.2	10.0	0.0	10.8	0.7	13.7%	15.2%	27.2	3.7	3.8	23.7	4.0	3.7%
Central Depository Services (India) Ltd.	27.9	116.1	15.0	0.0	1.9	0.3	24.0%	30.2%	52.2	12.5	25.9	44.5	27.0	1.9%
Computer Age Management Services Ltd.	60.4	159.1	37.6	0.0	2.9	0.6	38.0%	100.4%	37.3	14.2	10.6	24.3	11.1	2.7%
KFin Technologies Ltd.	11.8	51.1	0.0	0.1	1.0	0.5	23.2%	34.3%	38.1	8.8	10.2	24.5	10.5	2.6%
Average			17.5	0.0	1.9	0.4	28.4%	55.0%	42.5	11.8	15.6	31.1	16.2	2.4%

Note: Financials as of FY23 and TTM (with IPO adjustments); Source: Choice Broking Research

- PeTL has been instrumental in establishing public digital infrastructure and creating e-governance interventions impacting multiple sectors of the Indian economy. Some of its key initiatives include: (i) Modernizing 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), (ii) 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), (iii) 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), (iv) Contributing to the India Stack, a set of application programming interface used for preparing solutions that are presence-less, paperless and enable cashless service delivery, (v) Enabling the BFSI sector by providing Aadhaar-based identity authentication and e-Sign services, (vi) Contributing to and supporting open digital building blocks such as Open Network for Digital Commerce for use-cases across sectors like e-commerce, mobility, healthcare, agriculture and education, etc.
- Its diversified service offerings are spread across areas like tax administration, pension record keeping solutions, national identity & identity authentication solutions, education and skill financing solutions. The company's offerings cater to multiple target groups and customer segments including businesses and retail consumers apart from the government, ensuring low concentration risk. For example, under business-to-business, it has implemented e-KYC and e-Sign as a service. While under business-to-consumer services, it has PAN enrolment. Under business-to-government services the company has services like TIN and NPS.
- PeTL is a leading PAN service provider in India and had market share of around 45% in the new PAN card allotments during 9M FY23. The company processes PAN applications on behalf of the Income Tax Department, Government of India. On an average, it managed 0.1mn PAN applications per day and over 2mn applications per month, which includes new PAN card issuance and PAN card update application. PeTL has also incubated and pioneered Aadhaar e-KYC based paperless PAN application facility with issuance of PAN within two hours.
- Further, acting as a CRA for NPS, the company had a market share of 98% in terms of NPS subscribers and 99% in terms of NPS AUM. Currently, it is the provider of NPS services to the Central and State Governments including their autonomous bodies and public sector banks. Moreover, PeTL has been recently awarded a perpetual license for operating as a CRA for the NPS in India. Additionally, the company is the only CRA managing the infrastructure of the APY in India.

Key highlights of the company (Contd...):

- The company has developed scalable platforms by adopting differentiated technology-centric approach focusing on increasing security and risk mitigation. Its platforms require limited capital expenditure to scale i.e. when it add new offerings or when volumes increase, the company is able to offer seamless and efficient services to users. PeTL's up-time percentage, which measures the amount of time that a service is available and operational, has exceeded 99% in the last three fiscals and during 3M FY24.
- A significant portion of PeTL's revenue is generated from offerings, which are based on per-transaction basis leading to substantial granularity and consequent stability in revenues. In FY23, it carried out over 276.8mn Aadhaar authentications and over 246mn e-KYC transactions, which grew by 1.9% and 24.9% CAGR over FY19-23. Its NPS subscribers increased by 7.3% CAGR to 16.3mn in FY23. Under the APY, the number of subscribers increased by 32.4% CAGR to 46mn.
- PeTL has developed a pan-India service delivery network across India. Its service network has grown by around 43% CAGR to 74,435 centers in FY23 and further to 79,374 centers by 30th Jun. 2023. The company's PAN and TIN facilitation centers network covered over 12,000 PIN codes spread across over 700 districts in India. Additionally, it covered over 26,000 nodal offices of the central government, over 263,000 nodal offices of state governments and over 87,000 points of presence across India for the administration of the NPS. To further expand its last-mile geographical reach, it has entered into partnerships with distribution networks such as Nearby Technologies Pvt. Ltd., Fino Payments Bank Ltd., Vakrangee Ltd. and Payworld Digital Services Pvt. Ltd. among others.
- PeTL is professionally managed and thus doesn't have any identifiable promoters. Public shareholders are and will continue to hold 100% stake in the company. Public shareholders includes financial institutions such as NSE Investments Ltd., 360 ONE Special Opportunities Fund (formerly known as IIFL Special Opportunities Fund), SUUTI, Citicorp Finance India Ltd. and certain public & private sector banks such as State Bank of India, Punjab National Bank, Union Bank of India, Bank of Baroda, Canara Bank, HDFC Bank Ltd., Axis Bank Ltd., Deutsche Bank A.G., The Hong Kong and Shanghai Banking Corporation Ltd., Standard Chartered Bank, etc.
- On the back of scalable technology driven operations, PeTL has established a track-record of strong and consistent financial performance. Since FY98, the company is debt free, while funding its operations through internal accruals. Its business model is profitable since FY99 and has consistently paid dividend since FY01.
- Over FY19-23, the company has reported flat business growth, mainly due to higher base in FY19 (arising from the higher issuance of PANs, especially post-demonetization of currency). Consolidated operating revenue stood at Rs. 742.2cr in FY23. Transaction fees, which contributed around an average 80% to the top-line, declined by 1.9% CAGR, while Accounts maintenance fees (contributing an average 20% to the top-line) increased by 7.5% CAGR. Total operating expenditure increased by 1.9% CAGR (a rate higher than top-line growth), resulting in a 9.6% CAGR fall in consolidated EBITDA of Rs. 118cr. EBITDA margin contracted by 754bps during the period to 15.9% in FY23. Depreciation charges and finance costs declined by 9.8% and 19.3% CAGR, respectively. Further with 5.8% CAGR rise in other income and relatively lower effective tax rate, reported PAT declined by 3.5% CAGR to Rs. 107cr. PAT margin contracted by 194bps to 14.4% in FY23. PeTL reported positive operating cash flows during the period, however, it was flat over FY19-23. Average operating cash flow stood at Rs. 104.2cr. Total financial liabilities declined by 5.9% CAGR. Average pre-issue RoIC and RoE stood at 24.9% and 15.9%, respectively.
- During Q1 FY24, mainly of the back of 47.5% and 18.6% Y-o-Y growth in the Transaction fees and Accounts maintenance fees, respectively, the company reported a 40.6% Y-o-Y growth in consolidated top-line to Rs. 805.9cr. Lower cost of revenue, mainly led to an EBITDA margin of 15.5% (164bps Y-o-Y expansion), while a PAT margin of 14.6% (104bps Y-o-Y expansion). On TTM basis, consolidated top-line stood at 805.9cr, with an EBITDA and PAT margin of 16.2% and 14.6%, respectively.
- Based on our quick conservative forecast over FY23-25E, top-line is anticipated to increase by 9.5% CAGR to Rs. 890.5cr in FY25E (mainly due to 10.2% and 7% CAGR higher Transaction fees and Accounts maintenance fees). EBITDA and PAT margins are likely to contract by 61bps and 117bps, respectively. Post-issue RoIC and RoE is expected at 26% and 13.1% in FY25E, compared to 29.7% and 12.5%, respectively, in FY23.

Peer comparison and valuation: There are no comparable peers having product profile and business model to PeTL. The above peers are only considered to benchmark the valuation demanded by the company. At higher price band, PeTL is demanding a TTM P/E multiple of 27.2x (to its TTM earning per share of Rs. 29.2), which is at discount to the peer average of 42.5x.

Considering the dominant position in the domestic e-governance market, its capabilities to roll-out nationally critical and population scale greenfield technology solutions and attractive demanded valuations, we assign a **"SUBSCRIBE"** rating for the issue.

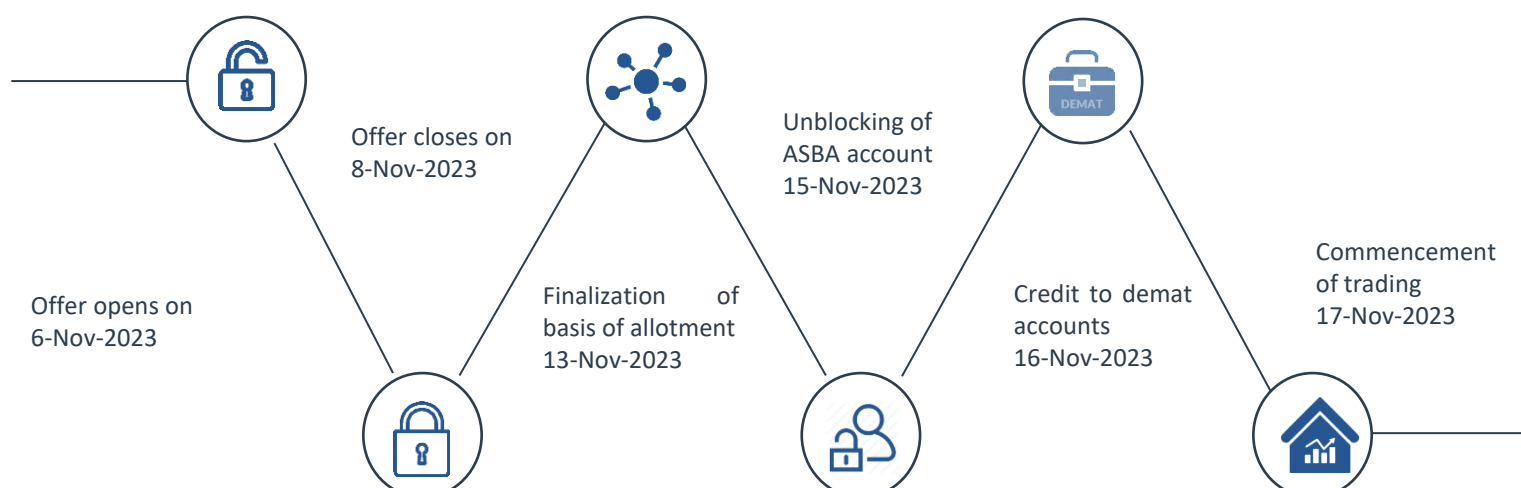
About the issue:

- PeTL is coming up with an IPO with 0.619cr shares (fresh issue: nil; OFS shares: 0.619cr shares) in offering. This offer represents 15.31% of the post-issue paid-up equity shares of the company. Total IPO size is Rs. 465.6 - 490.3cr.
- The issue is through book building process with a price band of Rs. 752 - 792 per share.
- Lot size comprises of 18 equity shares and in multiple of 18 shares thereafter.
- The issue will open on 6th Nov. 2023 and close on 8th Nov. 2023.
- 0.015cr shares are reserved for employees and the company is offering a discount of Rs. 75 per equity share.
- The net issue size is Rs. 454.3 - 478.4cr.
- The IPO consists only of OFS portion, thus the company will not receive any funds from the issue.
- Couple of financial investors like 360 One Special Opportunities Fund (formerly known as IIFL Special Opportunities Fund), NSE Investments Ltd., HDFC Bank Ltd., AXIS Bank Ltd., Deutsche Bank A.G. and Union Bank of India are participating in the OFS and partially offloading their stake in the company.
- 50% of the net issue is reserved for qualified institutional buyers, while 15% and 35% of the net issue is reserved for non-institutional bidders and retail investors, respectively.
- PeTL is professionally managed and thus doesn't have any identifiable promoters. Public shareholders will continue to hold 100% stake in the company.

Pre and post-issue shareholding pattern (%)		
	Pre-issue	Post-issue (at higher price band)
Promoter & promoter group	0.00%	0.00%
Public	100.00%	100.00%
Non-promoter & Non-public	0.00%	0.00%

Source: Choice Equity Broking

Indicative IPO process time line:



Pre-issue financial performance:

Performance over FY19-23: On the back of scalable technology driven operations, PeTL has established a track-record of strong and consistent financial performance. Since FY98, the company is debt free, while funding its operations through internal accruals. Its business model is profitable since FY99 and has consistently paid dividend since FY01.

Over FY19-23, the company has reported almost flat business growth, mainly due to higher base in FY19 (arising from the higher issuance of PANs, especially post-demonetization of currency). Consolidated operating revenue stood at Rs. 742.2cr in FY23. Transaction fees, which contributed around an average 80% to the top-line, declined by 1.9% CAGR, while Accounts maintenance fees (contributing an average 20% to the top-line) increased by 7.5% CAGR.

Total operating expenditure increased by 1.9% CAGR (a rate higher than top-line growth), resulting in a 9.6% CAGR fall in consolidated EBITDA of Rs. 118cr. EBITDA margin contracted by 754bps during the period to 15.9% in FY23.

Depreciation charges and finance costs declined by 9.8% and 19.3% CAGR, respectively. Further with 5.8% CAGR rise in other income and relatively lower effective tax rate, reported PAT declined by 3.5% CAGR to Rs. 107cr. PAT margin contracted by 194bps to 14.4% in FY23.

PeTL reported positive operating cash flows during the period, however, it was flat over FY19-23. Average operating cash flow stood at Rs. 104.2cr. Total financial liabilities declined by 5.9% CAGR. Average pre-issue RoIC and RoE stood at 24.9% and 15.9%, respectively.

Performance during Q1 FY24: Mainly of the back of 47.5% and 18.6% Y-o-Y growth in the Transaction fees and Accounts maintenance fees, respectively, the company reported a 40.6% Y-o-Y growth in consolidated top-line to Rs. 805.9cr. Lower cost of revenue, mainly led to an EBITDA margin of 15.5% (164bps Y-o-Y expansion), while a PAT margin of 14.6% (104bps Y-o-Y expansion).

On TTM basis, consolidated top-line stood at 805.9cr, with an EBITDA and PAT margin of 16.2% and 14.6%, respectively.

Pre-issue consolidated financial snapshot (Rs. cr)	FY19	FY20	FY21	FY22	FY23	TTM	CAGR over FY19-23	Y-o-Y (FY23 annual)
Transaction fees	630.5	569.6	452.7	550.5	583.9	640.8	-1.9%	6.1%
Accounts maintenance fees	117.4	141.8	149.3	139.1	157.0	163.8	7.5%	12.9%
Other operational income	7.3	4.8	1.1	1.3	1.3	1.3	-34.9%	-1.1%
Revenue from operations	755.2	716.1	603.1	690.9	742.2	805.9	-0.4%	7.4%
EBITDA	177.0	147.8	84.8	123.8	118.0	130.4	-9.6%	-4.7%
Reported PAT	123.6	121.9	92.2	143.9	107.0	118.0	-3.5%	-25.6%
Restated reported EPS	30.6	30.1	22.8	35.6	26.5	29.2	-3.5%	-25.6%
Cash flow from operating activities	135.9	53.5	100.1	94.3	137.0	118.2	0.2%	45.4%
NOPLAT	102.3	93.3	54.1	82.8	76.0	84.8	-7.2%	-8.3%
FCF		(6.2)	26.1	14.5	256.5			1671.3%
RoIC (%)	32.5%	28.1%	15.1%	19.0%	29.9%	27.3%	(260) bps	1,081 bps
Revenue growth rate		-5.2%	-15.8%	14.6%	7.4%			
EBITDA growth rate		-16.5%	-42.6%	46.0%	-4.7%			
EBITDA margin	23.4%	20.6%	14.1%	17.9%	15.9%	16.2%	(754) bps	(203) bps
EBIT growth rate		-19.2%	-43.6%	57.0%	-6.7%			
EBIT margin	19.8%	16.9%	11.3%	15.5%	13.4%	13.8%	(635) bps	(203) bps
Restated reported PAT growth rate		-1.4%	-24.4%	56.1%	-25.6%			
Restated reported PAT margin	16.4%	17.0%	15.3%	20.8%	14.4%	14.6%	(194) bps	(641) bps
Debtor days	87.9	100.0	126.6	107.8	100.6	99.4	3.4%	-6.6%
Payable days	(43.5)	(45.5)	(56.7)	(51.4)	(56.0)	(60.5)	6.5%	8.9%
Cash conversion cycle	44.4	54.5	69.8	56.4	44.7	39.0	0.1%	-20.7%
Fixed asset turnover ratio	4.7	10.5	10.4	10.0	9.9	9.7	20.7%	-0.8%
Total asset turnover ratio	0.9	0.8	0.7	0.7	0.7	0.7	-6.2%	-3.9%
Current ratio	1.9	2.6	2.7	3.1	1.8	2.0	-1.1%	-42.0%
Total debt	37.5	31.9	21.5	25.1	29.4	24.0	-5.9%	17.4%
Net debt	(64.4)	(39.4)	(105.1)	(263.8)	(113.2)	(133.5)	15.1%	-57.1%
Debt to equity	0.1	0.0	0.0	0.0	0.0	0.0	-11.6%	8.0%
Net debt to EBITDA	(0.4)	(0.3)	(1.2)	(2.1)	(1.0)	(1.0)	27.4%	-54.9%
RoE (%)	18.6%	16.2%	13.8%	18.3%	12.5%	13.3%	(608) bps	(577) bps
RoA (%)	14.2%	13.0%	10.7%	14.6%	9.7%	10.4%	(452) bps	(487) bps
RoCE (%)	25.3%	17.2%	12.1%	20.4%	13.6%	14.8%	(1,171) bps	(682) bps

Note: Pre-IPO financial and ratios; Source: Choice Equity Broking



Competitive strengths:

- Pioneer and market leader in universal, citizen centric and population scale e-governance solutions
- Secure, scalable and advanced technology infrastructure
- Large physical infrastructure with pan-India network and scale resulting in inclusion
- Diversified, granular and annuity based service offerings
- Track record of healthy financial performance
- Experienced senior management team backed by strong corporate governance standards and supported by marquee investors

Business strategy:

- Diversify offerings with a focus on new sectors
- Building capability around data analytics, digital verification and due diligence
- Expanding into newer geographies
- Adoption of disruptive technologies and investment in open source solutions, protocol and networks



Risk and concerns:

- General slowdown in the global economic activities
- Unfavorable government policies & regulations
- Huge reliance on government programs
- Difficulty in product/services diversification
- Difficulty in maintaining the profitability
- Competition

Financial statements:

Consolidated profit and loss statement (Rs. cr)								
	FY19	FY20	FY21	FY22	FY23	TTM	CAGR over FY19 - 23	Annual growth over FY22
Revenue from operations	755.2	716.1	603.1	690.9	742.2	805.9	-0.4%	7.4%
Employee benefits expense	(65.2)	(68.6)	(75.3)	(78.7)	(122.9)	(138.0)	17.2%	56.3%
Other expenses	(513.0)	(499.8)	(443.0)	(488.4)	(501.3)	(537.5)	-0.6%	2.6%
EBITDA	177.0	147.8	84.8	123.8	118.0	130.4	-9.6%	-4.7%
Depreciation and amortization expense	(27.6)	(27.0)	(16.8)	(17.0)	(18.3)	(19.0)	-9.8%	7.6%
EBIT	149.4	120.7	68.1	106.8	99.7	111.3	-9.6%	-6.7%
Finance costs	(2.2)	(1.6)	(0.9)	(0.5)	(0.9)	(0.9)	-19.3%	91.9%
Other income	33.3	38.5	48.9	79.3	41.7	44.5	5.8%	-47.4%
PBT	180.5	157.6	116.0	185.6	140.4	155.0	-6.1%	-24.4%
Tax expenses	(57.0)	(35.8)	(23.8)	(41.7)	(33.4)	(37.0)	-12.5%	-19.9%
PAT before minority interest	123.5	121.9	92.2	143.9	107.0	118.0	-3.5%	-25.6%
Minority interest	0.1	0.1		0.0	0.0	0.0	-49.0%	66.7%
Reported PAT	123.6	121.9	92.2	143.9	107.0	118.0	-3.5%	-25.6%

Consolidated balance sheet statement (Rs. cr)								
	FY19	FY20	FY21	FY22	FY23	TTM	CAGR over FY19 - 23	Annual growth over FY22
Equity share capital	40.0	40.0	40.1	40.4	40.4	40.4	0.3%	0.1%
Other equity	625.5	713.6	627.5	747.8	816.7	847.9	6.9%	9.2%
Minority interest	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	14.1%	2.7%
Non-current lease liabilities	13.9	6.7	1.9	7.9	4.0	6.5	-27.0%	-50.1%
Other non-current financial liabilities	1.7					0.0		
Non-current provisions	8.3	9.9	20.4	15.2	15.4	16.3	16.7%	1.7%
Other non-current liabilities	3.3	1.6	1.1	1.4		0.0		
Trade payables	90.0	88.7	98.8	95.7	131.8	133.5	10.0%	37.7%
Current lease liabilities	6.4	7.2	4.3	3.8	4.0	5.6	-11.3%	5.6%
Other current financial liabilities	15.4	18.0	15.3	13.4	21.5	11.9	8.6%	60.7%
Current provisions	5.2	9.6	3.4	5.2	6.1	7.1	3.9%	16.7%
Net income tax liabilities	5.3			3.9		2.9		
Other current liabilities	54.6	44.8	49.7	53.7	64.4	61.9	4.2%	20.0%
Total liabilities	869.6	939.9	862.4	988.1	1,104.1	1,133.9	6.2%	11.7%
Property, plant and equipment	131.0	48.6	49.4	50.7	51.8	51.1	-20.7%	2.2%
Intangible assets	4.1	0.4	1.3	1.7	3.6	8.6	-3.3%	115.6%
Capital work-in-progress	5.1	4.8	1.3	1.2		0.0		
Intangible assets under development		0.6	0.1	3.3	11.4	11.1		244.4%
Right-of-use assets	21.4	13.7	5.7	12.2	7.9	12.1	-22.0%	-35.1%
Non-current investments	326.1	384.9	273.7	308.3	523.4	522.9	12.6%	69.8%
Other non-current financial assets	25.4	23.9	20.9	17.6	46.1	24.5	16.1%	162.6%
Net income tax assets	18.6	25.7	27.7	27.0	31.3	31.4	13.9%	16.0%
Net deferred tax assets	1.2	3.1	9.1	19.9	20.8	21.8	104.0%	4.9%
Other non-current assets	6.3	1.9	2.1	4.8	0.2	0.4	-60.6%	-96.9%
Trade receivables	181.9	210.7	207.6	200.4	208.9	219.6	3.5%	4.2%
Current investments	46.4	21.2	11.4	55.3	5.1	5.1	-42.4%	-90.8%
Cash & cash equivalents	55.5	50.1	115.1	233.5	137.5	152.4	25.5%	-41.1%
Other current financial assets	18.2	21.7	9.7	15.6	24.5	31.4	7.6%	56.8%
Other current assets	28.4	46.3	44.8	36.7	31.6	41.5	2.7%	-14.0%
Assets held for sale		82.4	82.4			0.0		
Total assets	869.6	939.9	862.4	988.1	1,104.1	1,133.9	6.2%	11.7%

Note: Pre-IPO financials; Source: Choice Equity Broking

Financial statements (Contd...):

Consolidated cash flow statement (Rs. cr)								
	FY19	FY20	FY21	FY22	FY23	TTM	CAGR over FY19 - 23	Annual growth over FY22
Cash flow before working capital changes	190.1	171.2	130.2	167.8	143.5	154.7	-6.8%	-14.5%
Working capital changes	4.9	(67.6)	1.9	(25.7)	36.1	2.9	64.7%	-240.6%
Cash flow from operating activities	135.9	53.5	100.1	94.3	137.0	118.2	0.2%	45.4%
Purchase of fixed assets and CWIP	(27.2)	(15.8)	(9.3)	(19.0)	(23.9)	(25.1)	-3.2%	25.6%
Cash flow from investing activities	(103.8)	(12.5)	115.7	72.6	(282.3)	(131.6)	28.4%	-488.7%
Cash flow from financing activities	(39.2)	(39.3)	(183.4)	(33.6)	(44.3)	(44.4)	3.1%	31.7%
Net cash flow	(7.1)	1.7	32.4	133.3	(189.6)	(57.8)	127.7%	-242.3%
Opening balance of cash	46.4	39.4	41.0	73.5	206.7	77.4	45.3%	181.4%
Closing balance of cash	39.4	41.0	73.5	206.7	17.1	19.6	-18.8%	-91.7%

Consolidated financial ratios						
Particulars	FY19	FY20	FY21	FY22	FY23	TTM
Profitability ratios						
Revenue growth rate		-5.2%	-15.8%	14.6%	7.4%	
EBITDA growth rate		-16.5%	-42.6%	46.0%	-4.7%	
EBITDA margin	23.4%	20.6%	14.1%	17.9%	15.9%	16.2%
EBIT growth rate		-19.2%	-43.6%	57.0%	-6.7%	
EBIT margin	19.8%	16.9%	11.3%	15.5%	13.4%	13.8%
Restated reported PAT growth rate		-1.4%	-24.4%	56.1%	-25.6%	
Restated reported PAT margin	16.4%	17.0%	15.3%	20.8%	14.4%	14.6%
Turnover ratios						
Trade receivable turnover ratio	4.2	3.6	2.9	3.4	3.6	3.7
Accounts payable turnover ratio	8.4	8.0	6.4	7.1	6.5	6.0
Fixed asset turnover ratio	4.7	10.5	10.4	10.0	9.9	9.7
Total asset turnover ratio	0.9	0.8	0.7	0.7	0.7	0.7
Return ratios						
RoIC (%)	32.5%	28.1%	15.1%	19.0%	29.9%	27.3%
RoE (%)	18.6%	16.2%	13.8%	18.3%	12.5%	13.3%
RoA (%)	14.2%	13.0%	10.7%	14.6%	9.7%	10.4%
RoCE (%)	25.3%	17.2%	12.1%	20.4%	13.6%	14.8%
Per share data						
Restated adjusted EPS (Rs.)	30.6	30.1	22.8	35.6	26.5	29.2
DPS (Rs.)	6.4	9.9	9.8	10.0	10.0	0.0
BVPS (Rs.)	164.5	186.3	165.1	194.9	211.9	219.6
Operating cash flow per share (Rs.)	33.6	13.2	24.8	23.3	33.9	29.2
Free cash flow per share (Rs.)		(1.5)	6.5	3.6	63.4	
Dividend payout ratio	21.0%	32.8%	43.1%	28.1%	37.8%	0.0%

Note: Pre-IPO financial ratios; Source: Choice Equity Broking

IPO rating rationale

Subscribe: An IPO with strong growth prospects and valuation comfort.

Subscribe with Caution: Relatively better growth prospects but with valuation discomfort.

Avoid: Concerns on both fundamentals and demanded valuation.

Research disclaimer & disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Choice Equity Broking Pvt. Ltd. ("CEBPL") is a registered Research Analyst Entity (Reg. No. INH000000222; Cin. No. U65999MH2010PTC198714). Registered Address: Sunil Patodia Tower, J B Nagar, Andheri (East), Mumbai 400-099. Tel. No. 022-6707 9999.

Compliance Officer: Swati Matkar; Tel. No. 022-6707-9999; Ext. 896; email-id: compliance@choiceindia.com

Grievance officer: Deepika Singhvi ; Tel. No. 022-6707-9999; Ext. 834; email-id: ig@choiceindia.com

Investments in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors .

This Research Report (hereinafter referred as "Report") has been prepared by Choice Equity Broking Pvt. Ltd. as a Research Entity (hereinafter referred as "CEBPL RE"). The Research Analysts, strategists are principally responsible for the preparation of "CEBPL RE" research. The research analysts have received compensation based upon various factors, which may include quality of research, investor client feedback, stock picking, competitive factors and firm revenues etc.

Whilst CEBPL has taken all reasonable steps to ensure that this information is correct, CEBPL does not offer any warranty as to the accuracy or completeness of such information. Any person placing reliance on the report to undertake trading does so entirely at his/her own risk and CEBPL does not accept any liability as a result. Securities and derivatives markets may be subject to rapid and unexpected price movements and past performance is not necessarily an indication of future performance.

General disclaimer: This 'Report' is strictly meant for use by the recipient and is not for circulation. This Report does not take into account particular investment objectives, financial situations or specific needs of individual clients nor does it constitute a personal recommendation. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through CEBPL nor any solicitation or offering of any investment/trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this "Report" should rely on information/data arising out of their own study/investigations. It is advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This 'Report' has been prepared on the basis of publicly available information, internally developed data and other sources believed by CEBPL to be reliable. CEBPL or its directors, employees, affiliates or representatives shall not be responsible for, or warrant for the accuracy, completeness, adequacy and reliability of such information / opinions / views. Though due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of CEBPL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report.

The price and value of the investments referred to in this Report and the income from them may tend to go down as well as up, and investors may incur losses on any investments. Yester performance shall not be a guide for future performance. CEBPL does not provide tax advice to its clients, and all investors are strongly advised to take advice of their tax advisers regarding taxation aspects of any potential investment. Opinions are based on the current scenario as of the date appearing on this 'Report' only. CEBPL does not undertake to advise you as to any change of our views expressed in this "Report" may differ on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold CEBPL, its employees and associates responsible for any losses, damages of any type whatsoever.

Disclaimers in respect of jurisdiction: This Report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject "CEBPL RE" to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by "CEBPL RE" in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this 'Report' shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. "CEBPL" requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to "CEBPL". Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in Mumbai (India).

Statements on ownership and material conflicts of interest, compensation - CEBPL and Associates reciprocates to the best of the knowledge and belief of CEBPL/ its Associates/ research Analyst who is preparing this Report.

Disclosures of interest (Additional):

- 1) "CEBPL", its research Analyst(s), or its associates or relatives of the Research Analyst does not have any financial interest in the company (ies) covered in this Report.
- 2) "CEBPL" its research Analyst, or its associates or relatives of the research analyst affiliates collectively do not hold more than one of the securities of the company (ies) covered in this Report as of the end of the month immediately preceding the distribution of the research report.
- 3) "CEBPL", its research analyst, his/her associate, his/her relative, do not have any other material conflict of interest at the time of publication of this Report.
- 4) "CEBPL", its research analyst, and its associates have not received compensation for investment banking or merchant banking or brokerage services or for any other products or services from the company (ies) covered in this Report, in the past twelve months.
- 5) "CEBPL", its research analyst, or its associates have not managed or co-managed in the previous twelve months, a private or public offering of securities for the company (ies) covered in this Report.
- 6) "CEBPL", or its associates have not received compensation or other benefits from the company (ies) covered in this Report or from any third party, in connection with the Report.
- 7) CEBPL research analyst has not served as an Officer, Director, or employee of the company (ies) covered in the Report.
- 8) "CEBPL", its research analyst has not been engaged in market making activity for the company (ies) covered in the Report.

Details of Associates of CEBPL and Brief History of Disciplinary action by regulatory authorities are available on our website i.e. <https://choiceindia.com/research-listing>.

Research disclaimer & disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014 (Contd...)

The details of CEBPL, its research analyst and its associates pertaining to the companies covered in the Report are given below:

Sr. no.	Particulars	Yes / No
1.	Whether compensation has been received from the company (ies) covered in the Research report in the past 12 months for investment banking transaction by CEBPL	No
2.	Whether Research Analyst, CEBPL or its associates or relatives of the Research Analyst affiliates collectively hold more than 1 of the company (ies) covered in the Research report	No
3.	Whether compensation has been received by CEBPL or its associates from the company (ies) covered in the Research report	No
4.	CEBPL or its affiliates have managed or co-managed in the previous twelve months a private or public offering of securities for the company (ies) covered in the Research report	No
5.	CEBPL, its research analyst, his associate, or its associates have received compensation for investment banking or merchant banking or brokerage services or for any other products or services from the company (ies) covered in the Research report, in the last twelve months	No

Copyright: The copyright in this research report belongs exclusively to CEBPL. All rights are reserved. Any unauthorized use or disclosure is prohibited. No reprinting or reproduction, in whole or in part, is permitted without the CEBPL's prior consent, except that a recipient may reprint it for internal circulation only and only if it is reprinted in its entirety.

This "Report" is for distribution only under such circumstances as may be permitted by applicable law. This "Report" has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient, even if sent only to a single recipient. This "Report" is not guaranteed to be a complete statement or summary of any securities, markets, reports or developments referred to in this research report. Neither CEBPL nor any of its directors, officers, employees or agents shall have any liability, however arising, for any error, inaccuracy or incompleteness of fact or opinion in this "report" or lack of care in this report's preparation or publication, or any losses or damages which may arise from the use of this research report.

Information barriers may be relied upon by CEBPL, such as "Chinese Walls" to control the flow of information within the areas, units, divisions, groups, or affiliates of CEBPL.

Investing in any non-U.S. securities or related financial instruments (including ADRs) discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States. The value of any investment or income from any securities or related financial instruments discussed in this research report denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

Past performance is not necessarily a guide to future performance and no representation or warranty, express or implied, is made by CEBPL with respect to future performance. Income from investments may fluctuate. The price or value of the investments to which this research report relates, either directly or indirectly, may fall or rise against the interest of investors. Any recommendation or opinion contained in this research report may become outdated as a consequence of changes in the environment in which the issuer of the securities under analysis operates, in addition to changes in the estimates and forecasts, assumptions and valuation methodology used herein.

No part of the content of this research report may be copied, forwarded or duplicated in any form or by any means without the prior written consent of CEBPL and CEBPL accepts no liability whatsoever for the actions of third parties in this respect.