

One Stop Investment Avenue



GEPL
CAPITAL

IPO Note

eMudhra Limited

20th May, 2022





Date: 18-May-2022

Details of the Issue	
Price Band	₹ 243 - ₹256
Issue Size	₹ 412.9 Cr
Face Value	₹ 05
Bid Lot	58
Listing on	BSE, NSE
Post Issue Mcap.	Rs. 1,999 Cr
Investment Range	Rs.14,094 - 14,848

Important Indicative Dates (2022)	
Opening	20-May
Closing	24-May
Basis of Allotment	27-May
Refund Initiation	30-May
Credit to Demat	31-May
Listing Date	01-Jun

Lead Managers	
IIFL Securities, Yes Securities, Indorient	

No of shares	
Fresh Issue of Shares	6,289,062
Offer for Sales	9,835,934
Total No of Shares	16,124,456

Offer Details	
Offer Size	Rs.412.8 Cr.
Fresh Issue	Rs. 161 Cr (39%)
OFS	Rs 251.8 Cr (61%)

Type	No of Shares (Mn)	Rs In Cr		% of Issue
		Lower	Upper	
QIB	8.0	200	206.4	50
NIB	2.4	60	61.9	15%
Retail	5.6	140	144.8	35%
Total	16.4	400	412	100%

Type	Pre-Issue		Post-Issue	
	No. Shares (k)	% of Total	No. of Shares (k)	% of Total
Promoter	48770	67.9%	40965	52.4%
Promoter Group	8073	11.2%	6680	8.56%
Public	8881	12.3%	24368	31.2%
Total	71783	100%	23349	100%

Source: RHP data, GEPL Research

Company Profile

Mudhra Limited (“eMudhra”) was incorporated on June 16, 2008 as a wholly owned subsidiary of 3i Infotech Limited. eMudhra is the largest licensed Certifying Authority (“Certifying Authority” or “CA”) in India with a market share of 37.9% in the digital signature certificates market space in Financial Year 2021 having grown from 36.5% in Financial Year 2020.

Business Highlights & Products

eMudhra is engaged in the business of providing Digital Trust Services and Enterprise Solutions to individuals and organizations functioning in various industries. As part of their Digital Trust Services, eMudhra issues a range of certificates including individual/ organizational certificates, SSL/TLS certificates and device certificates (used in IoT use cases) to build a digital trust backbone.

Under their Enterprise Solutions vertical, eMudhra offers a diverse portfolio of Digital Security and Paperless Transformation Solutions complementing their Digital Trust Services business, to customers engaged in different industries, thereby making eMudhra a ‘one stop shop’ player in secure digital transformation.

Company Features

With more than 50 million digital signature certificates issued since inception, eMudhra caters to all kind of subscribers who use digital signature certificates for income tax return filing, filings with the Ministry of Corporate Affairs (Registrar of Companies), tenders, foreign trade, banking, railways and many other needs.

eMudhra works closely with large government and banking customers like 20+ Public and private sector banks and state governments.

Only Indian company to be admitted as a member of European Cloud Signature Consortium as well as Certifying Authority /Browser Forum, a global forum that governs the use of SSL/TLS certificates

Accredited to WebTrust (only Indian company) that makes eMudhra’s digital signature certificates directly recognized by browsers across the world

Company’s Promoter

The Company was incorporated as ‘3i Infotech Consumer Services Limited,’ on June 16, 2008 as a wholly owned subsidiary of 3i Infotech Limited. Venkatraman Srinivasan and Taarav Pte Ltd are the promoters of the company. Currently, Promoters collectively hold 48,770,923 Equity Shares, representing 67.94% of the pre-Offer issued, subscribed and paid-up Equity Share capital of the company.

Utilization of IPO Proceeds

The issue of Rs 472 cr Repayment or pre-payment of borrowing (Rs 35 Cr), Funding working capital requirements of the company (Rs 40 Cr), Purchase of equipments and funding of other related costs (Rs 43.4 Cr), Funding of expenditure relating to product development (Rs 15 Cr). Investment in eMudhra INC for augmenting its business development (Rs 15.3 Cr).

Board of Directors

Its board of directors include Venkatraman Srinivasan is the Promoter and Executive Chairman of the company and has been the Director of the Company since incorporation. He has over 34 years of experience in the information technology industry and has served as the managing director.

Key Managerial Post

It includes Saji K Louiz is the Chief Financial Officer of the company since 2017. He has over 8 years of experience, and has previously worked as Partner of JRS & Co. Johnson Xavier is the Company Secretary and Compliance Officer of the company. He has been associated with the company since 2012. He has over 10 years of experience. Ashwin Jansale is the Senior Vice President and Head of Channel Sales. He has been associated with the company since 2013. He has over 20 years of experience.



Companies Competitive Strength

- Largest licensed Certifying Authority in India
- One stop shop solution provider in secure digital transformation and are well-positioned to capture the favorable industry dynamics in India and globally.
- Technology certifications, accreditations and membership in international bodies
- Technology backed infrastructure to support quality and security of services and solutions
- Diverse, longstanding and growing customer base

Key Strategies Implemented by Company

- Capitalize on industry opportunities in India and maintain leadership in Indian Trust Services market and as a 'one stop shop' player in secure digital transformation
- Leveraging the existing data center infrastructure and setting up new data centers in overseas locations
- Enhance solution offerings to tap growing needs of digital transformation
- Grow presence in overseas markets
- Expand share of revenues among existing customers and broaden the partner network and customer base

Financial Snapshot

Particulars	As of 31 Dec -21	2021	2020	2019
Equity Share Capital	35.09	35.09	35.09	35.09
Reserves	105.4	72.27	57.05	40.55
Net worth as stated	140.50	107.3	92.4	75.64
Revenue from Operations	137.3	131.6	116.5	101.6
EBITDA as stated	50.5	40.8	32.3	32.1
Profit Before Tax	36.7	31.2	23.02	21.6
Net Profit for the period	30.4	25.4	18.4	17.4
Net Profit (%) as stated	22.1%	19.2%	15.8%	17.7%
EPS (₹)	4.36	2.5	2.3	2.4
RoNW (%)	21.8%	16.3%	18.7%	23.05%
Net Asset Value (₹)	20.02	15.3	13.3	10.8

Valuations and Recommendation:

- EMudhra Ltd's annualized earnings comes at Rs 40.5 Cr which bring a earnings multiple of 49(x) on its PAT.
- There are no listed companies in India that engage in a business similar to that of Company. Accordingly, it is not possible to provide an industry comparison.
- The IPO is Fully priced compared with peers.
- We Assign "SUBSCRIBE FOR LONG TERM" rating to the issue.

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Notes

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