

Protean eGov delivered a margin-led beat in Q3FY26 with revenue at ₹229 crore (+13% YoY), despite milestone-led lumpiness in new projects. EBITDA expanded sharply to ₹32 crore (~14% margin vs 8% YoY), reflecting operating leverage and cost discipline. Adjusted PAT stood at ₹26 crore (+15% YoY). Core verticals continue to demonstrate market leadership, while ASK rollout and DPI mandates are transitioning new businesses from incubation to scale.

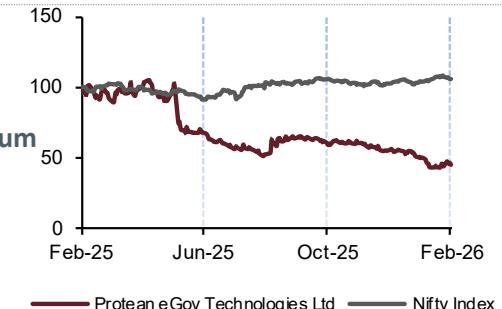
- Protean's Q3FY26 revenue were in-line with expectations
- Quarterly run-rate of ₹230–250 crore expected to move to ₹270–280 crore post ASK stabilization
- EBITDA margin expansion guidance of 300–400 bps over the medium term.

The balance sheet remains strong with zero debt and over 800 crores in cash and marketable securities.

Rating	TP (Rs)	Up/Dn %
BUY	822	30
Market data		
Current price	Rs	634
Market Cap (Rs.Bn)	(Rs Bn)	26
Market Cap (US \$ Mn)	(US \$ Mn)	294
Face Value	Rs	10
52 Weeks High/Low	Rs	1484.5 / 590.05
Average Daily Volume	(000)	1,107
BSE Code		544021
Bloomberg		PROTEAN.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

	Dec-25	Sep-25
Promoters		
Public	100	100
Others		
Total	100	100

Source: BSE

Financial Summary

Y/E Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net sales	7,422	8,820	8,407	10,879	12,413	13,848
EBITDA	1,180	894	804	1,373	1,552	1,788
PAT	1,070	973	925	1,224	1,348	1,516
EPS	26	24	23	30	33	37
P/E (x)	24	26	28	21	19	17
RoE (%)	12	11	9	11	11	12
ROCE (%)	16	14	11	15	15	15
RoIC (%)	10	6	4	9	10	11

Source: Dalal and Broacha

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Segment-wise revenue break-up

Revenue from Op	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
<i>Tax services</i>	1140	990	15%	1,070	7%
<i>Pension services</i>	720	720	0%	780	-8%
<i>Identity services</i>	220	240	-8%	220	0%
<i>ODE + Others</i>	210	70	200%	430	-51%

SEGMENTS

Tax Services (50% Revenue)

- The company maintained its leading market share of 59% in Q2FY26.
- 7-8 Cr PAN cards issued per year, Protean market share 64% in cumulative PAN issuance.
- Issued over ~1.1 crore PAN cards during the quarter, reinforcing its scale reliability, and pivotal role in India's financial ecosystem.
- Opportunity going ahead remains strong as PAN penetration @ 40% and increase in usage for Bank a/c, government schemes and DBT benefits.

Central Record keeping Services (CRA) Business: (31% Revenue)

- Q2FY26 added 35 lakh new subscribers capturing 94% market share in new additions. Numbers have fallen QoQ.
- Shift to AUM-linked pricing under PFRDA reforms impacted near-term revenue

Identity Services Segment: (10% of Revenue)

- Revenue was 22 crores, flat QoQ and -8% YoY
- Combined identity service volumes grew 7% YoY, driven by Digital India initiatives.
- Management focus remains on value-added overlays to improve margin mix.

New Businesses: (9% of Revenue)

- Revenue at ₹21 crore (3x YoY growth). Contribution increased to 11% of 9MFY26 revenue.
- 34 Aadhaar Seva Kendras operational across 19 States/UTs (190 total mandate), with phased commissioning underway.
- Management expects ASK to transition into steady annuity-style revenues post stabilization.

Other KTA's

- Dividend payout maintained at 35–40%; no buyback announced.
- ₹800 crore cash earmarked for working capital (CERSAI, Bima Sugam) and selective inorganic opportunities.

Quarterly Financials

Particulars (In Mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Revenue from Operations	2,289	2,023	13%	2,505	-9%
Other Income	144	188	-23%	146	-1%
Total Revenue	2,433	2,211	10%	2,651	-8%
Employee benefit exp	560	501	12%	601	-7%
Allowance for credit loss	-	0		7	
Processing charge	784	868	-10%	820	-4%
Repairs & Maintenance	355	257	38%	557	-36%
Other Expense	273	239	14%	227	20%
Total Expense	1,971	1,865	6%	2,212	-11%
EBITDA (Excl Other Income)	318	158	101%	293	8%
Adj. EBITDA (Excl OI & ECL prov.)	318	158	101%	300	6%
Depreciation & Amortization	113	58	94%	104	9%
PBIT	349	288	21%	336	4%
Interest Expense	16	3	504%	15	4%
Profit before exceptional items	334	285	17%	320	4%
Exceptional items	-40	-		-	
PBT	294	285	3%	320	-8%
Tax Exp	69	56	24%	82	-15%
PAT	225	229	-2%	239	-6%
Adj PAT	265	229	15%	239	11%
Adj EPS	6.52	5.66	15%	5.88	11%
Margins (%)			<i>bps</i>		<i>bps</i>
EBITDA % (Excl Other Income)	13.9%	7.8%	609	11.7%	218
Adj PAT %	10.9%	10.4%	50	9.0%	187
As a % of Revenue			<i>bps</i>		<i>bps</i>
Employee benefit exp	24%	25%	-31	24%	48
Allowance of credit loss	0%	0%	-2	0%	-26
Processing charge	34%	43%	-864	33%	151
Repairs & Maintenance	15%	13%	277	22%	-676
Other Expense	12%	12%	11	9%	285

Source: Company, Dalal & Broacah Research

Outlook and Valuations

Protean eGov remains a dominant DPI infrastructure platform with high entry barriers in core verticals. Margin trajectory, ASK monetization and DPI order visibility position the company for earnings growth outpacing revenue growth over the medium term, supported by a strong balance sheet.

The company remains debt-free with a robust cash balance, offering flexibility to pursue growth opportunities both domestically and internationally. The company's disciplined execution, coupled with its strong institutional partnerships, positions it well to capture value from India's expanding digital governance and data infrastructure landscape.

At CMP of Rs 634, the stock trades 17xFY28e EPS of Rs 37. We upgrade our view from ACCUMULATE to BUY on account of new business contributions increasing the revenue run rate and attractive valuations. We arrive at a TP of Rs. 822, implying ~30% upside by valuing it at 22xFY28e EPS.

Financials

P&L (Rs mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	7,422	8,820	8,407	10,879	12,413	13,848
Employee Cost	1,229	1,751	1,886	2,271	2,544	2,824
Allowance for Credit loss	175	389	-97	-	-	-
Processing charge	3,257	3,827	3,366	3,753	4,344	4,847
Repairs & Maintenance	895	1,061	1,206	1,849	2,110	2,354
Other Expenses	685	898	1,241	1,632	1,862	2,036
Operating Profit	1,180	894	804	1,373	1,552	1,788
Depreciation	-183	-275	-278	-403	-445	-486
PBIT	997	620	526	970	1,108	1,301
Other income	417	676	682	716	752	789
Net Interest (Exp)/Inc	-9	-17	-23	-54	-62	-69
Profit before tax	1,404	1,279	1,184	1,632	1,797	2,021
Provision for tax	-334	-306	-260	-408	-449	-505
Reported PAT	1,070	973	925	1,224	1,348	1,516

Balance Sheet (Rs mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity capital	404	404	406	406	406	406
Reserves	8,167	8,857	9,582	10,402	11,345	12,457
Net worth	8,571	9,262	9,988	10,807	11,750	12,862
Non Current Liabilities	194	355	819	819	819	819
Current Liabilities	2,278	2,238	2,259	2,872	3,266	3,661
Non Current Assets	6,965	7,485	8,355	7,512	7,865	8,221
Fixed Assets	668	787	960	847	897	928
Right of Use Assets	79	205	675	675	675	675
Financial Assets	5,696	5,907	6,160	5,430	5,733	6,057
Deferred Tax Asset	208	215	137	137	137	137
Income Tax Asset	313	366	422	422	422	422
Other Non Current Assets	2	5	1	1	1	1
Current Assets	4,076	4,368	4,710	6,985	7,969	9,121
Current investments	51	140	1,636	1,100	1,155	1,213
Trade Receivables	2,089	1,893	1,441	2,325	2,653	2,959
Cash and Bank Balances	1,375	1,508	1,362	3,170	3,727	4,465
Other Financial Assets	245	370	8	100	115	132
Other Current Assets	316	458	264	291	320	352
Assets held for sale	-	-	-	-	-	-
TOTAL ASSETS	11,041	11,852	13,066	14,498	15,835	17,342

Cashflow (Rs mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
PBT	1,404	1,279	1,184	1,632	1,797	2,021
Depreciation	183	275	278	403	445	486
Net Chg in WC	276	76	287	-427	-118	-110
Interest Expense	9	17	23	54	62	69
Taxes	-334	-306	-260	-408	-449	-505
Others	-169	-765	101	1,016	97	99
CFO	1,370	575	1,614	2,270	1,834	2,061
Capex	-239	-317	-667	58	-112	-100
Net Investments made	-1,668	-99	-1,103	287	-316	-332
Others	-917	603	9	-	-	-
CFI	-2,823	187	-1,762	345	-428	-432
Change in Share capital	8	12	-70	-403	-445	-486
Change in Debts	-38	-66	501	54	62	69
Div. & Div Tax	-404	-405	-404	-404	-404	-404
Interest on lease liability paid	-9	-17	-23	-54	-62	-69
CFF	-443	-475	3	-807	-849	-891
Total Cash Generated	-1,896	288	-145	1,808	557	738
Cash Opening Balance	2,067	171	1,508	1,362	3,170	3,727
Cash Closing Balance	171	459	1,362	3,170	3,727	4,465

Source: Company, Dalal & Broacah Research

Ratios	FY23	FY24	FY25	FY26E	FY27E	FY28E
OPM	15.9	10.1	9.6	12.6	12.5	12.9
NPM	13.7	10.2	10.2	10.6	10.2	10.4
Growth Ratios (%)						
Net Sales	7.4	18.8	-4.7	29.4	14.1	11.6
PAT	-25.6	-9.1	-5.0	32.3	10.2	12.5
Per Share (Rs.)						
Net Earnings (EPS)	26	24	23	30	33	37
Cash Earnings (CPS)	31	31	30	40	44	49
Dividend	404	404	404	404	404	404
Book Value	212	229	246	267	290	317
Free Cash Flow	32	25	21	32	40	45
Valuation Ratios						
P/E(x)	24	26	28	21	19	17
P/B(x)	3	3	3	2	2	2
EV/EBIDTA(x)	16	21	23	12	10	8
Div. Yield(%)	64	64	64	64	64	64
FCF Yield(%)	5	4	3	5	6	7
Return Ratios (%)						
ROE	12%	11%	9%	11%	11%	12%
ROCE	16%	14%	11%	15%	15%	15%
RoIC	10%	6%	4%	9%	10%	11%

Source: Company, Dalal & Broacah Research

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