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February 5, 2025

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 Q3FY25

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 January 27, 2025, please find enclosed herewith Transcript of Earnings Conference Call on Company’s Operational and Financial Performance for Q3FY25, held on Thursday, January 31, 2025.

This is for your information and records.

Thanking you,

Yours truly,

For Protean eGov Technologies Limited

Maulesh Kantharia

Company Secretary & Compliance Officer

FCS 9637

Encl.: As above



“Protean eGov Technologies Limited
Q3 & 9M FY25 Earnings Conference Call”

January 31, 2025



MANAGEMENT: MR. SURESH SETHI – MANAGING DIRECTOR & CEO

MR. JAYESH SULE – WHOLE TIME DIRECTOR & COO

MR. SANDEEP MANTRI – CHIEF FINANCIAL OFFICER

**MS. PUSHPA MANI – VICE PRESIDENT, HEAD
INVESTOR RELATIONS**

Moderator: Ladies and gentlemen, good day, and welcome to Protean eGov Technologies Limited Q3FY25 Earnings Conference Call hosted by Go India Advisors. 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, Head Investor Relations. Thank you, and over to you.

Pushpa Mani: Thanks, Steve. Good afternoon, everyone. I wish you all a very happy new year and welcome you all to the Q3 and 9MFY'25 results discussion. You must have received the results and investor presentation of the company, which is available on BSE as well as on the company's website. As usual, we will start the forum with the opening remarks by our senior leadership team, and then we will open the floor for Q&A. If you have any queries unanswered during the call, you may reach out to us afterwards.

The management on today's call would be represented by Mr. Suresh Sethi, Managing Director & CEO; Mr. Jayesh Sule, Whole-time Director and COO; Mr. Sandeep Mantri, Chief Financial Officer; and myself, Ms. Pushpa Mani, Vice President, 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. 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 evening, everyone. First of all, I think this is our first introduction during this year. So a very happy new year, and thanks for joining the Q3FY25 earnings call for Protean.

Let me start with the overall performance. During this quarter, our revenues from operations stood at INR 202 crores. Let me dive into the businesses or the business verticals. Tax services business witnessed a growth of 3% year-on-year. And this was primarily driven by substantial increase in the market share.

Protean share market share increased from 52.1% in Q3FY24 to 59.2% in Q3FY25. We have seen that during the course of this year, the overall PAN market has dipped by over 22%. We could achieve a 3% year-on-year growth, primarily due to acquisition of larger market share.

The last year numbers were high as far as new PAN issuances were concerned. They were largely driven by certain trigger elements. One was the Aadhaar-PAN linkage deadline and there were certain broad-based government schemes, which were launched during the course of the year, which kept the numbers high.

During the quarter, Protean issued around 1 crore PAN cards with online PAN issuances, again, for us, continuing to grow. 52% of our issuances were online, and this positive trend definitely bodes well for the business because it's more margin accretive and cost efficient.

Overall, as far as the PAN business is concerned, we see significant headroom over there as we always maintain, being a business where PAN card penetration in the country is below 40%.

Coming to Pension Services. We delivered yet another strong quarter with a growth of 12% year-on-year. During the year, almost 3.05 million new subscribers were onboarded. And at the same time, 600 corporates became part of the NPS ecosystem. We continue to maintain our dominant position with a 97% aggregate market share across NPS and APY.

NPS Vatsalya, the pension scheme for minors continues to gain popularity. We opened more than 32,000 accounts during this quarter. We clearly again recognized the need for a greater pension coverage, especially considering India's rapidly aging population and increased life expectancy. There's a serious thrust by the regulator to make sure that there is greater pension penetration in the country which today stands at somewhere around 6% and compares significantly lower with larger developed countries, which are somewhere in the range of 70%.

With increased per capita income, the financial ability to adapt to pension continues to increase. And the products like NPS Vatsalya now allow it to become a life cycle product where you can join right from infancy up to 70 years.

In terms of identity services, we witnessed a degrowth. This was a degrowth of around 17% year-on-year. But was again largely attributable to high volumes in the previous years, driven by events like Aadhaar-PAN linkage and some broad-based government schemes.

Underlining with our strategic emphasis on vertical integration, we are today delivering value-added solutions like eSignPro and RISE with Protean. These services are part of our data stack vertical and are getting developed on top of our core identity services. And these, in a sense, enable us to strengthen our B2B engagement and unlock new business opportunities.

Most of these products, whether it is eSign or whether it is the API marketplace, are annuity products. They deliver consistent transactional volumes and we have seen early adoption of the same and expect this trend to grow as we go across the next few quarters.

In line with our mission towards accelerating digital India growth, we had a few breakout engagements this year. One innovation was a breakout category in the OTT space where we partnered with Prasar Bharati, which is India's state-owned public broadcaster, who have recently forayed into the OTT space with the launch of the WAVES app. And taking a very differentiated approach, WAVES not only brings the best of India's entertainment and culture, it allows you to shop while you stream. And this revolutionary shopping experience was powered by Protean with an ONDC enabled e-commerce experience.

The second important project I'd like to call out during the course of this quarter. We won the prestigious CKYC Records Registry 2.0 mandate from CERSAI. As you're all aware, in 2016, the Central KYC records registry was an ambitious initiative backed by all 4 financial services

regulators that is RBI, SEBI, IRDAI and PFRDA. It aimed to revolutionize customer onboarding by creating a centralized database to streamline compliance and efficiency across financial institutions. Today, this database has over 94 crores KYC records.

This particular mandate that we've secured from CERSAI, a government of India undertaking is to upgrade the central KYC records registry. Our superior technology solution incorporating cutting-edge emerging technologies was instrumental in winning this mandate, a mandate worth INR161 crores. This project reaffirms Protean's leadership in driving digital transformation and its commitment to empowering India's BFSI sector with innovative and future-ready solutions.

Another important event for us was our partnership with a prestigious brand ambassador. We partnered with Pankaj Tripathi as a brand ambassador and launched a campaign. Pankaj is known for his humility, authenticity and deep connection with the common man, embodies trust, credibility and honesty, values that strongly resonate with Protean's ethos.

Through the innovative Apni Kahani Ka Hero campaign, this partnership goes beyond product promotion to tell a very powerful story of empowerment, innovation and inclusivity. With Pankaj at the forefront, we aim to inspire trust and adoption, bridging the gap between robust digital solutions and relatable narratives that enhance ease of living for the people.

I'm further delighted to share that Protean's first annual report following our listing has been recognized with two esteemed awards from the League of American Communications Professionals. We received the Gold Award for excellence in annual reporting and the Platinum Award for outstanding ESG reporting with the annual report.

This global recognition places us amongst the top 100 companies worldwide, ranking 23rd for delivering exceptional annual reports, a testament to our commitment to transparency, innovation and excellence.

With this, now I will hand over to Sandeep Mantri, our CFO, for further commentary on the financial performance of the company for this quarter. Sandeep, over to you.

Sandeep Mantri:

Thank you, Suresh. Thank you for joining us for the Q3FY25 earnings call, wish you all a very Happy New Year. As explained by Suresh, the digital India story, is really a testament to the transformative power of technology in shaping a new inclusive, efficient and empowered nation, and Protean is deeply aligned with India's growth strategy as we have been at the forefront of building India's GPI, integrating emerging technologies across taxation, pension, social security, welfare and digital identity and across various sectors.

We are extending our focus beyond BFSI to sectors like e-commerce, commerce, mobility, agriculture, education, skilling, health and sustainability. Our interoperative network approach is creating digital rails to foster discoverability and efficiency as we remain committed to creating a more inclusive efficient and empowered nation.

With this, let me take you through the financial highlights of Q3FY25. As explained by Suresh, our consolidated revenue from operations stood at INR 202 crores, which is a slight decline by 1% on YoY basis, although our tax and pension services business grew by 3% and 12%

respectively, led by significant gain in market share as explained by Suresh. The adjusted operating profit for the quarter, excluding other income and ECL provisioning, stood at INR 21 crores with operating margin of 10.2%.

In line with accounting standard, we have reversed INR 5 crores as part of a settlement, which was recorded under other income, while we also provided for processing charges under operating expenses. For the adjusted operating profit, we have according to calculation; we have excluded the impact of this adjustment.

During the quarter, the company strategically collaborated with Pankaj Tripathi as its brand ambassador through the innovative Apni Kahani ka Hero campaign. Definitely, this will increase the brand recall and brand awareness in the long run.

As far as profit after tax is concerned, we grew by 44% YoY, increasing from INR 15 crores in Q3FY24 to INR 23 crores in Q3FY25. However, post adjustment of that onetime ECL, normalized PAT stood at INR 23 crores for this quarter versus INR 22 crores for Q3FY24. The normalized PAT margin stood at 10.4% for Q3FY25 this current quarter compared to 9.5% in last year same quarter. This is an increase of 89 basis points on a Y-o-Y basis.

The EPS stood at INR 5.66 in current quarter versus INR 3.76 in Q3FY24 which is an increase of 50.6% YoY. With a growing market share in our tech services business and with the rising adoption of pension schemes, we are optimistic about future growth potential.

Further, we are running organization-wide initiative to improve efficiency, reduce cost and better customer experience, which are more AI-led digital transformation across our support as well as business processes. As an example, we're automating the calling processes using AI and bots and working towards more better customer experience in our various deliveries.

Our balance sheet continues to remain strong with cash and cash equivalent of more than INR 750 crores with zero debt. Employee headcount as on 31st December 24 stood same like as of 31st March 24. So there is no increase in employee headcount. As explained by Suresh, with initiatives like CKYC, Prasar Bharati 'Waves', Protean continued to be at the center stage of India's DPI story.

With that, I thank you so much, and I open the floor for question-and-answer session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Rohan Mandora from Equirus Securities.

Rohan Mandora: Good afternoon, sir Thanks for the opportunity. Sir, the first question is on ONDC. Just wanted to understand, if you look at the 9 months in the current financial year versus say the 9 months of last financial around the new business revenues, we are not seeing any meaningful uptick in growth.

Now on ONDC, as you have explained earlier on the calls, that we get revenues, one from ONDC itself for maintenance of the infra, development and maintenance of infra and other was to be

linked with the order volumes. So while I understand the seller tech is yet to be launched, but the reconciliation services, cataloguing services and other things, there, the expectation was 10 to 15 basis points of revenue per leg of transition could come through.

And since the volumes on ONDC have been clocking well, so why is that not translating into revenues for us? So I just wanted to understand that piece first.

Suresh Sethi:

Sure, Rohan. So Rohan, ONDC, as you rightly pointed out, we have two streams of revenue. One is at the infrastructure level. Infrastructure is where we provide the gateway and registry services. And this today is being reimbursed by ONDC as a network facilitator. And the entire model works on a cost-plus basis. So there has been, as part of continuous development and engineering, further cost optimization in keeping a network running.

So while definitely the network traffic has increased, we have been able to embed further technology, which has made us able to optimize the network performance. And therefore, we don't see any significant jump, which can be associated directly with the sort of transaction volumes, which have increased over a period of time.

And again, let's also bear in mind that while the transaction volumes have definitely grown, they've not reached an inflection point where you suddenly look at further creation of infrastructure at a step level. So that is on the infra layer.

As far as the ecosystem play is concerned, what we term as the innovation layer where we are providing the buyer and seller technology, we have had a few elements of the biotech being put out there. And likewise, there are other elements like the extension service of reconciliation and settlement. While transactions are there, these are early stages. And again, as I was bearing earlier, these are all SaaS-based models.

Our current earning when we start is largely with a onetime, which is more like creating the technology and deploying it. So that onetime revenues you are seeing over here, but they are not clearly showing the blip towards an upside. But the transactional revenues are kicking in parallelly, and that is where we will see the numbers moving. But this is going to be clearly SaaS and annuity in nature.

So I hope I'm able to address your two points. So that's why currently, it is largely flat due to cost optimization and largely the onetime being clocked in, but the transaction numbers still to kick in, in a larger number.

Rohan Mandora:

So we don't have any meaningful market share on the reconciliation side of the business where certain players are earning the revenue?

Suresh Sethi:

We are one of the primary reconciliation and settlement providers. That is one line of business in which there are not very significantly high number of transactions still going through because there is still a bilateral settlement happening. Part of the RSP ecosystem is also going to get more firmly frame worked and mandated as we go forward. So there's still some streamlining working on the RSP front.

Rohan Mandora: Sure. And secondly, on the Identity Solutions business, See, as you indicated in your opening remarks that customers want to do more vertical integration. They want a single player where they get a lot of services together. And since we had launched eSignPro almost 2 quarters ago, so I want to understand what is the challenge that we are facing in migrating eSign customers to eSignPro? Because this line of business is not showing any growth even on a sequential basis for the last 2 quarters?

Suresh Sethi: Sure. So Rohan, again, on eSignPro, naturally, it is a complete documentation suite, providing eSign services. And it is not just about upgrading the customer. It requires a further integration with the corporate's workflow ecosystem because it's a workflow tool. And then you're aligning your internal paperwork to move into a digitized manner and be able to sign it.

So we are very happy to report that we have live customers running with us, and they are contributing monthly volumes. And again, very clearly being annuity, we see this with every month, each set of customers coming in, the last month's customers keep contributing. So it has been more the integration time and the time to get the customers onboarded.

We are naturally again, looking at, or rather when I say again, we continue to look at it to see how we can further cut down on the integration and the implementation timelines and make sure that our pipelines, which are looking pretty healthy now, how do we make it as soon live as possible.

So we will definitely see the eSign numbers picking up and showing in the next few quarters. We already have a pipeline of customers, and we have a set of live customers. This should go up.

Rohan Mandora: Sure. And thirdly, on the PAN 2.0 project, which has been announced, now as per a media article around INR 1,435 crores is the sanctioned amount budget for that. And I think as per media, free PAN cards need to be issued to all the current PAN holders. So this comes to roughly INR 20 per PAN card.

So hypothetically, if we were to get that project, we would get INR 20 per PAN card and against the INR 42 that we charge currently for reissuance. Is that understanding, correct? Or is there something else that I'm missing that we should be aware of about the PAN 2.0?

Suresh Sethi: Rohan, I'm going to step back for a moment and still continue the eSignPro response. Just to complete that, it slipped my mind. I'd also like to add that with eSignPro, we've also now brought in eStamping because this, in a way, completes our proposition. We are able to both provide a stamping and a signing service. And that is very critical, especially for the BFSI sector. So we also see that giving us a better product, comprehensive product propositioning into the market.

Now coming back to your second question on the PAN 2.0 RFP. What we see and what is very much there in the public domain as we all have access to it, it's a turn-key project, and that is the value ascribed to the project. There is no outlining of any other operational charges or pricing within that.

Rohan Mandora: Sure, sure. But is that understanding correct that the INR 70 crores PAN cards will have to be given free of cost to the issuer, to the holders? And that thing is built into that INR 1,435 crores of budget estimate?

Suresh Sethi: Not as per my understanding. But the details are out there in the RFP. That's clearly there. But no, that is not the understanding.

Rohan Mandora: Sure. Okay. Lastly, sir, there were a few announcements in the previous budget on digital public infrastructure. I just wanted to understand, has there been any progress made by the government on any of those announcements? And do we have any possible opportunity in that space?

Suresh Sethi: Rohan, is there a reference to anything specific? Because, yes, there are a plethora of announcements which we see. So currently...

Rohan Mandora: If there's some progress in any of those announcements.

Suresh Sethi: No. I will mention to you because as Sandeep also alluded, so we are contributing in the agri stack, as you're already aware, and we continue to remain engaged on that. So that is one significant piece of digital public infrastructure, where the government is investing both at the central and the state level.

We continue to be deeply embedded and working with ONDC. And ONDC itself, as you know, is expanding its category footprint from e-commerce to open finance to education and skilling, which is ONEST, online network for education and skill transformation. So there are multiple areas coming over there. Likewise, health is an area in which we are contributing.

We currently have mandates with state governments where we are working on ecosystems to enable them on the ABDM ecosystem. And so these are largely the areas. So again, digital commerce, open finance, mobility and transport, health, education and agriculture. These are the DPI layers in which we are contributing. And yes, as announcements come and as policy decisions get taken, we are very much part of it.

Rohan Mandora: Sure. Thanks.

Moderator: Thank you. The next question is from the line of Sandeep Jain from Baroda BNP Paribas. Please go ahead.

Sandeep Jain: A couple of questions. First on just from the previous question in terms of the ONDC. So I understand that we have a revenue model in terms of the registry and all. But if you know in the last 3 to 4 quarters, what we have seen is the mobility plus non-mobility transactions are increasing, buyer and seller app, both have increased also, number of transactions have increased also.

The only point which I'm trying to make up to what level or to what time we will see that, okay, the revenue momentum can increase from here in terms of when we can kind of project as an internal when you are projecting that up to what kind of transaction or what we need to provide more in terms of increase the revenue in this space.

Apart from that, we are also giving cloud services, and we are doing the international businesses also. What kind of increase in the revenue line item we can foresee for the next kind of 1 year kind of thing? Are we seeing some green shoots in the international business and all and the cloud businesses and all?

Suresh Sethi:

Sure. Sandeep, so largely, your focus clearly is on the new business front, what is happening under the various sub-verticals as we have it. When we look at the open digital ecosystems, ONDC definitely being one of the more advanced ODEs, if you may, right, because it started earlier. So ONDC, see, one area is clearly there where at the infrastructure level, we are supporting the registry and gateway. In addition, registry and gateway clearly is infra and uptime and everything put together to support the system at the foundational level.

And as I mentioned, that continues to remain with us as the sole provider of the gateway and the registry. And in that case, again, the transaction levels and the volumes have to go significantly for us to see a higher revenue out of that because currently, it is on a cost-plus basis. And naturally, our focus along with the ONDC team is to work towards optimization.

So today, we are supporting a higher traffic, but maybe the cost or what's going into it is not proportionately expanding because you're not reaching that threshold where you suddenly have to say we have to now add infrastructure into it.

So, the same infrastructure is supporting higher volumes because it was built up till a certain scale and capacity. As far as the transactional revenue is concerned on top, you wanted to ask something.

Sandeep Jain:

No please continue.

Suresh Sethi:

As far as the transactional revenue is concerned, so most of the buyer/seller applications, there are two streams of revenue. We are getting the onetime revenue. But since these are limited number of deals, the onetime revenue, you clearly don't see in the larger numbers as making a significant contribution.

I think the bigger play is going to be on the transactional revenue, and that is the annuity and the ongoing revenue. It's a multiplier, right? Because every customer who starts contributing is only going to look up because the overall ONDC numbers clearly are going up as we've seen quarter-to-quarter.

So, I would say it's a contributing business already. both at the infrastructure level and at the innovation level, we are seeing numbers, and we have a pipeline again over here of buyer technology that we are putting out there. And we will soon be also coming out with our seller app. And therefore, we'll have the play on the seller side also. So that is in terms of ONDC specifically. To your question around international...

Sandeep Jain:

Just on this, Suresh, sorry, sorry to -- just on this. So up to what kind of threshold we will see that, okay, from here onwards, probably if not the hockey stick, but the annuity income will start to grow by 10%, 15%, 12%, 20% kind of thing. The number means at what level of seller app should register in the ONDC or buyer app or how many number of transactions, means any kind

of number in your mind, any kind of project we have done in that or probably you take it will be a time taken for another 1 year, 2-year kind of?

Suresh Sethi:

So, Sandeep, let me put it this way. It's again not about number of buyer and seller apps; it's about also the scale of the partner you are providing services to. If you see some of the players who are coming in as either sellers or buyer applications, they have large customer databases or they have a large aggregation of sellers attached to them.

So, one thing which we are happy about is we are today working with some very large players where we have got the mandate who have large consumer databases. And therefore, there is the ability to then scale up quickly because as adoption happens, it grows.

But your question, I would say, is also largely -- has a larger ramification of, I would say, a viral growth in the ONDC network adoption itself. While we keep seeing good numbers, and we are all definitely see a very strong trajectory there, it has to reach an inflection point like UPI, where it just sort of grows in an inorganic and exponential manner. Difficult to predict it. Growth signs are good. But definitely, month-on-month, you will start seeing a difference over there because it is annuity in nature. I think that's the best visibility I can give at this stage.

Sandeep Jain:

Sure. And cloud and international business?

Suresh Sethi:

Sure. On cloud business, again, as we've been saying, it's largely contractual business, partially in a way, annuity in nature because these are 3-4-year ongoing contracts. So we have, at this stage, got a monthly run rate running for the business. And we clearly see that we've gone well after the sectors that we were targeting, especially we are looking at BFSI, where we have a strong market access due to our existing customers, public sector, health care and ISV.

And that is, again, something we've very clearly again called out that we do have a healthy pipeline, a set of customers who are already contributing into the business, and this should again be a growth month-on-month. The reason I'm very focused on annuity is because if I end the month this month on a 10, next month, it's only incremental.

The 10 again comes next month. So I think that is very, very important for us that most of our new business investments, both on data stack and ODE are going to be SaaS and annuity led.

Coming to international, I'm in a way happy to state that we are currently at very advanced stage, and we should be able to show some good deals coming in very shortly in the next couple of quarters. So while we definitely have a very broad-based engagement, we are currently engaged with more than 19 countries. There are active opportunities, bids have been submitted, and we've been updating the teams earlier also. But we've been shortlisted in around 4 to 5 bids, and we expect movement on that.

Sandeep Jain:

The last is something on the data keeping question. So the other initiative and other, which is the INR7 crores of revenue, it includes all the things, right, international businesses and everything in that.

Suresh Sethi:

All the new businesses, tax pension identity are all clubbed under that.

- Sandeep Jain:** All clubbed under that. Thanks
- Moderator:** Thank you. The next question is from the line of Dhruv Shah from Dalal & Broacha. Please go ahead.
- Dhruv Shah:** Thank you for the opportunity. So most of my questions have been answered. I just wanted to check in the last quarter, you had mentioned about some pricing pressure, competitive pricing we've been facing in e-signatures. So is that still continuing?
- Suresh Sethi:** So when I mentioned pricing, Dhruv, I was talking to the more commoditized service as an ESP, which means we are an eSign service provider, and we are certified by the central certifying authority to act as a provider of certification to anybody who builds the application layer on top of it.
- So yes, it is commoditized and therefore, there's always a push to sort of price compression comes in. But that is where, as we were saying earlier, the vertical integration into a full-fledged digital suite like eSignPro, where we've also now incorporated stamping is where you are able to create value-added services, and you can command a premium based on the features you can build in your solution. So yes, the answer is yes.
- Dhruv Shah:** Right, sir. And just one last continuing to the previous participant's question on the OD segment. So historically, it has been observed that your H2 used to be a multifold growth over H1. But this year, it's kind of a degrowth on a YoY basis and flat sequentially. So any particular segment that we are facing this pressure, say, for example, like ONDC, we are facing pressure. But in terms of your Vidyasaarathi and VidyaLakshmi, are you facing any slowdown in that segment as well?
- Suresh Sethi:** Not really. Because see, sometimes when we are comparing quarter-on-quarter, in certain quarters, we also get some revenues coming in. So other than the annuity, right, annuity will follow a very clean path of a positive trend going forward. But any onetime revenue which comes in, gets clocked in a certain quarter at times can show a different projection over there.
- But otherwise, no, there is no specific call out to say that this particular line of business in the new businesses has gone down. We are still keeping all the businesses moving forward, definitely.
- Dhruv Shah:** Sure, sir. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Prakash Kapadia from Spark PMS. Please go ahead.
- Prakash Kapadia:** A couple of questions from my end. Just curious to understand the employee cost increase on a sequential basis at a time when there has not been much of addition to the employee count what could be the run rate going forward on employee cost?
- Secondly, if you could share or update the status on the international RFPs, which we have received, any progress on that front? And on the PAN side, have bids been sent to the IT

department? By when we would get to know more details or awarding of the project? And on the PAN issuances, is there some seasonality because we've seen some decline on a sequential basis on the PAN numbers. So those were my questions.

Sandeep Mantri:

So Prakash, to answer your question on the employee cost, in the last 2-3 quarters we had many leadership hirings and this was the main reason for increase in employee cost additionally we had increments also in the last 1-2 quarters, which are the main reasons for increasing employee cost. Having said that, I think current quarter is a level where we should look at our employee cost going forward.

Suresh Sethi:

Prakash, I'll take the other two questions. On international, so while, the broad brush of number of engagements with countries, we are now almost connected with around 19 countries. However, very clearly, we have five shortlisted bids, and we are pretty much in advanced stages over there. But naturally, we'll be announcing as and when we get the contract in hand.

So things moving well on that front, and we should be hopefully able to show something in the coming quarters on that front. We've also incidentally launched our -- or set up Protean International, which is our wholly owned subsidiary out of Dubai. And we will be centering our operations over there into multiple countries. So that has also taken place recently.

On the front of PAN, the bid dates, the RFP dates are still somewhere in -- or rather the bidding dates deadline is now somewhere in February. There have been extensions recently. And as far as the overall PAN business is concerned, I would say there is a level of seasonality, but it is also a little bit of, as I was earlier calling out, some triggers do come in. because see, when a new scheme gets launched in a particular state or at the center, a lot of times, we are now observing that PAN does become a qualification criteria or one of the identities to be provided by the beneficiaries. So you do see a sense of spike coming over there for people applying for PAN card.

The other interesting trend which we were seeing last year was largely the Aadhaar-PAN linkage deadlines. If you remember, there were multiple deadlines, which got extended, but last year, actually, it finally came to a completion. And that was the time when we saw a spike in the PAN issuance volumes.

So more than seasonality, I would say it is more events driven. And that does, at times, creates a certain level of up and down quarter-on-quarter. But otherwise, we remain very confident because I've been saying earlier also that PAN penetration in the country is around 35%. It's not like Aadhar that every child born is getting a national identity card. But PAN is more coming into play when either as we are now seeing in Bharat, there are beneficiaries who want a PAN card when they have to get a DBT scheme, or you are getting at the point of account opening when you get your first job.

So PAN is much later being called out by the people. And with our youth population coming into the working age and so on, we do see 6 crores to 7 crores PANs getting issued on the average. That has been the trend now for quite a few years.

So these numbers continue to remain. I think what we are doing well is that we are increasing our market share. So our market share from even during the course of this year from the first to third quarter has gone up by almost 5%.

Prakash Kapadia: Okay. So given some of these initiatives, we would remain confident of PAN growth trajectory continuing in the next few years, right?

Suresh Sethi: Absolutely.

Prakash Kapadia: Understood. Thanks.

Moderator: Thank you. The next question is from the line of Prem Luniya from Astute Investment Management. Please go ahead.

Prem Luniya: So sir, I wanted to understand the agri stack space. The government has set out INR2,800 crores budget for the same and around central government is contributing to a large portion of it. And also, the minister has been saying that there are around 30 lakh to 40 lakh farmer IDs already issued. So where are we on this stage? And what would be the competition we must be facing? And could you quantify like out of INR2,800 crores, what could be available to DPI players like us?

Suresh Sethi: So Prem, over here, one, naturally, as we've been calling out earlier, we are involved at a very core level with the central government, the Ministry of Agriculture to contribute towards building the core agri stack. And just to take 2 minutes and define it, the core agri stack is the central framework of technology being developed, both for enabling sharing of -- exchange of data between central and state, agri being a state subject.

Most of the data in terms of registries, crop registry, land registry, soil health registry, those databases sit with the states, but to enable any use cases for, say, credit or insurance or advisory, you want to have the ability given to the farmer in his hand to be able to share that data. And that is where we are building the entire registry architecture for the central agri stack. plus, we are building the consent framework in which the data can be shared again very much also in compliance with the DPDP architecture. That is what we are doing, and we are working with the central government on that.

And this particular mandate, we are running it. There are naturally other entities involved in different elements of the agri stack. And likewise, similar opportunities are there in states which are coming in and running the POCs with the central government. Currently, around 12 states are running a proof of concept. The larger budget will naturally unlock over a period of time. But currently, this is the mandate we have, and we are working on this.

Prem Luniya: So sir, could you please quantify the amount of the revenues, which can flow in, and how would be the revenue structure, would it be RFPs, which we will bid to the states? And how would the revenue flow from this segment? Because this is fairly complex to understand.

Suresh Sethi: Currently, there is no broad-based RFP, which has been put out. Some of the mandates we've got are based on competency and proficiency, and we've participated in certain sort of

frameworks where we've got the mandate for building the core stack. I'm assuming down the line, there will be further amplification of work along the line of RFPs, and we should see some of the budget manifesting over there.

Sandeep Mantri: Quantification may not be feasible at this stage. Probably, we have to see how this space continues to grow and how government fixes budget for DPI's.

Prem Luniya: Other question was on the PAN 2.0 front. Actually, sir, I wanted to understand the RFP which is floated. Does this actually -- the contracts, the number of players and take it to the one person who will win the bid, and the realizations can drop by almost, let's say, 50% per PAN issuance? Is this understanding, correct?

Suresh Sethi: No. I would, Prem, put it this way that, the primary objective of the RFP is to refresh the tech stack, which IT today has, right? Because today, while we act as the agency for collecting the subscribers or the applicant's data and we pass it on to ITD, the core stack on which the PAN number is issued and the deduplication and everything is done is running on the IT stack.

So the primary objective is to refresh the IT stack. And along with it, naturally, they are looking at it 360 degrees to say what would be the new way of application, straight-through processes. And that's what really the new stack is all about. Largely that is what the RFP is, for somebody to come and refresh the complete IT stack and also build the ancillary services of ping-pong into the database for any validation and verification.

Prem Luniya: Right. And that is what I wanted to understand because validation in the RFP is completely free is what is being talked about. And I guess the realizations would drop to, let's say, INR50 per transaction. Is this right for us as well?

Suresh Sethi: So that is not -- when you say INR50, I don't know where you are picking that number from. But as I mentioned earlier, this is a turnkey project. It's in the form of an RFP. And that is what largely the construct of the mandate is as of now.

Prem Luniya: Sure. Sir, one question on the account keeping. Actually, there was a company called Alankit, where I guess we settled a court dispute for around INR32 crores. I don't know, that was not issued on the company's website, but can you please explain us about it? And was it already provisioned? And how would it provision going forward?

Sandeep Mantri: Yes, so this was already provisioned for. This was a dispute with one of our suppliers who stored our documents. We finally amicably settled the dispute, and we already provided for all the numbers in the books. So there is no financial implication as far as this dispute settlement is concerned.

The only implication that we have is because of accounting practices; we have put INR 5 crores in other income and same amount i.e. INR 5 crores is included in the processing charges as an operating expense, and that is what we have adjusted in calculating operating profit. So that's the only impact. Otherwise, it was already provided for in the books.

Prem Luniya: Was there any loss of data of PAN cards which had happened with...

- Sandeep Mantri:** Not at all.
- Prem Luniya:** Sure. Thank you.
- Moderator:** Thank you. The next question is from the line of Darshil Jhaveri from Crown Capital. Please go ahead.
- Darshil Jhaveri:** A lot of my questions have been answered. Just wanted to know like we are working on a lot of new initiatives right now, but our revenue is nearly similar to what it was last year or even the last few quarters have been in the same range. So I just want to know any kind of revenue guidance that we could have for next year?
- And what would we like our operating margins to be like they were around 15%, right, fallen a bit, right? So just wanted to know what kind of margins and revenue we could look forward in FY26?
- Suresh Sethi:** Yes, sure, Darshil. So as I earlier also mentioned, what you are seeing are the line of new business, and it is flat. But clearly, where I was stressing the point was that currently, we have B2B customers who come on board. From where we started last year, there has been additional customers, and they are all running on an annuity and a SaaS model.
- We definitely will see month-on-month uptick coming from there. And going forward, definitely, the annuity business will start contributing. So that is in large the essence, the summary between especially the data stack, the cloud and the ODE business.
- The international business will naturally be chunkier because that is where we are looking at RFPs to come into play. And other than that, the RFPs, which we won in the course of even last quarter or earlier this year, they are also again part of some of these stacks, and they'll also start contributing, but they are milestone driven. So you don't see the numbers coming into it.
- So as you've seen, we mentioned about it, we've got the CERSAI, CKYC records registry mandate coming to us for 2.0. So that is largely driven again under our data stack vertical. And early during the course of the year, we had got another mandate from CERSAI for the developing the BUDS Registry, which is like a digital public infrastructure, which comes under our DPI business.
- So some of these milestone payments will also come in, and we will definitely see the new business contribution going up from where it is now. I will not be in a position to make a forward-looking statement and give a specific number. But largely, we should definitely see this coming in, in the next quarters.
- Sandeep, for the margins, if you want.
- Sandeep Mantri:** Largely, I think our aspiration remains we stated earlier also that our new businesses in the next 3 years will contribute to a certain percentage of our total revenue. As far as margins are concerned, as explained by Suresh, these are mostly SaaS or annuity-based businesses, which we are building. So the margin profile is likely to improve with each passing quarter, we start

building up revenue in each of these new lines, and you will see good margins in the next 2 to 3 years hopefully.

Darshil Jhaveri:

Okay. So sir, so I understand the point, but so could you just -- what could be our inflection point like maybe next year, like first quarter or like how do we see more of the annuity coming in? I think that's what I think everyone is also trying to understand or gather like our ONDC business or the international, like could you just maybe have some timeline where -- I'm not saying any figures necessarily, but just a rough timeline so we could also understand, sir?

Suresh Sethi:

Sure. So there's a couple of things to look at. Each business is going to be slightly different. So I'm going to still split it so that we have that ability to give you as much in detail as possible. So data stack is a business where we are definitely looking at assets like eSignPro, which is a digital documentation suite now coming with e-stamping also, which is a completely B2B business, where we are enabling corporates to do their digital document signing or contract signing using the e-stamping provision.

So every deal that we get ultimately then becomes annuity. So my input is that today, we have a set of customers. We have a healthy pipeline. There is a timeline for integration. So we should actually see a quarter-on-quarter uptick coming on those. I think that will be a steady growth coming on the data stack side.

The ODE side is a bit trickier because you are looking at the overall network impact. Now fortunately, for us, if we look at one of the core ODEs, which is ONDC, ONDC has got a healthy traction. We are seeing good jump in number of transactions. And at this stage, for us, it becomes B2B.

And again, a similar thing plays out that each of our B2B relationships start transacting and then adding volumes to it. But there's always a period of adoption because, for example, if a bank or a network aggregator gets plugged into ONDC, it still takes them some time before they get some organic growth in their number of transactions and customers.

So I think it will take, I would say, some quarters for that to start building up. And other than that, when we talk about international or we talk about any of the other RFP-led initiatives under each of these, those largely we've seen are 4-5 year contracts. Around 60% of the payments come within the first year, 1.5 years because that is where you do the entire technology build and deployment. And after that, 40% of that goes into AMC-based annual payments coming over the next 3 to 4 years.

So that is generally the nature of the business. So that is not annuity in nature goes without saying, but it gives you a 4 to 5 year sort of visibility. And that would be, I would say, largely the course for the international and the RFP-led business domestically also.

Darshil Jhaveri:

Thank you.

Moderator:

Thank you. The next question is from the line of Apoorv Bandi from Whitestone Financial Advisors. Please go ahead.

Apoorv Bandi: Thanks for the opportunity. Sir, how is the traction in account aggregation segment? If you can throw some light on that part? And my second question is on like do we have exclusivity to build agri stack and health tech? Or like we can expect some other players to come there as well?

Suresh Sethi: Thanks, Apurva for the question. Now account aggregators, as you know, it's basically linked very closely to the DP DP App also. This is a sectoral regulator, and they have come out with their framework. So this is coming under all the BFSI regulators coming together.

So there is overall traction. I mean, if I look at the overall numbers, yes, today, the number of financial accounts linked is in around 11 crores and the transaction enabled are also going up. But I think a couple of parts I would like to add over here. This particular line of business, the economic and the commercial model still is in process to be established because as we know that the ecosystem consists of the financial information providers, which are the regulated entities, which have information of the users and the financial information users, which could be lending entities, it could be entities which are doing personal finance management.

So the entire commercial model is something which as a body that this ecosystem is putting together. So then we will see some clearly well-defined sort of numbers coming into play over there, but still at a preliminary stage. Ecosystem today has 14 AAs. And the other thing which is equally important is that a level of interoperability has to come between the account aggregators and there is work currently going on along with RBI to see how we can create an open sort of net where all aggregators can be connected directly with all the information providers and users so that it becomes not a bilateral integration play, but it becomes more network-based.

So these are a few things which have to come into play, which will then make a difference to the account aggregator ecosystem. Yes, the level of adoption and growth definitely is there as we see it. But a commercial model needs to definitely be in play for us to start talking about some meaningful numbers in this regard.

On the agri stack about - yes, you had a second question. On the agri stack, no, there would be multiple players who will be playing. There's a scope of work that we are working on. So that naturally is exclusive to us. But being a very large national project and having multiple parts to it, right? We are working on the consent and the data architecture framework for exchange of data between central and state. There are other projects parallelly going on. So for this project, naturally, we are currently the providers and supporting the POCs that are going on with the state government at this stage.

Apoorv Bandi: Thank you.

Moderator: Thank you. The next question is from the line of Shubham Sehgal from Skill Ventures.

Shubham Sehgal: So I actually wanted to ask that like at a company level, how do we predict our financials for the next 2-3 years? Like do we target any specific top line margins? Or like do we track any specific metrics? So I just wanted to get an idea of the visibility going ahead for, let's say, 2-3 years. So like could you give us any color on that?

Suresh Sethi:

Yes, sure. Shubham, when we are doing our business modelling considering the lines of businesses we are in, there's naturally a very clear historical trajectory that we have in play for our existing businesses, which are core to us, which is on the front of taxation, pension and identity. All three as we've seen have historically grown around 8% to 10% year-on-year.

And considering we've already -- I mean, I'll still mention it, we've seen headroom in all of these, right? Because we did speak about continuity of issuance of new PAN cards every year. Pension is a very underpenetrated market. So huge headroom over there. And I think things will only sort of get more and more better in terms of adoption and growth because both the regulator and the government are very keen how we can become a pension society.

So whether it's new products like NPS Vatsalya or the push that we hear from PFRDA as a regulator, the fact there is strong focus on Atal Pension Yojana across the banking ecosystem. These things are going to naturally push the growth of this business.

And identity clearly more plays in line with overall growth of digital India, more accounts opened digitally, more e-stamps done, more e-signing done. So that plays over there. So we keep a general historical perspective and what we see as growth factors. And if any of these has an upside for any particular reason, we build it into our business plan.

Coming to the new businesses, these are businesses which we expect will give us the incremental growth momentum. So as an organization, we are largely, as we've been saying, working on a 2-to-3-year timeline where from a 95-5 sort of split between the three core businesses and the set of new businesses, we want to move towards a 75-25 sort of diversification. And that is where we see the new business chipping in and adding to the incremental growth coming to the company.

And new businesses, again, there is a strong view on annuity. So our business modelling is done on what sort of acquisitions we are looking at, what is the average deal ticket size we see both in high-value medium and small customers, and we build it on annuity profiles. And RFP businesses, again, are more to say what are the opportunities out there, and we try to do an estimation of what we see as minimal propositions and how much can we factor in, in the revenues for a particular year. So that is the way we build the business modelling for the coming years.

Moderator:

Thank you. The next question is from the line of Aman Vij from Astute Investment Management. Please go ahead.

Aman Vij:

Two questions. I'll ask them both and then you can answer. First on the ONDC side, sir. So we have around 77 buyer apps available and 187 seller apps. And I think logistics there are 34-odd apps. So out of these, we are only present in biotech. So for how many apps have we designed this biotech for?

And similarly, when are you expecting to launch your seller tech app and your logistics app? Eventually for us to scale, do we require this number to be around 10, 15, 20 or this can even scale with 3, 5 customers? This is the first question on ONDC.

Second question is on the number of transactions on data stack side, if you can give us that number, excluding account aggregators. So I'm talking about eSignPro, RISE with Protean, Protean X, Protean Life. What is this number for 9 months FY '25? And do you expect this Protean X, Protean Life to become like a INR30 crores, INR50 crores business in the next 1, 2 years, each eSignPro also? So these are the broad questions.

Suresh Sethi:

Okay. Thanks, Aman, for your questions. Now on the ONDC front, as I mentioned, that we are today working with -- out of the overall ecosystem that you counted out. We are working with a set of buyers and sellers currently where we are in the process of integration. And some of them are very close to getting launched. So that is where the actual rubber will hit the ground, and we will start seeing transactional revenues because as we are deploying this technology, the onetime revenue comes in. The transactional revenue should come in.

Roughly, the numbers as we speak today, we are looking in double digits, around 10, 12 deals which are currently in the process. And that should kick in. And from there, naturally, it's a buildup from an annuity perspective. As far as the data-related businesses are concerned, if you see under businesses like Protean RISE, we actually earn on an API consumption. So it is per API.

And again, the complexity of the API depends on whether you're doing, say, for example, if you look at identity or an onboarding journey for a financial institution, you have eKYC or you have e-authentication. Depending on the complexity of data you are sharing, the per API cost also differs. So it's difficult to give a certain sense over here.

But naturally, these API consumptions are large. We are talking about 60 lakhs; 70 lakh APIs being consumed. And underlying, there's no unit cost per API to that extent. Each one has a different -- so it depends on the mix that is getting consumed over there.

And you had a question on -- if you can just repeat it, you asked something else also.

Moderator:

Sorry to interrupt, sir, the current participant has been disconnected. We will move on to the next question. It's from the line of Krupanshu from Thinkwise Wealth.

Krupanshu:

So I just had a question on PAN 2.0. So the best case and the worst case, I just wanted to understand, say, we win the bid. So the INR1,400 crores revenue, how would the revenue recognition go? Is it spread across 5 to 6 years like a CERSAI KYC order? Or like how is it and the margins basically?

And similarly, on the worst case, if we don't win the bid, like what happens? Like do we still accrue some revenue? Or basically, I just want to understand that 49% of our revenue comes from PAN issuances. So what would be the implications on that? And on a like-to-like basis, the CERSAI revenue, 161 order that we've got, have we booked any revenue this quarter from that?

Sandeep Mantri:

On this PAN 2.0 project, it is a turnkey project where the revenue will be accounted as per IND AS basis efforts and estimates. So in the initial years, it will be larger share of revenue which will be booked in the next 2-3 years and in the later years it will be a smaller share of the revenue as maintenance.

So I guess whatever is the outcome, approximately, I guess, 60% to 65% should be forecast 2 to 3 years. And for the remaining year, it should be about 30% to 40%. As far as CERSAI is concerned, I think for first 18 months, I think we will book most of the revenue, which is about 60% - 65% and remaining 30% - 35% in the next 3 - 4 years. So, a major part of the revenue will get booked in the development phase. So basically, this is the project revenue accounting as these are turnkey projects.

Krupanshu: Okay. And if we don't win the PAN 2.0, what happens, the implications basically, the bid?

Suresh Sethi: See, as I mentioned to you, again, depends on how the project goes into execution, how it works with the ecosystem because today, a large part of our business is around getting the applicants data onto the IT department. The core redesigned project is talking about redesigning the core stack.

Now how the distribution services work, how the citizen services work at the last mile, that will have its own sort of workaround to it. So we will get more clarity as we go into the project. So it's difficult to currently put out a revised revenue model or a business model around it. We'll have to see more clarity as the project gets implemented.

Krupanshu: Thank you.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, this was the last question for today's conference call. I now hand the conference over to the management for their closing comments.

Suresh Sethi: So thank you, everyone, for your continued support and for all the questions that you asked, gives us a chance to reflect. It's definitely for us, consistency performance. We have seen strategic growth with some of the large mandates we've got over the course of the last quarters or last 3 quarters for this year.

And we continue to look ahead focused on driving value creation and keeping a strong focus on our annuity businesses, which we believe, as we build them, they will become very consistent contributors to our core businesses and complement them and grow as we go forward.

And clearly, again, our trust remains in India's digital transformation story. And as we heard, multiple DPIs getting created, multiple engagements happening. As a DPI company, we remain very, very positive about the future of India's DPI growth and look forward to contributing towards the same. Thank you very much.

Moderator: Ladies and gentlemen, that concludes this conference. Thank you for joining us and you may now disconnect your lines.