

Protean eGov Technologies Ltd







Not Rated

Change is Growth!

Protean eGov Technologies Limited, originally incorporated as "National Securities Depository Ltd" on December 27, 1995, played a pivotal role as a depository in establishing a systemically important national infrastructure for the development of capital markets in India. Protean stands out as a prominent IT-enabled solutions provider in India, specializing in conceptualizing, developing, and executing large-scale technology solutions of national significance

From its inception through June 30, 2023, Protean successfully implemented and managed 19 projects spanning across 7 ministries and autonomous bodies, leading to significant improvements in public service delivery. They have modernised India's direct tax infrastructure by overseeing projects like the issuance of Permanent Account Numbers (PAN) and the Tax Information Network (TIN), which encompasses the Online Tax Accounting Systems (OLTAS).

They have also worked towards strengthening the country's old age security system by developing core IT infrastructure as a Central Recordkeeping Agency (CRA) for the National Pension System (NPS). They are the pioneers for the establishment of a universal social security system for all Indians, particularly those in the unorganized sector, by creating the necessary technology infrastructure as a CRA for the Atal Pension Yojana (APY).

Protean's diverse shareholder base includes financial institutions such as NSE Investments Ltd, 360 ONE Special Opportunities Fund, SUUTI, Citicorp Finance India Ltd, as well as prominent public and private sector banks, such as State Bank of India, HDFC Bank Ltd, Axis Bank Ltd, Deutsche Bank A.G, The Hong Kong and Shanghai Banking Corporation Ltd, Standard Chartered Bank, among others.

Industry	Information		
	Technology		
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Issue Details	
issue Details	
Listing	BSE & NSE
Open Date	6 TH Nov 2023
Close Date	8 TH Nov 2023
Price Band	INR 752-792
Face Value	INR 10
Market Lot	18 shares
Minimum Lot	1 Lot

Issue Structure	
Offer for Sale	100.0%
Fresh Issue	0.0%
Issue Size (Amt)	INR 490 cr
Issue Size (Shares)	6,191,000
QIB Share (%)	≤ 50%
Non-Inst Share (%)	≥ 15%
Retail Share (%)	≥ 35%
Pre issue sh (nos)	40,466,732
Post issue sh (nos)	40,466,732
Post issue M Cap	3203 cr

Shareholding (%)	Pre (%)	Post (%)
Promoter	0.0	0.0
Public	100.0	100.0
TOTAL	100.0	100.0

Key Financial Data (INR Cr, unless specified)

	Revenue	EBITDA	PAT	EBITDA (%)	PAT (%)	Adj EPS (₹)	BVPS (₹)	RoE (%)	RoIC (%)	P/E (X)	EV/Sales (X)	EV/EBITDA (X)
FY21	603.1	84.8	92.2	14.1	15.3	22.2	165.7	13.4	12.6	35.7	5.1	36.1
FY22	690.9	123.8	143.9	17.9	20.8	35.7	195.7	18.3	21.4	22.2	4.2	23.4
FY23	742.2	117.6	107.0	15.9	14.4	26.6	212.8	12.5	14.0	29.8	4.1	25.8



Growth Strategies

Protean has demonstrable experience in implementing and managing population scale critical solutions, and since inception and as of June 30, 2023, they have developed and implemented 19 projects across 7 ministries across India. They are amongst the few private players in India in egovernance space working towards the achievement of Digital India initiative.

Protean has developed a pan-India service delivery network across India for various public and other services provided by them. Their service network has grown over the years and grew from 33,041 centres, as of March 31, 2021 to 74,435 centres, as of March 31, 2023 and further 79,374 centres, as of June 30, 2023.

Protean has established a track-record of strong and consistent financial performance. Their technology driven operations and low operational costs have resulted in comparatively higher operating margins. The multi-term population scale projects they undertake ensure visibility of revenues. Their operations have been funded entirely by internal accruals since fiscal 1998 and they are a debt-free company.

Key Risks & Concerns

The company's business and revenues are substantially dependent on e-governance and other projects awarded by government establishments, including central, state and local authorities and agencies and public sector undertakings. Any adverse changes in government policies and budgetary allocation resulting from a change in government policies or priorities, could materially and adversely affect the company's financing, capital expenditure, revenues, or operations relating to our existing and proposed projects as well as our ability to participate in competitive bidding or negotiations for our future projects.

All of the company's products and services are made through our platform using the internet. Accordingly, the business depends on the performance, reliability and security of the telecommunications and internet infrastructure in India. In addition, to perform reliably, the fixed telecommunications networks and internet infrastructure of internet service providers in India, require maintenance and periodic upgrading of the appropriate networks and infrastructure which are beyond the company's control.



Issue Structure and Offer Details

The proposed offer for sale issue size is INR 490 cr and the price band for the issue is in the range of INR 752-792 and the bid lot is 18 shares and multiples thereof.

Issue Structure					
Investor Category	Allocation shares	No. of			
QIB	Not more than 50% of the Offer	3,020,500			
NIB	Not less than 15% of the Offer	906,150			
Retail Employees	Not less than 35% of the Offer	2,114,350 150,000			
Number of shares based	on a higher price band of INR 792				

Source: Company

Reports



FINANCIAL SUMMARY AND ANALYSIS										
Fig in INR Cr (unless specified)	FY21	FY22	FY23	Fig in INR Cr (unless specified)	FY21	FY22	FY23			
Income Statement				Per share data & Yields						
Revenue	603.1	690.9	742.2	Adjusted EPS (INR)	22.2	35.7	26.6			
YoY Growth (%)	(15.8)	14.6	7.4	Adjusted Cash EPS (INR)	26.4	40.0	31.1			
Raw Material Cost	0.0	0.0	0.0	Adjusted BVPS (INR)	165.7	195.7	212.8			
RM Cost to Sales (%)	0.0	0.0	0.0	Adjusted CFO per share (INR)	24.9	23.4	34.0			
Employee Cost	75.3	78.7	122.9	CFO Yield (%)	3.1	3.0	4.3			
Employee Cost to Sales (%)	12.5	11.4	16.6	Adjusted FCF per share (INR)	22.0	51.6	28.3			
Other Expenses	443.0	488.4	501.3	FCF Yield (%)	2.8	6.5	3.6			
Other Exp to Sales (%)	73.5	<i>70.7</i>	67.5							
EBITDA	84.8	123.8	118.0	Solvency Ratio (X)						
Margin (%)	14.1	17.9	15.9	Total Debt to Equity	0.0	0.0	0.0			
YoY Growth (%)	(42.6)	46.0	(4.7)	Net Debt to Equity	(0.2)	(0.4)	(0.2)			
Depreciation & Amortization	16.8	17.0	18.3	Net Debt to EBITDA	(1.5)	(2.3)	(1.2)			
EBIT	68.1	106.8	99.7							
Margin (%)	11.3	15.5	13.4	Return Ratios (%)						
YoY Growth (%)	(43.6)	<i>57.0</i>	(6.7)	Return on Equity	13.4	18.3	12.5			
Other Income	48.9	79.3	41.7	Return on Capital Employed	8.1	10.5	8.9			
Bill discounting & other charges	0.9	0.5	0.9	Return on Invested Capital	12.6	21.4	14.0			
Fin Charges Coverage (X)	72.0	221.2	107.5							
Exceptional Item	0.0	0.0	0.0	Working Capital Ratios						
PBT	116.0	185.6	140.4	Payable Days (Nos)	60	51	65			
Margin (%)	19.2	26.9	18.9	Inventory Days (Nos)	0	0	0			
YoY Growth (%)	(26.4)	60.0	(24.4)	Receivable Days (Nos)	120	106	103			
Tax Expense	23.8	41.7	33.4	Net Working Capital Days (Nos)	60	55	38			
Tax Rate (%)	20.5	22.5	23.8	Net Working Capital to Sales (%)	16.4	15.2	10.4			
PAT	92.2	143.9	107.0							
Margin (%)	15.3	20.8	14.4	Valuation (X)						
YoY Growth (%)	(24.3)	<i>56.1</i>	(25.6)	P/E	35.7	22.2	29.8			
Min Int/Sh of Assoc	(2.9)	0.0	0.0	P/BV	4.8	4.0	3.7			
Net Profit	89.3	143.9	107.0	EV/EBITDA	36.1	23.4	25.8			
Margin (%)	14.8	20.8	14.4	EV/Sales	5.1	4.2	4.1			
YoY Growth (%)	(24.4)	61.1	(25.6)							

Source: Ventura Research



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Corporate Office: I-Think Techno Campus, 8th Floor, 'B' Wing, Off Pokhran Road No 2, Eastern Express Highway, Thane (W) – 400608