



Protean eGov reported a muted performance for Q4FY25. However, the company achieved key milestones by securing several mission-critical, population-scale mandates, including those for the Agristack, Central KYC stack, and CERSAI. Q4FY25 also marked Protean's entry into international markets with project wins in Morocco (education DPI) and Ethiopia (health sector DPI).

A key overhang remains the uncertainty surrounding the PAN 2.0 project, which poses a significant long-term risk to the company's largest revenue-contributing segment. That said, the project is expected to take at least 18 months post-RFP allotment to go live, indicating no immediate impact on revenue.

Protean remains confident in its core businesses and expects them to grow at a steady 8–12% annually, supported by its dominant market position in both PAN issuance and the pension segment.

Revenue contribution from the CERSAI mandate is expected to begin in Q1FY26.

Key Financials Highlights

- Revenue from Operations at 2,222 Mn, flat YoY/+10% QoQ
- EBITDA (Excl. OI) reported at 179 Mn, -18% YoY/+13% QoQ
- Adj. EBITDA (Excl OI & ECL) at -29 Mn
- EBITDA Margins (Excl. OI) saw a de-growth of 182 bps on a YoY basis
- EPS at 5.03 for Q4FY25 vs 4.77 (+6% YoY)

Financial Summary

Y/E Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Net sales	7,422	8,820	8,407	10,390	11,625
EBITDA	1,180	894	804	1,298	1,524
PAT	1,070	973	925	1,278	1,472
EPS	26	24	23	32	36
P/E (x)	38	42	44	32	28
RoE (%)	12	11	9	12	12
ROCE (%)	16	14	11	15	16
RoIC (%)	10	6	4	7	8

Source: Dalal and Broacha

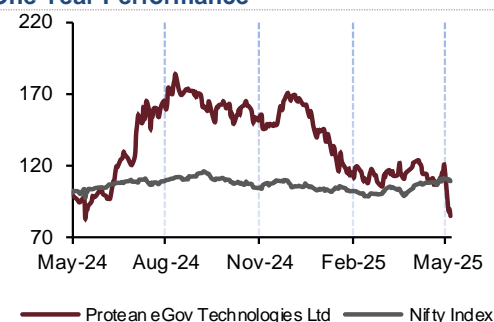
Rating	TP (Rs)	Up/Dn (%)
NEUTRAL	977	-2.3

Market data

Current price	Rs	1,000
Market Cap (Rs.Bn)	(Rs Bn)	41
Market Cap (US \$ Mn)	(US \$ Mn)	475
Face Value	Rs	10
52 Weeks High/Low	Rs	2225 / 930
Average Daily Volume	('000)	2,240
BSE Code		544021
Bloomberg		PROTEAN.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Mar-25	Dec-24
Promoters	-	-
Public	100	100
Total	100	100

Source: BSE

Dhruv Shah

+91 22 67141414

dhruv.shah@dalal-broacha.com

Segment-wise revenue break-up

Revenue from Op	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)
<i>Tax services</i>	1070	1120	-4%	990	8%
<i>Pension services</i>	750	690	9%	720	4%
<i>Identity services</i>	240	320	-25%	240	0%
<i>ODE + Others</i>	150	90	67%	70	114%

KTAs

- **Tax Services**

- Despite the market shrinkage in PAN, Protean made **significant gains in market share, increasing by nearly 5% to 56.6% in FY25.**
- ~4.4 cr PAN cards issued during the year, 53% processed online.

- **Pension Services**

- 1.3 crore new subscribers were onboarded, and over 2,500 corporates were added to the NPS ecosystem
- Crossed **8.2 crore cumulative subscribers.**
- Maintains dominant position of ~97% in NPS+APY

- **Digital Identity**

- Revenue declined ~25% in Q4FY25 YoY.
- Volumes grew across segments but due to high competitive intensity, price war and margin pressure continued.
- Mitigating by building more value-added-services on the foundational stack (eSignPro).

Quarterly Financials

Particulars (In Mn)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)
Revenue from Operations	2222	2221	0%	2023	10%
Other Income	165	130	27%	188	-12%
Total Revenue	2387	2351	2%	2211	8%
Employee benefit exp	500	494	1%	501	0%
Allowance for credit loss	-208	135		0	
Processing charge	817	848	-4%	868	-6%
Repairs & Maintenance	364	255	42%	257	41%
Other Expense	569	269	111%	239	138%
Total Expense	2043	2002	2%	1865	10%
EBITDA (Excl Other Income)	179	219	-18%	158	13%
Adj. EBITDA (Excl OI & ECL prov.)	-29	354	-108%	158	-118%
Depreciation & Amortization	81	109	-26%	58	39%
PBIT	263	240	10%	288	-9%
Interest Expense	11	5	110%	3	319%
PBT	252	235	7%	285	-12%
Tax Exp	48	42	15%	56	-13%
PAT	204	193	6%	229	-11%
EPS	5.03	4.77	6%	5.66	-11%
Margins (%)	bps			bps	
EBITDA %	8.1%	9.9%	-182	7.8%	25
PAT %	8.5%	8.2%	34	10.4%	-182
As a % of Revenue	bps			bps	
Employee benefit exp	23%	22%	30	25%	-224
Allowance of credit loss	-9%	6%	-1543	0%	-936
Processing charge	37%	38%	-142	43%	-610
Repairs & Maintenance	16%	11%	487	13%	364

Source: Company, Dalal & Broacah Research

Other Concall KTAs

PAN 2.0 RFP

- Management stated that the scope of work is completely separate from mandate received by the company for issuance & processing of PAN cards in 2003
- Applicant provides info, identity documents which are then passed to ITD in secured manner by Protean || ITD then has a system where they allot PAN number & forwards to Protean which then prints & distributes the PAN card.
- PAN 2.0 is about revamping of internal tech system used by ITD for allotting PAN cards

Management does not believe there will be vendor consolidation that impacts its current processing and issuance mandate

- Company believes the assisted mode (applying through an agent/assisted mode) will continue to be prevalent, currently accounting for ~70% of applications.
- Protean has written to the IT Department seeking clarification for not qualifying.

International Expansion – Initial Success

- Deployed first-of-its-kind education DPI in **Morocco**, marking first win in the international market.
- **Won a strategic mandate in Ethiopia** in the field of health DPI.
- Engagement with over 20 countries ongoing, several mandates in advanced discussion.
- Revenue structure: 40-60% payment after development & deploying tech (Around 1-1.5 yrs). Remaining staggered over subsequent years as AMC
- International contracts may be valued at an average of \$1M to \$10M.

Tax Service

- Revenue declined due to an industry-wide slowdown in PAN issuance
- This slowdown was attributed to the election cycle and delayed rollout of new government schemes.
- PAN penetration in India remains low at <40%, indicating ample headroom to grow.
- Annual issuance of PAN expected to be 6-7cr.

Pension Services

- 97% market share in CRA space.
- 6% pension penetration in India vs. 70-75% in developed countries → huge headroom.

Digital Identity – Volume growth, Value De-Growth

- Due to increasing competitive intensity, revenue saw a de-growth during the quarter.
- Pricing pressure exists. Strategy is to move towards higher-margin, value-added services built on this stack such as e-sign-pro.
- Space is expected to remain competitive with ongoing price wars

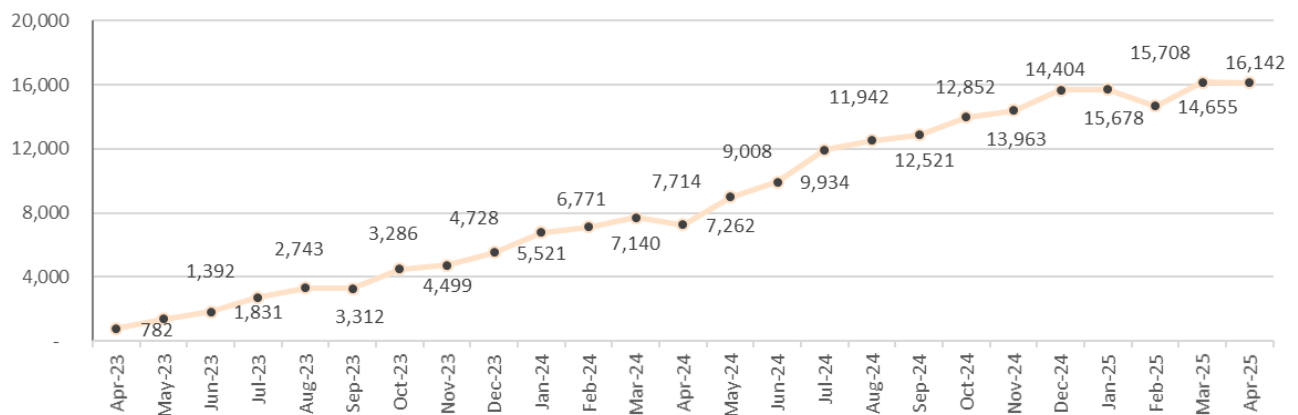
Cersai project

- Order Value – Rs 161 Cr || Duration – 69 months
- Revenue to start from Q1FY26

ONDC

- Protean power back-end ecosystem
- Platform is reporting growth sequentially.

Monthly Transactios (In 000's)



- Other expenses higher due to branding spends, RFP related costs, accelerated amortization on intangibles. Some of these costs are specific to the quarter, while others will be spread over the year.
- Received **Rs 36 crore** in long-pending dues towards storage charges from ITD. Rs 21 crore of ECL provision taken in earlier quarters was reversed in Q4FY25 and Rs 15 crore was set-off against receivable. **No further provisioning is required** and nothing is outstanding in books as of today.
- NPS Vatsalya – Over 1L account opened in last 6 months. Protean holds dominant market share of ~75%.
- Processing charge as a percentage of sales have decreased and are expected to remain in the range of around 36%. Attributed to automation projects and increased processing of online PAN.
- The company maintains debt-free status.
- Cash & Eq now stands at over **Rs 800 cr.**
- Investments made over the last 3-4 years into tech and people are now expected to yield outcomes in terms of RFP wins and international business.

Outlook and Valuations

The RFP 2.0 mandate poses a potential long-term risk to Protean's core PAN services segment, which is a key contributor to its overall business. However, management does not anticipate any material impact in the near term, as the implementation of RFP 2.0 is expected to take at least another 18 months. As such, the PAN business is projected to continue operating with minimal disruption for the next two years, with a clearer impact assessment to be made post-FY27.

The company expects its core business to grow at a steady pace of 8–12%, while new business segments are projected to contribute 25–30% to the topline in next 3-4 years. Protean aims to consistently scale its new business verticals and maintain a quarterly revenue run-rate of ₹15 crore. Over the next few years, the company is targeting a more diversified portfolio, with a 75:25 revenue mix between core and new businesses.

Optionality of incremental revenue coming from PAN 2.0 project no longer exists & given uncertainties around business model we expect PE to get de-rated. At a CMP of ₹1,000, the stock trades at 28x FY27E P/E. We value it at 27x, 1x PEG, assigning NEUTRAL rating with a target price of ₹977, implying a downside of 2.3%.

Financials

P&L (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	7,422	8,820	8,407	10,390	11,625
Employee Cost	1,229	1,751	1,886	2,169	2,429
Allowance for Credit loss	175	389	-97	170	-
Processing charge	3,257	3,827	3,366	3,844	4,418
Repairs & Maintenance	895	1,061	1,206	1,351	1,511
Other Expenses	685	898	1,241	1,559	1,744
Operating Profit	1,180	894	804	1,298	1,524
Depreciation	-183	-275	-278	-302	-339
PBIT	997	620	526	996	1,185
Other income	417	676	682	750	825
Net Interest (Exp)/Inc	-9	-17	-23	-42	-47
Profit before tax	1,404	1,279	1,184	1,704	1,963
Provision for tax	-334	-306	-260	-426	-491
Reported PAT	1,070	973	925	1,278	1,472

Balance Sheet (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Equity capital	404	404	406	406	406
Reserves	8,167	8,857	9,582	10,456	11,524
Net worth	8,571	9,262	9,988	10,862	11,929
Non Current Liabilities	194	355	819	819	819
Current Liabilities	2,278	2,238	2,259	2,689	3,019
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	5,640	6,441
Current investments	51	140	1,636	1,717	1,803
Trade Receivables	2,089	1,893	1,441	2,220	2,484
Cash and Bank Balances	1,375	1,508	1,362	1,403	1,824
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	14,369	15,767

Cashflow (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
PBT	1,404	1,279	1,184	1,704	1,963
Depreciation	183	275	278	302	339
Net Chg in WC	276	76	287	-389	-95
Interest Expense	9	17	23	42	47
Taxes	-334	-306	-260	-426	-491
Others	-169	-765	101	-226	-155
CFO	1,370	575	1,614	1,007	1,608
Capex	-239	-317	-667	71	-96
Net Investments made	-1,668	-99	-1,103	-330	-347
Others	-917	603	9	-	-
CFI	-2,823	187	-1,762	-259	-443
Change in Share capital	8	12	-70	-302	-339
Change in Debts	-38	-66	501	42	47
Div. & Div Tax	-404	-405	-404	-404	-404
Interest on lease liability paid	-9	-17	-23	-42	-47
CFF	-443	-475	3	-707	-744
Total Cash Generated	-1,896	288	-145	41	421
Cash Opening Balance	2,067	171	1,508	1,362	1,403
Cash Closing Balance	171	459	1,362	1,403	1,824

Ratios	FY23	FY24	FY25	FY26E	FY27E
OPM	15.9	10.1	9.6	12.5	13.1
NPM	-	-	-	-	-
Growth Ratios (%)					
Net Sales	7.4	18.8	-4.7	23.6	11.9
PAT	-25.6	-9.1	-5.0	38.2	15.2
Per Share (Rs.)					
Net Earnings (EPS)	26	24	23	32	36
Cash Earnings (CPS)	31	31	30	39	45
Dividend	404	404	404	404	404
Book Value	212	229	246	268	294
Free Cash Flow	32	25	21	32	41
Valuation Ratios					
P/E(x)	38	42	44	32	28
P/B(x)	5	4	4	4	3
EV/EBIDTA(x)	29	38	41	25	21
Div. Yield(%)	40	40	40	40	40
FCF Yield(%)	3	3	2	3	4
Return Ratios (%)					
ROE	12%	11%	9%	12%	12%
ROCE	16%	14%	11%	15%	16%
RoIC	10%	6%	4%	7%	8%

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