



- Protean's Q1FY26 revenue were in-line with expectations.
- Revenue growth of 7% was mainly driven by Central Recordkeeping Services (CRA) business for NPS, APY, and UPS which grew by 16% and contributed 36% to Revenues
- Comparable EBIDTA (ex of credit loss adjustment last year) dropped by 37% to Rs 164mn:
 - as Employee cost rose by 40% on account of newer employees enrolled for the newer RFP signed, new managerial level additions pending exits
 - System support and maintenance too were up by 26% YoY on account new systems built-up for Cersai and Bima Sugam.
- PAT increased by 13% YoY (aided by 48% rise in other income)

Financial Summary

Y/E Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Net sales	7,422	8,820	8,407	10,020	11,083
EBITDA	1,180	894	804	1,236	1,335
PAT	1,070	973	925	1,201	1,332
EPS	26	24	23	30	33
P/E (x)	28	31	33	25	23
RoE (%)	12	11	9	11	11
ROCE (%)	16	14	11	14	15
RoIC (%)	10	6	4	6	6

Source: Dalal and Broacha

Rating	TP (Rs)	Up/Dn (%)
HOLD	825	11

Market data

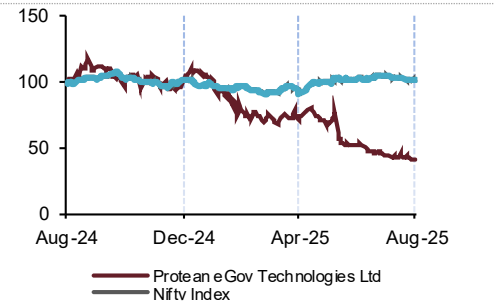
Current price	Rs	744
Market Cap (Rs.Bn)	(Rs Bn)	30
Market Cap (US\$ Mn)	(US\$ Mn)	344
Face Value	Rs	10
52 Weeks High/Low	Rs	2225 / 740.1
Average Daily Volume	('000)	541
BSE Code		544021

Bloomberg

PROTEAN.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Jun-25	Mar-25
Promoters		
Public	100	100
Others		
Total	100	100

Source: BSE

Kunal Bhatia

+91 22 67141414

Kunal.bhatia@dalal-broacha.com

Segment-wise revenue break-up

Revenue from Op	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Tax services	1000	980	2%	1070	-7%
Pension services	760	660	15%	750	1%
Identity services	240	280	-14%	240	0%
ODE + Others	110	60	83%	150	-27%

SEGMENTS

Tax Services

- Revenue grows 2% despite Flat volumes @ 1 cr pan cards due to growth in TIN transactions, recoding revenue of Rs 1 bn
- Market share gains by 80bps QoQ and 5% YoY to 59% would be key driver for growth going forward
- Opportunity going ahead remains strong as PAN penetration @ 40% and increase in usage for Bank a/c, government schemes and DBT benefits:
- 70% of citizens still apply for PAN cards through an assisted mode, leveraging Protean's nationwide network of 400,000 agents, plus on a average 60mn pan cards are issued every year.

Central Record keeping Services (CRA) Business: (36% Revenue)

- Key Driver of growth in Q1FY26 with 16% growth at Rs760mn:** Q1FY26 added 32.4 lakh new subscribers capturing 98% market share in new additions.
- Headroom for growth is significant with a dominant share of 97% in NPS and APY:** pension penetration in the country is a mere 6%, with the government actively promoting expansion through programs like NPS Vatsalya (for minors) and UPS. This is an **annuity-based revenue** that is expected to grow as the subscriber base expands and will remain loyal for the foreseeable future.

Identity Services Segment: (11.4% of Revenue)

- Slab rate pricing reduced due to competition hence despite volume growth, revenue declined 14% YoY and flat sequentially.
- Traction of its value-added offerings such as e-Sign Pro and Rise with Protean, which are well-positioned to benefit from the next phase of Digital India.
- E-Sign Pro is expected to contribute healthily with secured mandates. Additionally since it is Software-as-a-Service (SAS) driven businesses and will be margin accretive for the company.

New Businesses: (5% of Revenue)

- Low base pushed growth:** to 101% YoY, but QoQ the business was down by 26%.
- 3bn orderbook in-hand 1/3rd of which is expected to be completed in FY26:** focus remains on contributing to various Open Digital Ecosystems (ODEs), particularly in the areas of e-

commerce and mobility (ONDC), health, agriculture, education, and Skilling.

- Rs 1bn RFP from Bima Sugam India Federation, an initiative by IRDAI to build Insurance DPI envisaged as a Unified, Nation-scale marketplace for Insurance products. Protean has received the mandate to Develop, Integrate and Maintain the Platform
- Signed Niti Aayog Statement of Intent: for advance implementation of Atal Pension Yojna kind of schemes in 64 districts
- Overall new business to contribute at least 25% to 30% of total revenue within the next few years.

Other KTA's

- **CERSAI CKYC 2.0 (Order Value – Rs 161 Cr || Duration – 69 months)** : It involves **revamping the entire tech stack for the central KYC database** to create a more seamless system with advanced technology for data matching, deduplication, and face authentication.
- **Unified Pension Scheme (UPS) Platform:** Protean successfully developed and deployed the UPS platform for the central government in record time, launched on April 1, 2025.

Quarterly Financials

Particulars (In Mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Revenue from Operations	2108	1965	7%	2222	-5%
Other Income	285	193	48%	165	72%
Total Revenue	2394	2158	11%	2387	0%
Employee benefit exp	580	415	40%	500	16%
Allowance for credit loss	0	111		-208	
Processing charge	765	765	0%	817	-6%
Repairs & Maintenance	381	302	26%	364	5%
Other Expense	218	222	-2%	569	-62%
Total Expense	1944	1814	7%	2043	-5%
EBITDA (Excl Other Income)	164	151	9%	179	-8%
Adj. EBITDA (Excl OI & ECL prov.)	164	262	-37%	-29	-672%
Depreciation & Amortization	110	68	63%	81	36%
PBIT	339	276	23%	263	29%
Interest Expense	15	5	204%	11	39%
PBT	324	271	19%	252	28%
Tax Exp	85	60	42%	48	76%
PAT	239	211	13%	204	17%
EPS	5.88	5.21	13%	5.03	17%
Margins (%)	bps			bps	
EBITDA %	7.8%	7.7%	10	8.1%	-27
PAT %	10.0%	9.8%	19	8.5%	142
As a % of Revenue	bps			bps	
Employee benefit exp	28%	21%	639	23%	500
Allowance of credit loss	0%	6%	-563	-9%	935
Processing charge	36%	39%	-264	37%	-52
Repairs & Maintenance	18%	15%	272	16%	171

Source: Company, Dalal & Broacah Research

Outlook and Valuations

Protean is at an important stage, supported by its steady businesses in tax, pension, and identity services, which continue to generate reliable income and maintain financial strength. These core areas provide solid cash flow, allowing the company to invest in new growth opportunities.

The company is expanding into Open Digital Ecosystems (ODEs), focusing on sectors like e-commerce, transport, agriculture, health, education, and cybersecurity. With no debt and strong cash reserves, Protean is well-equipped to grow both in India and internationally by replicating India's digital public infrastructure model.

This strategy aligns with government priorities on digitization and digital infrastructure. At CMP of Rs 745, the stock trades 25x FY26e EPS of Rs 30 and 23x FY27e EPS of Rs 33. **We upgrade our view from Neutral to HOLD** view on the stock, as we wait to see more contribution from the new businesses that can improve margins and boost valuations over time.

Financials

P&L (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	7,422	8,820	8,407	10,020	11,083
Employee Cost	1,229	1,751	1,886	2,271	2,544
Allowance for Credit loss	175	389	-97	-	-
Processing charge	3,257	3,827	3,366	3,607	3,990
Repairs & Maintenance	895	1,061	1,206	1,503	1,662
Other Expenses	685	898	1,241	1,403	1,552
Operating Profit	1,180	894	804	1,236	1,335
Depreciation	-183	-275	-278	-403	-445
PBIT	997	620	526	833	890
Other income	417	676	682	818	941
Net Interest (Exp)/Inc	-9	-17	-23	-50	-55
Profit before tax	1,404	1,279	1,184	1,601	1,776
Provision for tax	-334	-306	-260	-400	-444
Reported PAT	1,070	973	925	1,201	1,332

Balance Sheet (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Equity capital	404	404	406	406	406
Reserves	8,167	8,857	9,582	10,378	11,306
Net worth	8,571	9,262	9,988	10,784	11,711
Non Current Liabilities	194	355	819	819	819
Current Liabilities	2,278	2,238	2,259	2,628	2,930
Non Current Assets	6,965	7,485	8,355	8,729	9,325
Fixed Assets	668	787	960	847	897
Right of Use Assets	79	205	675	675	675
Financial Assets	5,696	5,907	6,160	6,647	7,193
Deferred Tax Asset	208	215	137	137	137
Income Tax Asset	313	366	422	422	422
Other Non Current Assets	2	5	1	1	1
Current Assets	4,076	4,368	4,710	5,502	6,134
Current investments	51	140	1,636	1,717	1,803
Trade Receivables	2,089	1,893	1,441	2,141	2,368
Cash and Bank Balances	1,375	1,508	1,362	1,344	1,633
Other Financial Assets	245	370	8	9	10
Other Current Assets	316	458	264	291	320
Assets held for sale	-	-	-	-	-
TOTAL ASSETS	11,041	11,852	13,066	14,231	15,460

Cashflow (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
PBT	1,404	1,279	1,184	1,601	1,776
Depreciation	183	275	278	403	445
Net Chg in WC	276	76	287	-361	-82
Interest Expense	9	17	23	50	55
Taxes	-334	-306	-260	-400	-444
Others	-169	-765	101	-236	-160
CFO	1,370	575	1,614	1,057	1,591
Capex	-239	-317	-667	62	-105
Net Investments made	-1,668	-99	-1,103	-330	-347
Others	-917	603	9	-	-
CFI	-2,823	187	-1,762	-268	-452
Change in Share capital	8	12	-70	-403	-445
Change in Debts	-38	-66	501	50	55
Div. & Div Tax	-404	-405	-404	-404	-404
Interest on lease liability paid	-9	-17	-23	-50	-55
CFF	-443	-475	3	-807	-849
Total Cash Generated	-1,896	288	-145	-19	289
Cash Opening Balance	2,067	171	1,508	1,362	1,344
Cash Closing Balance	171	459	1,362	1,344	1,633

Ratios	FY23	FY24	FY25	FY26E	FY27E
OPM	15.9	10.1	9.6	12.3	12.0
NPM	13.7	10.2	10.2	11.1	11.1
Growth Ratios (%)					
Net Sales	7.4	18.8	-4.7	19.2	10.6
PAT	-25.6	-9.1	-5.0	29.9	10.9
Per Share (Rs.)					
Net Earnings (EPS)	26	24	23	30	33
Cash Earnings (CPS)	31	31	30	40	44
Dividend	404	404	404	404	404
Book Value	212	229	246	266	289
Free Cash Flow	32	25	21	33	40
Valuation Ratios					
P/E(x)	28	31	33	25	23
P/B(x)	4	3	3	3	3
EV/EBIDTA(x)	20	26	29	18	16
Div. Yield(%)	54	54	54	54	54
FCF Yield(%)	4	3	3	4	5
Return Ratios (%)					
ROE	12%	11%	9%	11%	11%
ROCE	16%	14%	11%	14%	15%
RoIC	10%	6%	4%	6%	6%

Source: Company, Dalal & Broacah Research

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Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021.

Tel: 91-22- 2282 2992 | E-mail: equity.research@dalal-broacha.com