Protean eGov Technologies Limited

Q1FY27 Result Update | ITeS

Reinventing under new Leadership

DALAL & BROACHA
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Equity Research Desk

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Protean eGov Technologies is entering a transformational phase under its new leadership, evolving from a trusted Digital Public Infrastructure (DPI) builder to a solution-led digital platform company. While the company has established a dominant position across citizen-scale digital infrastructure through PAN, Pension (NPS/APY/UPS), CKYC and Identity Services, management's next growth phase is centred on monetising these foundational assets through AI-powered enterprise solutions, higher-value digital workflows and global deployment of India's DPI architecture.

The strategic shift from a transaction-based model to an outcome-driven, bundled solutions approach is expected to improve customer stickiness, increase wallet share and structurally enhance margins over the medium term. Simultaneously, the rapid scaling of new initiatives—including CKYC 2.0, Agristack, Bima Sugam and Aadhaar Seva Kendras—along with continued strength in its annuity-led pension franchise and identity services, provides multiple growth engines beyond the traditional PAN business.

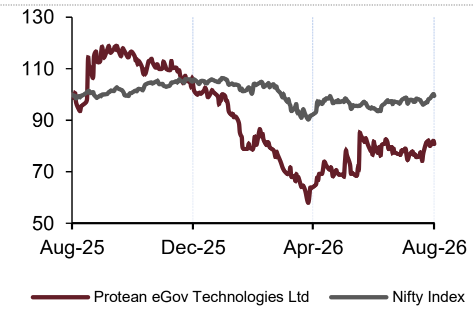
Backed by a debt-free balance sheet with over ₹800 crore of cash, a leadership position across India's digital infrastructure ecosystem, and a focused capital allocation strategy, Protean appears well positioned to capitalize on the next wave of India's DPI expansion while exporting its capabilities globally through a capital-light "DPI-in-a-Box" model..

Rating	TP (Rs)	Up/Dn (%)
HOLD	670	8

Market data		
Current price	Rs	622
Market Cap (Rs.Bn)	(Rs Bn)	25
Market Cap (US$ Mn)	(US$ Mn)	288
Face Value	Rs	10
52 Weeks High/Low	Rs	945.5 / 444
Average Daily Volume	('000)	264
BSE Code		544021
Bloomberg		PROTEAN.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Jun-26	Mar-26
Promoters	-	-
Public	100	100
Others		
Total	**100**	**100**

Source: BSE

Financial Summary

Y/E Mar (Rs mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
Net sales	7,422	8,820	8,407	9,978	11,225	12,183
EBITDA	1,180	894	804	1,155	1,243	1,610
PAT	1,070	973	925	1,053	943	1,235
EPS	26	24	23	26	23	30
P/E (x)	23	25	26	23	26	20
P/B (x)	3	3	2	2	2	2
EV/EBITDA (x)	15	19	21	15	13	10
RoE (%)	12	11	9	10	8	10
ROCE (%)	16	14	11	12	11	13
RoIC (%)	10	6	4	5	4	6

Source: Dalal and Broacha

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Segment-wise revenue break-up

Segment Performance (in mn)	Q1 FY27	Q1 FY26	YoY%	Q4 FY26	QoQ%
Tax services	1,000	1,000	0%	1,770	-44%
Pension services	820	760	8%	780	5%
Identity services	270	240	13%	240	13%
ODE + Others	420	110	282%	290	45%

SEGMENTS

Tax Services

Despite a temporary industry-wide decline in PAN issuances due to regulatory changes in documentation norms, this segment showed significant resilience

- **Market Share Expansion**: Protean strengthened its leadership position, increasing its market share by approximately **275 basis points**, moving from 59% in FY26 to 62% in Q1 FY27.
- **Issuance Milestone**: The company issued over **1 crore PAN cards** during the quarter.
- **Operational Stability**: Revenue remained stable at ₹100 crore as PAN issuance volumes normalized starting in June.

Central Record keeping Services (CRA) Business:

- **Subscriber Growth**: Protean onboarded **3.9 million new subscribers**, capturing **95% of incremental** subscriber additions in the market.
- **Corporate Onboarding**: **More than 1,000** new corporates were onboarded, marking the highest number ever achieved in a single quarter.
- **Market Dominance**: The company maintains a **97% market share** across its pension offerings.
- **NPS Vatsalya**: Onboarded **over 78,000 new subscribers** for this specific scheme, bringing its total base to over 2 lakhs.

Identity Services Segment:

- **Revenue and Volume Growth**: Segment revenue grew 16% YoY (reaching ₹27 crore), supported by **over 20% combined volume growth** across its four foundational identity services.
- **RISE with Protean**: This value-added API stack recorded strong traction, processing over **3.4 crore transactions** during the quarter.
- **Strategic Moat**: Protean remains the sole entity in India providing all four foundational identity services: eSign, eKYC, Aadhaar Authentication, and Online PAN Verification

New Businesses:

- **Revenue Contribution**: New initiatives contributed **17% of total revenue** in Q1 FY27, a significant increase from 10% in FY26.
- **Aadhaar Seva Kendras (ASKs)**: The company has successfully rolled out 102 ASKs across 25 States and UTs as of July 2026, and revenue generation from these centers has officially commenced.
- **Major Mandates**: Protean is currently in the deployment phase for several prestigious national projects, including CERSAI CKYCRR 2.0, Agristack, and Bima Sugam.

Concall Key Takeaways

New CEO Unveils Strategic Roadmap

- New MD & CEO outlined a strategy centered on **higher-margin businesses, AI-led solutions, disciplined capital allocation and international expansion**.
- Focus is shifting from **product-led offerings to solution-led platforms**, aimed at improving customer stickiness, profitability and long-term value creation.

Transition to 'DPI in a Box'

- Protean plans to package its digital public infrastructure capabilities into a **modular "DPI in a Box" platform** for state governments and international markets.
- The company intends to monetize outcomes rather than individual API transactions, supporting better margins over time.

Margin Recovery Expected

- Q1 EBITDA was impacted by **~₹18 Cr of upfront implementation costs** for new RFP mandates and higher procurement costs arising from geopolitical disruptions.
- Management indicated these are largely **one-time in nature**, with margins expected to **stabilize from Q2/Q3** as projects enter the revenue-generating phase.

BFSI & Enterprise to be Key Growth Drivers

- Management identified **BFSI** as the primary growth vertical for bundled digital solutions.
- Strong enterprise pipeline for integrated offerings such as **e-Sign Pro, CKYC, identity, consent and account aggregator** solutions.

International Expansion

- Global expansion will follow a **partnership-led, capital-light model**, targeting select geographies with identifiable funding and demand.
- Management views export of India's DPI capabilities as a **large long-term opportunity**.

Strong Balance Sheet

- Company remains **debt-free** with **₹800+ Cr** in cash and marketable securities, providing flexibility for strategic investments and inorganic opportunities.

Inorganic Growth

- Management is actively evaluating acquisitions that can **accelerate revenue growth, improve margins and strengthen BFSI capabilities**, although no specific targets have been disclosed.

Quarterly Financials

Particulars (INR in mn)	Q1 FY27	Q1 FY26	YoY%	Q4 FY26	QoQ%
Revenue from Operations	**2,510**	**2,108**	**19%**	**3,075**	**-18%**
Other Income	154	285	-46%	153	1%
Total Revenue	**2,664**	**2,394**	**11%**	**3,229**	**-17%**
Employee benefit exp	691	580	19%	585	18%
Allowance for credit loss	2	-		4	
Processing charge	785	765	3%	1,080	-27%
Repairs & Maintenance	673	381	76%	503	34%
Other Expense	236	218	8%	525	-55%
Total Expense	**2,385**	**1,944**	**23%**	**2,696**	**-12%**
EBITDA (Excl Other Income)	**124**	**164**	**-24%**	**380**	**-67%**
Depreciation & Amortization	175	110	59%	141	25%
EBIT	**103**	**339**	**-70%**	**392**	**-74%**
Finance Cost	27	15	**74%**	21	**27%**
Profit Before Tax (PBT)	**76**	**324**	**-76%**	**372**	**-79%**
Exceptional items	-	-		-8	
Tax Exp	18	85	-79%	60	-70%
Net Profit (Reported)	**59**	**239**	**-75%**	**304**	**-81%**
Net Profit (Adjusted)	**59**	**239**	**-75%**	**311**	**-81%**
Reported EPS	**1.4**	**5.9**	**-75%**	**7.5**	**-81%**
Margins			**Changes in bps**		**Changes in bps**
EBITDA Margins	4.9%	7.8%	-283	12.4%	-740
PAT Margins	2.2%	10.0%	-776	9.6%	-744
Other Operational Matrix			**Changes in bps**		**Changes in bps**
Employee benefit exp	28%	28%	-1	19%	850
Allowance of credit loss	0.1%	0.0%	9	0.1%	-3
Processing charge	31.3%	36.3%	-500	35.1%	-384
Repairs & Maintenance	26.8%	18.1%	872	16.3%	1045
Other Expense	9.4%	10.4%	-97	17.1%	-768

Source: Company, Dalal & Broacah Research

Outlook and Valuations

Protean eGov Technologies delivered a resilient performance in Q1 FY27. The company continued to strengthen its leadership position in core businesses, supported by robust growth in PAN issuance, strong subscriber additions in and increasing traction in digital identity and data-stack solutions.

Although Q1FY27 profitability was temporarily impacted by upfront investments towards strategic RFP-led projects and higher implementation costs, management expects margins to recover as these mandates transition into the revenue-generating phase.

The company continues to maintain a strong balance sheet with cash and investments exceeding ₹800 crore and zero debt, providing significant flexibility to invest in technology capabilities, large-scale platform mandates and global expansion opportunities.

The new management is making efforts to significantly improve the company's profitability. The intent and plan are in the right direction, and we remain cautious and shall patiently wait for execution to result in growth numbers.

At CMP of Rs. 622, the stock trades at 20x FY28e EPS. We assign a HOLD Rating with a TP of Rs. 670 (22x FY28e EPS), implying an upside of ~8%.

Financials

P&L (Rs mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
Net Sales	7,422	8,820	8,407	9,978	11,225	12,183
Employee Cost	1,229	1,751	1,886	2,326	2,675	2,996
Allowance for Credit loss	175	389	-97	10	-	-
Processing charge	3,257	3,827	3,366	3,448	3,873	4,142
Repairs & Maintenance	895	1,061	1,206	1,796	2,032	1,949
Other Expenses	685	898	1,241	1,243	1,403	1,486
Operating Profit	**1,180**	**894**	**804**	**1,155**	**1,243**	**1,610**
Depreciation	-183	-275	-278	-468	-700	-735
PBIT	997	620	526	688	543	875
Other income	417	676	682	729	772	819
Net Interest (Exp)/Inc	-9	-17	-23	-67	-90	-90
Profit before tax	1,404	1,279	1,184	1,349	1,225	1,603
Exceptional Item	-	-	-	-47	-	-
Provision for tax	-334	-306	-260	-297	-282	-369
Reported PAT	1,070	973	925	1,006	943	1,235

Source: Company, Dalal & Broacah Research

Cashflow (Rs mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
CFO	**1,370**	**575**	**1,927**	**785**	**565**	**1,006**
CFI	**-2,823**	**187**	**-1,586**	**-144**	**-137**	**-271**
CFF	**-443**	**-475**	**-422**	**-539**	**-494**	**-494**
Total Cash Generated	-1,896	288	-81	102	-66	241
Cash Opening Balance	2,067	171	459	379	481	414
Cash Closing Balance	171	459	379	481	414	655
Bank Balance	1,204	1,048	984	1,385	1,385	1,385
Closing Cash and Bank Balance	1,375	1,508	1,362	1,865	1,799	2,040

Source: Company, Dalal & Broacah Research

Balance Sheet (Rs mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity capital	404	404	406	406	406	406
Reserves	8,167	8,857	9,582	10,367	10,906	11,736
MI	-2	-2	-	-	-	-
Non Current Liabilites	194	355	819	908	908	908
Current Liabilites	2,278	2,238	2,259	3,054	3,313	3,639
Total Equity & Liabilities	**11,041**	**11,852**	**13,066**	**14,735**	**15,533**	**16,688**
Non Current Assets	**6,965**	**7,485**	**8,355**	**8,639**	**9,001**	**9,550**
Fixed Assets	668	787	960	1,060	950	969
Right of Use Assets	79	205	675	803	803	803
Financial Assets	5,696	5,907	6,160	6,103	6,576	7,105
Deferred Tax Asset	208	215	137	216	216	216
Income Tax Asset	313	366	422	263	263	263
Other Non Current Assets	2	5	1	195	195	195
Current Assets	**4,076**	**4,368**	**4,710**	**6,097**	**6,532**	**7,138**
Current investments	51	140	1,636	1,388	1,457	1,530
Trade Receivables	2,089	1,893	1,441	2,046	2,399	2,604
Cash and Bank Balances	1,375	1,508	1,362	1,865	1,798	2,039
Other Financial Assets	245	370	8	6	6	7
Other Current Assets	316	458	264	792	871	958
Assets held for sale	-	-	-	-	-	-
TOTAL ASSETS	**11,041**	**11,852**	**13,066**	**14,736**	**15,533**	**16,688**

Source: Company, Dalal & Broacah Research

Ratios	FY23	FY24	FY25	FY26	FY27E	FY28E
OPM	15.9	10.1	9.6	11.6	11.1	13.2
NPM	13.7	10.2	10.2	9.4	7.9	9.5
Tax rate	23.8	23.9	21.9	22.0	23.0	23.0
Growth Ratios (%)						
Net Sales	7.4	18.8	-4.7	18.7	12.5	8.5
Operating Profit	-4.7	-24.2	-10.1	43.7	7.6	29.5
PBIT	-6.7	-37.8	-15.1	30.8	-21.1	61.2
PAT	-25.6	-9.1	-5.0	8.8	-6.2	30.9
Per Share (Rs.)						
Net Earnings (EPS)	26	24	23	25	23	30
Cash Earnings (CPS)	31	31	30	36	41	49
Book Value	212	229	246	266	279	299
Free Cash Flow	32	25	21	24	12	18
Valuation Ratios						
P/E(x)	23	26	27	25	27	20
P/B(x)	3	3	3	2	2	2
EV/EBIDTA(x)	16	21	22	15	14	11
Div. Yield(%)	65	65	65	65	65	65
FCF Yield(%)	5	4	3	4	2	3
Return Ratios (%)						
ROE	12%	11%	9%	9%	8%	10%
ROCE	16%	14%	11%	12%	11%	13%
RoIC	10%	6%	4%	5%	4%	6%

Source: Company, Dalal & Broacah Research

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