

- Protean's Q2FY26 revenue were in-line with expectations.
- Revenue growth of 7% was mainly driven by the new business segment , mainly on account of Bima Sugam and Cersai 2.0.
- Comparable EBIDTA (ex of credit loss adjustment last year) dropped by 5% to Rs 300 mn:
 - as Employee cost rose by 28% on account of newer employees enrolled for the newer RFP signed, System support and maintenance too were up by 97% YoY on account new systems built-up for Cersai and Bima Sugam.
 - This increase was mitigated by a reduction in the processing charges by 11%.

The RFP order book is nearly twice the annual revenue, exceeding 1600 CR as of September 30, 2025, providing strong visibility, primarily in ID and BFSI services.

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

Financial Summary

Y/E Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Net sales	7,422	8,820	8,407	10,900	12,451
EBITDA	1,180	894	804	1,326	1,565
PAT	1,070	973	925	1,188	1,357
EPS	26	24	23	29	33
P/E (x)	32	35	37	29	25
RoE (%)	12	11	9	11	12
ROCE (%)	16	14	11	14	15
RoIC (%)	10	6	4	7	8

Source : Dalal and Broacha

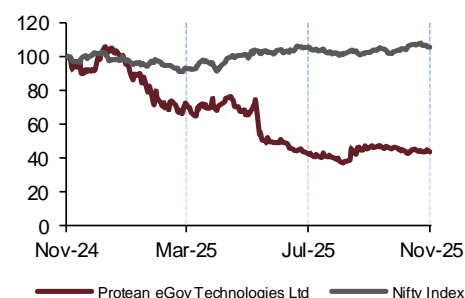
Rating	TP (Rs)	Up/Dn (%)
ACCUMULATE	990	17

Market data

Current price	Rs	845
Market Cap (Rs.Bn)	(Rs Bn)	34
Market Cap (US\$ Mn)	(US\$ Mn)	391
Face Value	Rs	10
52 Weeks High/Low	Rs	2074.4 / 716.05
Average Daily Volume	('000)	218
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

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Segment-wise revenue break-up

Revenue from Op	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
Tax services	1070	1190	-10%	1000	7%
Pension services	780	700	11%	760	3%
Identity services	220	240	-8%	240	-8%
ODE + Others	430	70	514%	110	291%

SEGMENTS

Tax Services (43% Revenue)

- The company maintained its leading market share of 58% in Q2FY26.
- 7-8 Cr PAN cards issued per year, Protean market share 64% in cumulative PAN issuance.
- Issued over one 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 42 lakh new subscribers capturing 98% market share in new additions. Healthy double-digit revenue growth of 12% YoY
- Management highlighted massive growth headroom, aiming for 30 crore subscribers in the next 3–5 years, given India's low pension penetration rate (below 6%) compared to OECD nations (70%)

Identity Services Segment: (9% of Revenue)

- Revenue was 22 crores, declining 6% QoQ and YoY due to flip-based pricing and price rationalization at the foundational level, although overall volumes continue to increase.
- Protean is the only company in India offering all four facets of digital identity.
- Future revenue growth will be supported by value-added products like eSign Pro and Rise with Protean.

New Businesses: (17% of Revenue)

- Revenue stood at 43 crores in Q2, contributing 17% to operating revenue (up from 4% in the previous year).
- Growth mainly on account of revenue recognition from mandates like Bima Sugam and Cersai 2.0.
- Overall new business to contribute at least 25% to 30% of total revenue within the next few years.

Other KTA's

- **UIDAI Aadhaar Mandate:** Protean secured a major 1370 Cr mandate to establish and operate district-level Aadhaar Sewa Kendras across 188 districts. The six-year Aadhaar project is expected to generate 200 crores in Annual Recurring Revenue (ARR) once fully rolled out and scaled through FY27.

Quarterly Financials

Particulars (In Mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
Revenue from Operations	2,505	2,197	14%	2,108	19%
Other Income	146	136	8%	285	-49%
Total Revenue	2,651	2,333	14%	2,394	11%
Employee benefit exp	601	469	28%	580	4%
Allowance for credit loss	7	-		-	
Processing charge	820	917	-11%	765	7%
Repairs & Maintenance	557	284	97%	381	46%
Other Expense	227	212	7%	218	4%
Total Expense	2,212	1,881	18%	1,944	14%
EBITDA (Excl Other Income)	293	316	-7%	164	79%
Adj. EBITDA (Excl OI & ECL prov.)	300	316	-5%	164	83%
Depreciation & Amortization	104	71	45%	110	-6%
PBIT	336	381	-12%	339	-1%
Interest Expense	15	5	208%	15	-1%
PBT	320	376	-15%	324	-1%
Tax Exp	82	95	-14%	85	-4%
PAT	239	280	-15%	239	0%
EPS	5.88	6.92	-15%	5.88	0%
Margins (%)	bps			bps	
EBITDA % (Excl Other Income)	11.7%	14.4%	-269	7.8%	393
PAT %	9.0%	12.0%	-302	10.0%	-96
As a % of Revenue	bps			bps	
Employee benefit exp	24%	21%	265	28%	-354
Allowance of credit loss	0%	0%	26	0%	26
Processing charge	33%	42%	-899	36%	-353
Repairs & Maintenance	22%	13%	934	18%	418
Other Expense	9%	10%	-57	10%	-130

Source: Company, Dalal & Broacah Research

Outlook and Valuations

Protean eGov Technologies reported a steady performance in Q2 FY26, underscoring the strength and consistency of its core businesses in tax, pension, and identity services. These segments continue to provide stable revenue streams and healthy cash flows, supporting overall profitability and reinforcing the company's strong financial position.

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 850, the stock trades 29x FY26e EPS of Rs 29 and 25x FY27e EPS of Rs 33. **We upgrade our view from HOLD to ACCUMULATE** view on the stock, on account of new business contributions to the topline such as the UIDAI 1370 cr mandate (adding 200 cr annually post scale up). **We arrive at a TP of Rs. 990, implying ~16% upside by valuing it at 30x FY27e EPS.**

Financials

P&L (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	7,422	8,820	8,407	10,900	12,451
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	3,815	4,358
Repairs & Maintenance	895	1,061	1,206	1,853	2,117
Other Expenses	685	898	1,241	1,635	1,868
Operating Profit	1,180	894	804	1,326	1,565
Depreciation	-183	-275	-278	-403	-445
PBIT	997	620	526	923	1,120
Other income	417	676	682	716	752
Net Interest (Exp)/Inc	-9	-17	-23	-54	-62
Profit before tax	1,404	1,279	1,184	1,584	1,810
Provision for tax	-334	-306	-260	-396	-452
Reported PAT	1,070	973	925	1,188	1,357

Balance Sheet (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Equity capital	404	404	406	406	406
Reserves	8,167	8,857	9,582	10,366	11,319
Net worth	8,571	9,262	9,988	10,771	11,724
Non Current Liabilities	194	355	819	819	819
Current Liabilities	2,278	2,238	2,259	2,773	3,154
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	5,633	6,372
Current investments	51	140	1,636	1,717	1,803
Trade Receivables	2,089	1,893	1,441	2,329	2,661
Cash and Bank Balances	1,375	1,508	1,362	1,287	1,578
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	14,362	15,697

Cashflow (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
PBT	1,404	1,279	1,184	1,584	1,810
Depreciation	183	275	278	403	445
Net Chg in WC	276	76	287	-428	-119
Interest Expense	9	17	23	54	62
Taxes	-334	-306	-260	-396	-452
Others	-169	-765	101	-212	-147
CFO	1,370	575	1,614	1,005	1,599
Capex	-239	-317	-667	58	-112
Net Investments made	-1,668	-99	-1,103	-330	-347
Others	-917	603	9	-	-
CFI	-2,823	187	-1,762	-272	-459
Change in Share capital	8	12	-70	-403	-445
Change in Debts	-38	-66	501	54	62
Div. & Div Tax	-404	-405	-404	-404	-404
Interest on lease liability paid	-9	-17	-23	-54	-62
CFF	-443	-475	3	-807	-849
Total Cash Generated	-1,896	288	-145	-75	290
Cash Opening Balance	2,067	171	1,508	1,362	1,287
Cash Closing Balance	171	459	1,362	1,287	1,578

Source: Company, Dalal & Broacah Research

Rat ios	FY23	FY24	FY25	FY26E	FY27E
OPM	15.9	10.1	9.6	12.2	12.6
NPM	13.7	10.2	10.2	10.2	10.3
Growth Rat ios (%)					
Net Sales	7.4	18.8	-4.7	29.7	14.2
PAT	-25.6	-9.1	-5.0	28.5	14.3
Per Share (Rs.)					
Net Earnings (EPS)	26	24	23	29	33
Cash Earnings (CPS)	31	31	30	39	44
Dividend	404	404	404	404	404
Book Value	212	229	246	266	289
Free Cash Flow	32	25	21	31	40
Valuat ion Rat ios					
P/E(x)	32	35	37	29	25
P/B(x)	4	4	3	3	3
EV/EBIDTA(x)	24	31	34	20	17
Div. Yield(%)	48	48	48	48	48
FCF Yield(%)	4	3	2	4	5
Return Rat ios (%)					
ROE	12%	11%	9%	11%	12%
ROCE	16%	14%	11%	14%	15%
RoIC	10%	6%	4%	7%	8%

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