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November 5, 2024

To,
BSE Limited ("BSE")
P.J. Towers, Dalal Street,
Fort, Mumbai – 400 001

Scrip Code: 544021
ISIN: INE004A01022

Dear Sir/Madam,

Subject: Transcript - Earnings Conference Call on Company's Operational and Financial Performance for Q2 & H1FY25

Pursuant to Regulation 30 read with Schedule III and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and in continuation to our letter dated October 28, 2024, please find enclosed herewith Transcript of Earnings Conference Call on Company's Operational and Financial Performance for Q2 & H1FY25, held on Thursday, October 31, 2024.

This is for your information and records.

Thanking you,

Yours truly,

For Protean eGov Technologies Limited

Maulesh Jagat Kantharia. Digitally signed by Maulesh Jagat Kantharia. Date: 2024.11.05 18:56:53 +05'30'

Maulesh Kantharia
Company Secretary & Compliance Officer
FCS 9637

Encl.: As above

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"Protean eGov Technologies Limited

Q2 & H1FY25 Earnings Conference Call"

October 31, 2024

MANAGEMENT: **MR. SURESH SETHI – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER**

MR. JAYESH SULE – WHOLE TIME DIRECTOR AND CHIEF OPERATING OFFICER

MR. SANDEEP MANTRI – EVP-CHIEF FINANCIAL OFFICER

MS. PUSHPA MANI – VICE PRESIDENT, HEAD INVESTOR RELATIONS

Moderator: Ladies and gentlemen, good day, and welcome to the Protean eGovernance Technologies Limited Q2 FY '25 Investors Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Pushpa Mani. Thank you and over to you ma'am.

Pushpa Mani: Thanks, Sejal. Good morning, everyone. I wish you all a very Happy Diwali and a prosperous New Year. We welcome you all to the Q2 and H1FY25 results discussion. You must have received the results and investor presentation of the company which is available on the BSE as well as the company's website.

As usual, we will start the forum with the opening remarks by our leadership team and then we will open the floor for the question-and-answer session. If you have any queries unanswered during the conference call, you may reach out to us afterwards.

The management on today's call would be represented by Mr. Suresh Sethi, Managing Director and Chief Executive Officer; Mr. Jayesh Sule, Whole Time Director and Chief Operating Officer; Mr. Sandeep Mantri, Chief Financial Officer and myself, Ms. Pushpa Mani, Head Investor Relations.

Before we begin, I would like to mention that some of the statements in today's discussion may be forward-looking in nature and we believe that the expectations contained in these statements are reasonable. However, these statements involve a number of risks and uncertainties that may lead to different results.

With this, I invite our MD, Mr. Suresh Sethi, to give opening remarks. Thank you, and over to you, sir.

Suresh Sethi: Thank you, Pushpa. Good morning, everyone. First of all, on this very auspicious day, let me wish you all a very Happy Diwali and thank you for joining us for our Q2 and H1 FY '25 earnings call.

Let me start with the overall performance. During this quarter, our revenue from operations grew by 12% quarter-on-quarter. This was mainly led by growth in our Tax and Pension services business. Tax services witnessed a healthy growth of 22% quarter-on-quarter, primarily driven by the launch of certain government schemes following the elections. Our overall growth in this business is also coupled with a gain in the market share. We gained almost 380 basis points year-on-year, rising from 51.6% in Q2FY '24 to almost 55.4% in Q2FY '25. The total number of PAN cards issued by Protean in Q2FY '25 stood at 1.2 crores. Our online PAN issuance surpassed offline PAN issuance for the very first time. These accounted for almost 51% of the total issuances. This is a very positive trend and bodes very well for our tax business, since it is more cost efficient.

Coming to pension services, again, the quarter marked resilient growth. We grew 7% quarter-on-quarter. During this quarter, we added 3.6 million new subscribers, including 826 corporates. This is reflected by a 40% quarter-on-quarter growth in the subscriber base. We continue to maintain our dominant market position with a 97% aggregate market share.

NPS Vatsalya, the pension scheme for minors which was announced by the government during the finance budget of 2024, was officially launched on 18th of September 2024. We are again very proud to report that we have added more than 25,000 subscribers till 30th September, a very good start to NPS Vatsalya.

During this quarter, the company also launched a completely revamped NPS and APY mobile application. This has a superior user interface and experience, along with several new features, including enhanced security and transactional value-adds for new account opening and Tier 2 activation.

Coming to our identity services, we witnessed a degrowth of 14% quarter-on-quarter, largely attributable to the high volumes in the previous year, where we were driven by the Aadhaar-PAN linkage deadline. Additionally, we are facing competitive pricing at the foundational level for the eSign services.

This very much ties into our strategy to strategically invest in building value-added services on top of eSign and eKYC and e-authentication, basically the foundational identity layer. And that is where we have launched services like eSign Pro and Rise with Protean, which is an API marketplace within our data stack vertical. And we are layering it on top of the foundational identity services to drive more B2B engagement and business opportunities.

The new businesses continue to show momentum. We are clearly seeing traction in the space of Open Digital Ecosystems. There is good market movement in ONDC. And similarly in agriculture, we are seeing multiple states getting connected to the whole agristack to take the agri-digitization forward. Our suite of digital services, which have been built as a vertical integration on top of the foundational identity DPI, is also showing good traction, complementing India's digital growth story.

We are very enthusiastic about the recent developments in the DPI space in India, and we are continuing to invest in these new lines of business. Our primary aim is to mature these businesses in the next three to five years and establish them as core contributors to our overall top line.

During this quarter, we are glad to share that we launched two new products. One was in the space of Open Finance and a new product called Protean LIFE. Let me first talk about Open Finance. As we all know, ONDC has forwarded into the financial sector with the launch of a new vertical which enables Open Finance. This follows the success in digital commerce and mobility across various categories like food, grocery, fashion, and electronics. The open architecture of ONDC provides a great opportunity to discover financial services by connecting the seeker and providers.

We have launched an Open Finance stack which enables discovery of loans, insurance, and mutual funds through various seeker applications where financial data can actually be shared using the account aggregator framework. We are also further collaborating with various distribution partners to provide last mile assisted access to financial services. One such collaboration I'll call out is with PayNearby, a distribution partner with a strength of over 2 lakh active retail touchpoints.

Coming to Protean LIFE, we see that despite the significant growth in social sector spending, the landscape of philanthropy and CSR remains fragmented. Seekers often struggle to find suitable funding and resources while providers face challenges in identifying impactful projects and ensuring efficient utilization of funds. At the Global FinTech Fair this year, the company unveiled Protean LIFE, India's first and one-of-its-kind platform to create an interconnected ecosystem where seekers, including individuals, NGOs, implementing agencies, and providers such as corporations, foundations, and individual philanthropists can collaborate transparently and efficiently to address social and environmental challenges, and we are approaching this through a DPI-led approach.

I'm glad to share that Protean was recognized and awarded as the best digital public infrastructure company during the Global FinTech Fest 2024. This further underscores our pioneering contributions in this space.

Our balance sheet continues to remain strong with more than INR750 crores of cash and cash equivalents, including marketable securities, and we are a zero-debt company.

Finally, I would like to introduce Mr. Sandeep Mantri, our CFO. He is a chartered accountant and CPA and also an alumnus of UC Berkeley-Hass School of Business and IIM Calcutta. With over two decades of experience, Sandeep has built a reputation for driving transformation strategies. We are glad to have him on board. His expertise will play a pivotal role in accelerating Protean's vision of advancing technology-driven governance solutions within DPI. Sandeep's leadership will help strengthen our overall management team, Protean's strategic growth, and financial stability in this rapidly evolving tech landscape.

I hand it over to Sandeep now for a discussion on the financial performance. Over to you, Sandeep.

Sandeep Mantri: Thank you, Suresh, for the nice introduction and valuable insights about the business. Good morning, everyone. I wish you and your family a very Happy Diwali and a prosperous New Year. Thank you again for joining us for our Q2 FY '25 earnings call.

Launched in 2015, the Digital India program has become a transformative force and an inspiration to many other countries in the world, altering the pace of India's growth story while transforming the globe into a digitally empowered society and a knowledge-based economy. This vision is being realized through three key pillars, which are robust digital infrastructure, accessible government services, and empowered citizens. Protean is honored to be at the forefront of this dynamic ecosystem and playing a pivotal role as the foundational pillar in the evolution of the digital world. Let me take you through the financial highlights for Q2 FY '25. Our consolidated revenue from operations stood at INR 220 crores, growing by 12% quarter-on-quarter, led by robust performance by the tax services and pension services.

Additionally, we see momentum in our new businesses. Adjusted operating profit, excluding other income and ECL provision for the quarter, grew by 21% quarter-on-quarter to INR32 crores, with operating margin of 14.4% versus 13.3% in Q1 FY '25.

Profit after tax for the quarter grew by 33%, quarter-on-quarter, rising from INR21 crores in Q1 FY '25 to INR28 crores in Q2 FY '25. However, the normalized PAT post adjustment of ECL was INR 26 crores in Q1 FY '25, with normalized PAT margin of 12.2% versus similar kind of margin in Q2 FY '25.

Overall, with an increase in the market share in our tax services business and 40% quarter-on-quarter increase in new subscriber in the pension services, we are optimistic about future growth potential. Additionally, growing momentum in the new businesses and ongoing cost optimization and automation measures in existing businesses will also drive margin improvement in the coming quarters.

As far as our balance sheet is concerned, we continue to remain strong with cash and cash equivalents and marketable securities of more than INR750 crores with no debt on the book. We continue to actively explore and organize growth opportunity while consistently investing in enhancing of our existing businesses. Looking ahead, we are proud to help drive the development of India's digital infrastructure and pair that with a robust regulatory framework.

I am very excited about the future that lies ahead. With that, I open the floor for the question-and-answer session. Thank you so much for your patience.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Kamlesh Jain from Lotus Asset Management. Please go ahead.

Kamlesh Jain: Thanks for the opportunity. Just one question, on the part that over the years, we have been seeing contraction in the margins, as well as revenue has not been growing from our conventional businesses. Going forward, where do we see over the next three, four years, how do we see the growth coming from other than the tech services and the identity services growing?

Suresh Sethi: Thanks for the question. Kamlesh, let me just put two points of view over here. As I mentioned earlier, as far as Tax and Pension is concerned, these are businesses in which there is very strong headroom because from a PAN perspective, the penetration in the country is under 50%, given PAN being more an ID which is taken at the point of either opening up an account or when somebody gets their first job. Now we are also seeing a propensity for growth here.

A lot of government schemes actually require the availability of a PAN to be able to be part of the beneficiary pool as an identifying document. So, there continues to be a strong headroom in PAN.

Likewise, in pension, as I mentioned, we are a very underpenetrated society. Our total foray into pension is just 6% versus where we see in OECD countries, it's around 82%. And our total pension base today including APY and NPS is around INR7.7 crores. So, we continue to see these businesses contribute from a revenue growth perspective.

The comment I had made earlier was that in the space of digital identity, we are seeing some competitive pricing coming in the space of eSign and that is where it is in a way leading to margin compression. And now let me come to the businesses which are also aligned there. So for identity, we took a clear call to build a data stack which is a vertical integration on top of the foundational identity services where we provide value-added services for digital onboarding, for doing credit surrogates, credit scoring, digital lending, along with our account aggregator license. And we are trying to build moats to establish a value-added business on top of the foundational identity. As you know, our other foray is in the space of open digital ecosystems. And likewise, we are also looking at taking the India DPI stack global where we are currently engaged with multiple countries.

So, these new lines of business to call out, whether it is data stack or ODs or international business or our investment in cloud and infosec securities, these are going to be our growth vectors. Today we have a concentration in our core business lines above 90%. Aspirationally, we are looking that in the next two to three years, we want to have a 25-75 split with new businesses contributing around 25% of our top line.

Kamlesh Jain: Thanks for the elaborate answer. Secondly, regarding the PAN 2.0 tender, how do we see the competitive intensity there? I do appreciate that you have a 55% market share there. But going forward, there are chances that the competitive intensity is going to be higher in the upcoming tender. So, what particular margin levels we are seeing while bidding there?

Suresh Sethi: So basically, in terms of the RFP, this is basically a measure of good governance that the tax department this time has come out with a tender-based approach, provides equal opportunities for players to come in. Considering that it is at RFP stage, we don't have too much visibility on what you said in terms of margins and all. Currently, it's an opex model.

So largely, in our PAN business, basically our business model is B2C. We get paid by the people who are applying for the PAN card, and we don't get any revenue pools coming from the IT department. So, we assume this will continue to be the case. But at this stage, it is too early to comment on that.

Moderator: The next question is from the line of Amit Goel from RaRe Enterprise.

Amit Goel: Sir, can you tell us a little bit about what's happening in the ONDC space and how are we positioned there right now?

Suresh Sethi: ONDC is, you know, seeing good traction, as we have been saying earlier there's a strong growth, which we are seeing. I would say we are continuing to see high double-digit growth quarter-on-quarter.

As we speak, they have expanded into multiple categories. The journey, as you know, started with mobility and transport, moved on to digital commerce, and under that we've seen multiple categories come in, and especially categories like F&B have picked up very strongly. And today there are 13 categories alive on the system.

And if I look at the September month, almost 1 crore monthly orders were placed. So, there's good trajectory built over there. As I called out earlier, ONDC is now also forwarded into open finance, which is basically building an open ecosystem for connecting borrowers and lenders and, you know, providing various financial services.

So multiple stacks are getting created on top of this open network. And I would say at this stage, there are almost 100-plus buyer, seller, and logistics applications riding on top of ONDC. And it's a strong network which has got created. We naturally are, seeing very good growth, but hoping that it will continue and we will reach an inflection point from where it takes off.

Amit Goel: And, what role we are playing in this right now, like how do you see us going back? And one more thing, you had announced during the exhibition that you had tied up with a major financial institution on the financial side. They were using one of your apps or applications. So how is that entire thing playing out?

Suresh Sethi: So, Amit, in terms of our role, we are engaged with ONDC on three fronts, I would say. One, as we always say, we are offering ONDC at the network level. We are the only provider which is providing the tech to ONDC where we are providing them the gateway and the registry services. Gateway is basically the "switch" on which the buyers and sellers or the participants discover each other. And registry is the entire architecture on which you are building the directories of buyers and sellers.

So, this is at an infrastructure, digital public infrastructure level, and we are the only company which is powering that at the central layer. Other than that, I would largely, put two levels of engagements at the app layer or the application layer. On one side, we are building the buyer and seller applications, which means any buyer aggregators or seller applications are using our tech to create that ecosystem and plug into ONDC.

And on the other side are what we term as the extension services. So, whether it is reconciliation and settlement or issue and grievance management or back-office operations, we've built a tech stack on that, and this is what we term as our open commerce stack where we provide both buyer and seller capability and the underlying services like catalog as a service and so on and so forth. So therefore, there are three engagement points with ONDC. At the infra level, we are the only player. At other places, naturally, we have competition from the market.

Amit Goel: So with passage of time, we'll be getting revenues over a period of time coming from all the three lines which we are providing?

Suresh Sethi: Yes, absolutely. We are already clocking revenues on the infra layer, naturally, at this stage, considering that it is only for the open ecosystem, ONDC has taken a call that the market participants will not pay. And today we get reimbursed by ONDC for the infra services or the tech we provide for enabling the infra layer. The other two layers are more like a SaaS service. So, there's a one-time charge for building the application or designing the application as a tech service provider. And then we have a SaaS model which is run on a transactional basis. So we are clocking revenues on both fronts. But yes, scaling up has to come in to make it meaningful.

Amit Goel: Sir, as ONDC becomes more mature and assumes growth, our revenue share will also increase.

Suresh Sethi: Absolutely.

Amit Goel: One last question about that financial institution who was using your application. Is that also on ONDC?

Suresh Sethi: Which one are you referring to?

Amit Goel: The charge announcement which you had done.

Suresh Sethi: Okay. No, on ONDC, there were two parts. On Open Finance, we had actually announced that we are tying up with distribution partners to enable consumption of financial services at the last mile. So, this was more to an agent point and get a loan or a mutual fund investment. And that is where you are using the account aggregator network to help you support in that.

Moderator: The next question is from the line of Rohan Mandora from Equirus Securities.

Rohan Mandora: Sir, can you please share on the seller tech in ONDC, how many relationships have we entered into and has monetization started in any of those seller tech relationships yet?

Suresh Sethi: In terms of the seller tech, we have done quite a few exclusives as well, one being on the banking side, where the banks are today looking at enabling their supply chain customers. So we have exclusive arrangements in a manner of speaking with the likes of Citicorp, HSBC, Standard Chartered, which we had announced earlier. Then likewise, we are offering the tech of certain seller apps. We are at, I would say, a very advanced stage of launching a few. And considering the confidentiality, I would not like to name them at this stage.

But I would say these are early engagements and we definitely see in the next quarter some of them going live and getting monetized.

Rohan Mandora: And on the seller tech side, any arrangements with any leading domestic financial entities? without naming them?

Suresh Sethi: Yes, we have. Absolutely.

Rohan Mandora: So by when would we start to monetize these relationships?

Suresh Sethi: Well, as I mentioned, these are largely working on a SaaS model. And there's naturally in certain cases, depending on whatever the engagement is, we have a one-time fee for building the application. So as far as one-time is concerned, naturally, wherever we have that component, it will come through.

The other side will be led by transactions. So as I'm saying, as we go to market on these, we see monetization then flowing in as transactions build up.

Rohan Mandora: Just one more question. Is it a two, three, four quarter journey before that monetization on a per transaction basis happens? How should one think through on that?

Suresh Sethi: Yeah, I will put it across in those terms, yes.

Rohan Mandora: So second question is, on the PAN 2.0 project that the government had announced, any updates that you can share there?

Suresh Sethi: So currently it's still open. I mean, building date is now around December. Only then will there be any progress, but it continues to remain the same as we mentioned last time.

Rohan Mandora: Yeah, okay. And third question, on the cloud, any meaningful project conversion that we have got?

Suresh Sethi: On cloud, Rohan, again, we have engagements with multiple sectors. Focus continues to be one naturally working on government projects where we are trying to position ourselves as a Made in India stack. And also look at it from the energy conservation perspective, look at it as more of a green cloud. And the other side remains focused on the startups and the MSME sector. And we have customers, and we are clocking revenues, but definitely looking at more traction and growth in the coming quarters.

Rohan Mandora: And lastly on this identity services, the de-growth that we have seen this quarter, even sequentially we have seen a de-growth in revenues. So clearly one of the reasons that you explained was on the sizing pressure in eSign. So if you can share, what were the total revenues that we earned from eSign in 1Q and 2Q?

Suresh Sethi: Last year we had almost 67% growth in this line of business under identity services. And we almost crossed INR100 crores last year. We are seeing some of this compression coming in the eSign space, as I mentioned. But at the foundational level, it's basically that you're providing authentication for eSign.

And above that is the entire app layer where you build a complete documentation suite, like giving it to a corporate or anybody to actually enable eSign as part of the workflow. So that is where I was mentioning that for us, naturally we continue to remain strong in the eSign market because we have a very dominant market share over there.

But we are also doing a vertical integration. Last quarter we spoke about the fact that we launched a product called eSign Pro, which is built on the eSign foundational layer and gives you a complete workflow-based digital documentation suite, which we are giving to ecosystem players like corporates to create a value-added proposition.

And that is where it's multiplied in terms of the revenues also, because you're providing a value-added service than the foundation authentication service. So that is how we are trying to strategically build business on top of the foundational layer.

Rohan Mandora: Right. That's where I had that query that from Q1FY25 to Q2FY25, also there's a de-growth. And we've been adding products like eSign Pro and others. So I just want to understand, other than what is the share of eSign in the total revenue within digital? And also, is there a volume decline on the number of transitions that have happened? And even on the Q-on-Q, which is, or is it only due to the pricing pressure that we are seeing in this piece of business?

Suresh Sethi: Largely it has been the pricing pressure.

Moderator: The next question is from the line of Abhijeet from Kotak Securities.

Abhijeet: So I have a few questions. Sir, my question was on the broad operating margin ranges for the three businesses, and whether the new business is positive on an operating margin basis.

Sandeep Mantri: Yes, of course, new businesses will be positive on operating margin basis once we have significant uptake in the other two businesses. Right now, they're very insignificant. Therefore, we don't see too much margin and hardly about 2% - 5% of total revenue. So right now having a margin indication on new businesses will not be suitable.

Abhijeet: And the second one was that earlier comment on the 25% share from the new businesses. Any timeline that you would like to put on that number?

Suresh Sethi: I can't make a forward-looking statement, Abhijeet, but the aspiration of the company is that we will walk towards a 25% and a 75% diversification in the next two to three years.

Abhijeet: And the last one, sir, is that the growth in the pension services business seems to be much lower than the underlying numbers around the additions of pension subscribers. So if you could just clarify that.

Suresh Sethi: Interesting that you picked that out, because you're right. So, see the pension revenue is tagged into three parts. One is the new account opening. Second is the transactional revenue that we get, which is on every transaction, contribution, or withdrawal. And third is the annuity, where we earn on the total base. So, when the new subscribers come in, the actual impact of the underlying annuity revenue only kicks in in the next quarter. So, you generally see a little bit of staggering over there. That is the way the pricing model is designed around it.

Abhijeet: One follow-up here, but on a broader basis, not just the pension services, is there a way to understand the broader revenue profile between a recurring and a transactional revenue basis?

Sandeep Mantri: So, the recurring revenue in pension services will be about 95%. The first-time revenue will be about 5%. So, it is more of a safe type of business for us.

Moderator: The next question is from the line of Dhruv Shah from Dalal and Brocha.

Dhruv Shah: So just to add on to the previous participant's question on the identity services, there has been two quarters of sequential de-growth. So just give us some guidance, like what kind of run rate we can expect from this segment, and how do you see this segment scale up going forward?

Suresh Sethi: See, it's very difficult, Dhruv, in that way to project it. And I'll tell you the reason because this is in line with the larger India digital story. So, the consumption of e-sign, e-KYC, e-authentication, it is led by account opening, it is online PAN validation. Again, it is utilization of PAN as an identity for various verifications. And we do see that overall it's a growing market.

As I said, that some of our margin comparisons are coming in because of competitive pressures. But otherwise, it's definitely a growing market. Last year, we mentioned that there was almost a 67% growth, which we had not projected in our numbers at the beginning of the year.

So, what I can just say that macro direction remains the same. We see more and more digitization happening in the country and utilization of all these authentication layers is just increasing. And with the strong thrust on MSME account opening, digital lending likewise digital onboarding which more and more banks are moving towards to make their KYC processes more efficient. We see this as a growing market clearly.

Dhruv Shah: So you mentioned about eSign facing some competitive intensity. So last quarter we launched eSign Pro also. So, do we see the same competitive intensity on that front as well or any deal wins that you've been able to do in this quarter?

Suresh Sethi: When you come to a documentation suite like eSign Pro, we clearly have an edge, because it's a vertical integration and here you are talking about experience, security layers, workflow management; your ability to differentiate is much more enabled. Because at a foundational layer it's the resilience of the platform, it's the uptime, but still the service is very commoditized because all you're doing is an authentication, so we have competition there.

But when you build a complete application suite on top, we are very confident in the stack we've created that we'll be able to provide a differentiated and value-added proposition to our corporate customers. We have a few deals which we've already closed in the last couple of months that the product has been up and running, but more to come because definitely for us it's a B2B business and we would like to see more acquisition and growth over there.

Dhruv Shah: And my last question is regarding your international expansion. So, for the last couple of quarters, you've been guiding for the international expansion as well. So how likely are we going to like any contract when, so over there, when do you expect it to come through?

Suresh Sethi: So international, clearly again the focus is taking the India DPI stack global. As we mentioned earlier, we are engaged with multiple countries in Africa and Southeast Asia. We are clearly at a stage in some countries, we are working on POCs to look at use cases where the various use cases built on top of digital public infrastructure like an ID stack or a pension stack or a taxation stack can be enabled.

And we have participated in multiple bids because largely these are government-level initiatives happening in the country. And at this stage all I can say is that we are shortlisted in a few bids as I had mentioned last. And we hope to see some very quick results coming out from a timing perspective.

Moderator: The next question is from the line of Srivathsan from Avendus Spark.

Srivathsan: Just quickly a couple of questions. One was on the whole agri stack and other some of the new initiatives. I know most of these are project-based. Any further progress towards more meaningful monetization that's happening? Just wanted to get your thoughts?

Suresh Sethi: From the agri stack perspective, as we mentioned earlier we were working with the central government and we were at that time creating that entire stack to enable data exchange and build a consent layer for easy exchange between state and center. Being a state subject, the data is likely going to be state-centered. In the project we initiated, the first phase has gone live, integrating with various states. Currently, 13 states are already plugged in, and we are building from there.

So that naturally was more like a project, one-time project and we built that and there's more work to do over there, but we definitely are looking forward to more state engagements because states need to build their tech stacks to be able to now leverage the entire agri digital public infrastructure and that is where further opportunities will be coming down the line.

Srivathsan: So very quickly on the eSign Pro and the digital services, can you just highlight the go-to-market? Because I was just thinking given the NPS overlap, is there a common sales team or how does the go-to-market work for the digital services, identity services will be helpful?

Suresh Sethi: So, go-to-market for us we have a huge, I would say competitive advantage because between our pension services and identity which is at the foundational level, we deal with almost 14,000 plus corporates. So, when you're looking at pension these are various POPs or we are enabling their employee pension. And the second big part comes on identity services which includes the online PAN validation.

We power a lot of FinTech, we power the BFSI as sector, a lot of these players are already engaged or in a way integrated with us to take advantage of the foundational layer of authentication and KYC and all. So, one go-to-market approach naturally is to cross-sell and upsell. So, if we are dealing with 14,000 corporates we have in a way an accessible market where people are already familiar with Protean using part of our tech and we can go in over there.

And second naturally comes the credibility that if you are running at a national level from a DPI perspective, your tech and your risk practices and your controls are naturally well-recognized as being the best in class in the industry, eSign Pro and other services like our Protean with RISE where we are providing a complete API marketplace where we enable not just digital onboarding and lending, we are even exposing APIs on the front of agri, on the front of ONDC, on the front of health.

So, it gives us a multi-API approach to again enable the sectors which are relevant to create their digital journeys. For example, we are today even powering RBIH, the ULI which is the Reserve Bank of India Innovation Hub, the credit stack that they have built. So it's basically a multi-pronged strategy, but built like a vertical integration on top of the identity services.

Srivathsan: One last thing. The KPIs that were published in the DRHP would be a great addition to the quarterly investor plan. That's just a suggestion. Thanks.

Moderator: The next question is from the line of Apoorva from Bugle Rock.

Apoorva: I had a few questions. One of the questions was the new PAN initiatives that we had spoken about, putting address on the PAN so that it becomes an all-in-one document. So where are we on those discussions?

Suresh Sethi: Apoorva, some of these things naturally or rather all of them are driven at a policy level by the department and by the government. If you remember, we had earlier shared that there was a proposal to see if we can incorporate the address into the PAN card to have even the POA as we call it the proof of address in it. Currently, that is not in a way being implemented or a policy direction on those lines has not come.

The second thing we talked about was at some stage, there is naturally a nudge from the government to see that how PAN can become a single instrument or a one-stop identity instrument for business or rather non-individual identification. Because all of us have Aadhaar. The government is looking at saying can one document or one identity point be enabled likewise for businesses? So that is something which is working on multiple fronts.

As we know, today there are multiple identity points which a corporate has and there is definitely directionally a move to see if PAN can become more relevant or play a more relevant play in that place.

Apoorva: I was talking about a proposal say to reissue PAN card after 10 years, as there are a lot of inactive cards in the system. So on those lines also it is same at the policy level still?

Suresh Sethi: I am not familiar with that part.

Sandeep Mantri: Are you talking about Aadhaar Pay Linkage?

Apoorva: There are a lot of inactive cards in the system, PAN cards in the system. So maybe a proposal by the government to maybe reissue PAN cards so that the inactive cards are weeded out. Anything on those lines?

Suresh Sethi: Apoorva we will check it out, but no policy guidance on that.

Moderator: The next question is from the line of Bhargava from Elara Capital.

Bhargava: Thank you for taking my question. My question is on the Open Financial ONDC. I want to know a little more about what the pain points actually are from both the borrowers and the lenders' perspective. From a lender's perspective, how is it going to be different from other distribution channels? From a borrower's perspective, how is it going to be different? Is it better accessibility or better pricing? I want to know what pain points you are trying to solve for both borrowers and lenders.?

Suresh Sethi: Bhargava, excellent question. Ultimately, this is going to the root of the problem. Today, the challenge is information asymmetry and discoverability. I need a loan. Do I have one place where I can identify and find which are the entities which are able to give me a loan or where my credit is acceptable to them to give a loan? ONDC being an open network, the whole idea is to get lenders onboarded onto ONDC like sellers.

On the borrower's side, any borrower can go and share their data using the account aggregator framework. Then data is largely broadcast on the network. Any lender who feels that as per their risk and credit practice that the particular information qualifies for a loan offer, that lender will showcase or send back a loan offer to that borrower.

Ultimately, just like we talked about digital commerce, yes, there are platforms today which enable digital commerce. ONDC is today about democratizing access to digital commerce. Here we are trying to use similar principles as that. I will add to it. One part is giving democratic access to every borrower to financial services. They can use their flow-based transactional data on the account aggregator to seek loans.

The second part we've added to it is that we are enabling distribution networks. For somebody who is not adept at doing it themselves on an application, they can actually go to a touchpoint. These are touchpoints which today are enabling APS or account opening or money transfer. These touchpoints also get the ability to get plugged into an open finance network where they can go and offer loans. That is what we are trying to address using open finance.

Bhargava: One follow-up on that. On the investment side of finance, how is it going to be different from other distribution channels? From an investor perspective, will it offer lower commission rates or other advantages??

Suresh Sethi: Largely, it's going to be one more channel. Let me put it that way. It's not so much about differentiation. It's about the reach and the open architecture of a digital public infrastructure. We always say that e-governance services have to be available to every citizen in the country. Some of these initiatives where we are building digital rail enables each and every citizen to have equitable access.

Now, when you come to the point of commissions and structures, clearly, let me comment more on the ONDC front because this is a new offering. Clearly, the attempt again is to say how we can offer a superior structure where the cost is different because you are working in an open network. The moment you are working in a platform-centric sort of ecosystem, the platform takes a certain amount of commission, which is much higher because they are managing the platform.

In this case, the digital public infrastructure is being provided by, let's say, an entity like ONDC, which is a Section 8 not-for-profit company. Therefore, it is not going to be that onerous to be on the network and operate on the network. You are not just democratizing access. You are democratizing access and providing affordability on an open network.

Moderator: The next question is from the line of Gurvinder Singh from Fortuna Investment Advisors, LLP.

Gurvinder Singh: The question was just answered by you, on how will the open finance ecosystem work, but continuing on that path, what is the potential revenue model for you in the long run on that open finance picking up? My second question, sir, is effectively the newer products that you have been launching are not material in your revenue pool as of now, but we all see the potential for those.

If I'm correct, your target is for the new products to account for 25% of total revenue in about 2 to 3 years. Just wanted your insight on this as they should be much larger than just 25%. Just wanted your perspective on that aspect as well. Thank you.

Suresh Sethi: On open finance, the revenue model remains the same. This is, again, a SaaS led model. As it happens with whether it's if you're discovering a loan and a loan is getting consumed and discovered, there will be a success fee and a certain transaction-related fee will flow over to us.

That is going to be the design of this model, because ultimately you are enabling somebody to discover a service, so it will run as a SaaS model. Whatever we are doing at the infra-level naturally works well for us because that is where we are seeing largely transactions growing, and therefore the infrastructure needs to be scaled up. Since we are powering ONDC at a foundational level, you see the separate revenue flows coming from there based on higher transaction volumes.

So that is the two-tier sort of revenue accretion we see coming with some of these categories becoming larger. In terms of the new businesses and the new business portfolio mix, as I mentioned, we definitely cannot put across forward-looking statements. Again, this is more, I would say, crystal-clearing, but our aspiration is that with the stack of businesses that we've identified, which, again, have been chosen very, very carefully because there is strong adjacency to our core strengths.

You heard me mention earlier, there are businesses we are getting into which are in a vertical integration, so we are playing on the fact that we have good market access, we are dealing with those customers, we want to be able to upsell to them. So the lines of business chosen are very carefully chosen, and we are at this stage striving to say that we should reach there and if it becomes better, we all hope for the best.

Moderator: The next question is from the line of Madhur Chaturvedi from MAIQ Capital.

Madhur Chaturvedi: So, just on the international piece, I want to understand what the sort of landscape is generally like. What is the sort of pipeline? Who are the competitors? And, is it generally us pushing other governments? Showing India as an inspiration model or is there a natural appetite? So just sort of what that landscape looks like and what our philosophy in approaching it is?

Suresh Sethi: On the international business, first of all, our approach has always been that we are a strong DPI player in the country. So those are the credentials, and that's the tech stack which we have, which we have built, for India. And our interest in looking at international markets was one driven by that.

So that is more about us and what we do and what we feel is relevant. The other area clearly has been an overall realization in a lot of countries, especially with the success that India has had, right from the identity stack, which is Aadhaar to payments and data, which includes UPI and account aggregator.

A lot of countries are really interested in the way India has gone about laying out the digital infra rails. And I would be remiss not to point out that India's journey into building digital public infrastructure started way earlier, like a company like us was basically created to create capital market infrastructure, then we went on to create the taxation modernization, the pension ecosystem. So, these are DPIs which a lot of countries are interested in, and that is where the interest is coming from overseas markets.

There is a strong push, naturally, by the Government of India also. As you saw in G20, there was a clear call-out to say that India will lead the charge in enabling the global south. The Ministry of External Affairs has done, along with METI, multiple international MOUs, where we are acting as knowledge partners to countries to explain to them what DPIs can do for them and what sort of use cases can be built.

And we are largely working in this environment to see what business opportunities are there and what sort of knowledge transfer expertise we can take to the market as an implementing agency, because for us, it's not just knowledge transfer. We are a company which builds the stack, and we can actually implement in these countries. And lot of countries, as I mentioned earlier, are therefore largely looking at these mandates at the government level, and therefore RFPs are coming out which are seeking bid to do this.

On a competition front, yes, there is competition. There is competition from international players, domestic players. We strongly believe that the way India's DPIs have been built on open-source technology, they are interoperable.

Their design principles are very well recognized because we build things at scale using very frugal technology stacks, and that is what is being seen very positively. That is where I think India has an edge more from what we have already done and demonstrated in the country, and therefore companies from India are seen very positively as we are getting evaluated in terms of the tech we are proposing to adopt or deploy in these countries.

Madhur Chaturvedi: Just a second question to understand your thought process. There are so many different projects you are working on, all with a lot of optionality and future potential. Just as a leadership point of view, how do you think of devoting resources, devoting sort of human talent? What is the thought process when you approach all the different verticals wherein how to and how much of the resources to devote to each of those projects?

Suresh Sethi: As I said, basically a lot of the work we are doing is again using very standard fundamental building blocks. I always give the example that today, for example, we have created gateways for discovery whether we are doing it in ONDC or we do it in health or we do it in Agri to enable an Agri marketplace. It is about using the foundational building blocks.

A lot of the tech that we are developing is very fungible and it's like Lego blocks. You put them together and you solve for another sector or another area. A lot of new businesses come on those lines.

Businesses like the data stack, the identity, again have a very close correlation to what we do at a foundational level. Since we act as an ESP, for example, to CCA, which is an eSign service provider, becoming an application service provider is building on top of that stack. While we see that we have six or seven businesses as we are calling them out, the tech stack is usually fungible.

The sales teams are today integrated so that they can leverage cross-sell opportunities. They are not siloed as one salesperson is selling only one product. He actually looks at the bouquet of products and is able to create a value-added proposition out.

The product and tech teams clearly are looking at building something which is on top of the foundational building blocks. I hope that answers your question.

Moderator: The next question is from the line of Viraj from Jupiter Financial.

Viraj: My question is, regarding export of data stack, can you add some color in terms of potential revenue size and the margins on those products?

Suresh Sethi: Viraj, I am assuming you are talking about the international business, right?

Viraj: Correct.

Sandeep Mantri: Yeah. So, Viraj, as I mentioned, these are generally RFP-led projects. And since they are RFP-led, we basically go in with a bid.

And most of these RFPs are QCBS, which means basically they have a technology or a tech stack evaluation. So, there's a weightage given to tech and there's a weightage given to pricing, which is more the L1-based sort of RFP construct. So, we go in with a margin which is upwards of 20% in most of these mandates, and we pitch for them. And that's the way it works out. And then, actually, it's about winning the bids and taking the project forward.

Viraj: You are talking about EBITDA margins, right?

Sandeep Mantri: Yeah, margins. I mean operating margins.

Viraj: Operating margins. Okay. And would it be in terms of cost transaction or ANC-based revenues? More or less?

Sandeep Mantri: These will be both implementation as well as long revenues, which is more maintaining the government equity.

Moderator: Ladies and gentlemen, due to time constraints, we will take that as the last question. I would now like to hand the conference over to the management for closing comments.

Suresh Sethi: In closing, we would like to thank everyone for joining us today on Diwali. Good to wish Happy Diwali to everyone and for your continued support. As mentioned earlier, we continue to show consistent growth in our core businesses.

Clearly, a lot of headroom over there. Our new businesses are strongly aligned with what we do at the core and we are clearly looking at being a part of India's DPI journey and also take the same expertise experience as an implementing agency as a technology service provider to international markets. We definitely see strong tailwinds in this space, both from an India digitization perspective and from opportunities that we see overseas.

Excited about the future and look forward to delivering continued value to our stakeholders. Thank you and once again wishing everyone a very happy and prosperous Diwali.

Moderator: On behalf of Protean eGov Technologies Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.