

November 10, 2025

## Growth trajectory resumes, margin set to expand...

About the stock: Protean eGov Technologies Ltd. (Protean) is a play on digital public infrastructure (DPI) and e-governance initiatives taken by various governmental bodies in India.

- The company has 3 core verticals including i) Tax services, ii) social security & welfare and iii) identity authentication. Further, it has ventured in new age businesses including Open Digital Ecosystem (ODE), Cloud & Infosec.

**Q2FY26 performance:** Protean reported revenue of ₹251 crore which increased by 14% YoY and 19% QoQ, mainly led by new business segment which reported revenue of ₹43 crore (up by 513% YoY). Tax services i.e. pan card related business reported revenue of ₹107 crore (declined 10% YoY), CRA services i.e. pension related business revenue: ₹78 crore (up by 12% YoY), Identity services i.e. related to PAN and Aadhar authentication revenue: ₹22 crore (declined 6% YoY). EBITDA reported at ₹29 crore with EBITDA margin of 11.7%, up 480 bps YoY while it declined 379 bps QoQ. PAT reported at ₹24 crore which declined by 14% YoY.

### Investment Rationale

- Topline growth trajectory revives:** After 6 quarters, the company has delivered double digit topline growth, as execution seen in RFPs like CERSAI CKYCRR 2.0 and Bima sugam as reflected in sharp growth of new business segment. Further, recently won Aadhar seva kendra (ASK) shall commence during Q3, with significant increase in Q4. The project is expected to generate ₹200 crore annual revenue run-rate for the company. Protean has been investing across business verticals including new aged business like open digital ecosystem (ODE), Cloud & Infosec, data stack as well as global expansion. Order book for all RFPs including ASK order stands at ~₹1,600 cr+ which shall support topline growth in near to medium term. All these segments shall partly offset the expected loss in tax services segment owing to PAN 2.0 unfavourable development which shall be visible in financials post FY27E.
- Margin set to improve:** Protean is well-placed to improve margin profile as it benefits from operating leverage with major investments behind. Topline growth remains the key factor which has started showing traction. Expect EBITDA margin to improve from 9.6% in FY25 to 13.9% in 27E.

### Rating and Target Price

- Post Protean missing PAN 2.0 project, it has created significant business uncertainty while the strong RFP book including ASK order recoups part of this loss. Net cash balance sheet of ~₹800 cr provides cushion on its ability to invest. At current levels, we believe the stock offers favorable risk-reward. Maintain BUY rating with a target price of ₹ 1070.

### Key Financial Summary

(₹ crore)	FY22	FY23	FY24	FY25	3 year CAGR (FY22-25)	FY26E	FY27E	2 year CAGR (FY25-27E)
Revenue	691	742	882	841	6.8	992	1,209	19.9
EBITDA	124	118	89	80	(13.4)	108	167	44.4
EBITDA Margin (%)	17.9	15.9	10.1	9.6		10.9	13.9	
Net Profit	144	107	97	92	(13.7)	101	143	24.5
Diluted EPS (Rs)	35.5	26.4	24.0	22.8		25.0	35.3	
P/E (x)	24.0	32.2	35.4	37.3		34.1	24.1	
EV/EBITDA (x)	23.3	23.1	30.3	33.9		25.1	15.5	
RoCE (%)	22.8	16.1	13.4	11.1		12.0	15.5	
RoE (%)	18.2	12.5	10.5	9.3		9.6	12.5	

Source: Company, ICICI Direct Research



**protean**  
Change is growth

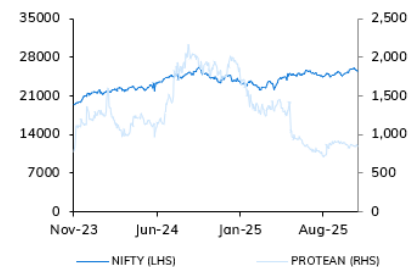
### Particulars

Particular	Amount
Market Cap (₹ Crore)	3,431
H1FY26 Debt (₹ Crore)	67
H1FY26 (₹ Crore)	108
EV (₹ Crore)	3,390
52 Week H/L (₹)	1535 / 716
Equity Capital (₹ Crore)	40.6
Face Value	10

### Shareholding pattern

	Dec-24	Mar-25	Jun-25	Sep-25
Promoter	-	-	-	-
FII	9.9	10.9	8.8	7.8
DII	30.1	27.8	24.8	21.7
Others	60.0	61.3	66.5	70.5

### Price Chart



### Key risks

- Dependency on projects awarded by government entities and agencies.
- Technology break-down/ Cyber security risk
- Competition risk

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## Concall highlights and outlook

- **Tax services** - Tax services contributed ~₹107 crores in revenue, growing ~8% QoQ while maintaining leading market share of ~58% in pan card issuance. The company has issued over 1 crore PAN cards during the quarter.
- **Pension services** - CRA services reported revenue of ₹78 crores witnessing strong double-digit growth along-side onboarding ~41 lakh new subscriber across National Pension Scheme, Atal Pension Yojana and Unified Pension Scheme. For pension, total coverage in India remains lower at ~6% (8 crore+ subscribers) against ~70% in OECD countries. Pension regulator has ambitious target to reach ~30 crore subscribers in next 3-5 years. Protean continues to have dominant market share with ~98% of total pension subscriber base and equally strong additions of new subscribers.
- **Identity services** - This segment grew in line with industry growth. This segment reported revenue of ₹22 crores which declined by ~7% QoQ and 6% YoY owing to slab-based pricing and price rationalization at foundational level. Protean continues to remain amongst leading player while volume continues to grow across various products like eSign Pro and RISE and are expected to support long term revenue growth. Protean is the only company to offer 4 facets of digital identity i.e. Aadhaar authentication, e-KYC, Online PAN validation and e-Sign.
- **New Aged Businesses** - The segment has seen sharp uptick in this quarter as select RFPs are getting executed. The business contributed revenue of ₹43 crore contributing ~17% of operating revenue in Q2. New businesses contributed ~12% to total revenue for H1FY26 against ~4% in FY25. Management expects to continue this revenue run-rate with slight increase in Q3 and significant increase in Q4. Over next 2 to 3 years, company expects this segment contribution to increase to ~25% of total revenue.
- **Overall expenditure** - Processing charges remained under check at ~32-33% of revenue vs recent trend of 36-37%.

System support and maintenance charges came in higher owing to increased cost due to RFP-led revenues (CERSAI and Bima Sugam RFP plus other new business).

- **Other updates** - During the quarter, company secured a major order worth ~₹1,370 crores from UIDAI to set up and operate district-level Aadhar Seva Kendras across 188 districts. This order is expected to commence from Q3FY26 and shall scale by FY27. This work order is expected to contribute ~₹200 crore of annual recurring revenue.
- Company holds strong order book ~₹1,600 crores (incl. UIDAI order of ~₹1300 crore).
- Increase in receivable is temporary as company was under discussion with certain customers and there were certain process changes leading to delay in collections. By year end, these receivables shall be in place with yearly revenue guidance.
- Balance sheet continues to remain strong with ₹ 800 cr+ of cash and cash equivalents (incl. marketable securities) with zero debt.

**Exhibit 1: Variance Analysis**

	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Comments
Revenue from operation	250.5	220.0	13.9	211.0	18.7	Growth uptick with RFP execution witnessed on new business segments. CRA also maintained steady low to mid- teen growth trajectory.
Processing charges	82.0	91.7	(10.6)	76.5	7.2	
Employee Benefit expense	60.1	46.9	28.1	58.0	3.5	Staff cost increase mainly in relation to new RFP's which shall be executed going ahead.
Other operating expense	79.1	50.0	58.1	59.9	31.9	
EBITDA	29.3	31.4	(6.5)	16.6	77.0	
EBITDA margin (%)	11.7	14.3	17 bps	7.9	-20 bps	Margin rebounding with topline growth gaining traction and operating leverage at play .
Depreciation	10.4	7.1	45.4	11.0	(6.0)	
Other income	14.6	13.6	7.4	28.5	(48.8)	
PBIT	33.6	37.8	(11.3)	34.1	(1.5)	
Finance Cost	1.5	0.5	202.0	1.5	(0.7)	
PBT	32.0	37.3	(14.2)	32.5	(1.5)	
Tax	8.2	9.5	(13.9)	8.5	(4.0)	
PAT	23.9	27.8	(14.3)	24.0	(0.6)	PAT growth slated to improve going ahead.

## Financial Summary

### Exhibit 2: Profit and loss statement

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Revenue	882.0	840.7	992.1	1,209.2
% Growth	18.8	(4.7)	18.0	21.9
Other income	67.6	68.3	74.4	79.6
<b>Total Revenue</b>	<b>949.6</b>	<b>908.9</b>	<b>1,066.5</b>	<b>1,288.8</b>
Employee Expenses	175.1	188.6	252.7	290.6
Other expenses	195.9	244.7	278.6	325.9
Total Operating Expenditure	792.6	760.3	884.4	1,041.7
<b>Operating Profit (EBITDA)</b>	<b>89.4</b>	<b>80.4</b>	<b>107.7</b>	<b>167.5</b>
% Growth	(24.2)	(10.2)	34.0	55.6
Interest	1.7	2.4	4.2	4.2
PBDT	155.3	146.3	177.8	242.9
Depreciation	27.5	27.9	44.6	54.4
PBT before Exceptional Items	127.9	118.4	133.2	188.4
Total Tax	30.6	26.0	32.0	45.2
PAT before MI	97.3	92.4	101.2	143.2
<b>PAT</b>	<b>97.3</b>	<b>92.4</b>	<b>101.2</b>	<b>143.2</b>
% Growth	(9.1)	(5.0)	9.5	41.5
<b>EPS</b>	<b>24.0</b>	<b>22.8</b>	<b>25.0</b>	<b>35.3</b>

Source: Company, ICICI Direct Research

### Exhibit 3: Cash flow statement

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Profit after Tax	97.3	92.4	101.2	143.2
Depreciation	27.5	27.9	44.6	54.4
Interest	1.7	2.4	4.2	4.2
Cash Flow before WC changes	126.4	122.6	150.1	201.9
Changes in inventory	-	-	-	-
Changes in debtors	19.6	45.2	(51.7)	(33.7)
Other current assets	(26.7)	55.6	(4.7)	(6.6)
Net Increase in Current Assets	(16.0)	(48.8)	(89.1)	(79.6)
Changes in creditors	(12.0)	(16.6)	16.5	25.0
Other current liabilities	3.3	19.0	19.3	27.8
Net Increase in Current Liabilities	(8.7)	2.5	35.8	52.8
<b>Net CF from Operating activities</b>	<b>101.7</b>	<b>76.3</b>	<b>96.7</b>	<b>175.0</b>
(Purchase)/Sale of Fixed Assets	(39.3)	(20.2)	(30.0)	(30.0)
Others	7.5	(1.3)	3.2	3.7
<b>Net CF from Investing activities</b>	<b>(71.5)</b>	<b>(116.6)</b>	<b>(70.9)</b>	<b>(74.0)</b>
Dividend and Dividend Tax	(40.5)	(19.8)	(44.5)	(49.0)
Others	11.2	45.5	(4.2)	(4.2)
<b>Net CF from Financing Activities</b>	<b>(17.0)</b>	<b>25.7</b>	<b>(48.7)</b>	<b>(53.2)</b>
Net Cash flow	13.2	(14.6)	(23.0)	47.8
Opening Cash/Cash Equivalent	137.5	150.7	136.1	113.2
Closing Cash/ Cash Equivalent	150.7	136.1	113.2	161.0

Source: Company, ICICI Direct Research

### Exhibit 4: Balance sheet

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Equity Capital	40.5	40.6	40.6	40.6
Reserve and Surplus	885.5	958.2	1,014.9	1,109.2
Total Shareholders funds	926.0	998.8	1,055.5	1,149.7
Total Debt	20.8	68.5	68.5	68.5
<b>Total Liabilities</b>	<b>970</b>	<b>1,089</b>	<b>1,149</b>	<b>1,247</b>
Gross Block	287.4	310.1	335.6	365.6
Acc: Depreciation	221.8	249.7	294.3	348.7
Net Block	65.6	60.4	41.3	16.9
Capital WIP	13.1	10.6	15.0	15.0
Total Fixed Assets	78.7	71.0	56.3	31.9
Non Current Assets	42.5	81.3	81.3	81.3
Inventory	-	-	-	-
Debtors	189.3	144.1	195.8	229.5
Other Current Assets	45.8	26.4	31.0	37.4
Cash	150.7	136.2	113.2	161.0
Total Current Assets	436.8	471.0	537.1	664.6
Current Liabilities	119.9	103.3	119.8	144.8
Net Current Assets (Ex Cash)	70.9	117.2	170.6	197.4
<b>Total Assets</b>	<b>970</b>	<b>1,089</b>	<b>1,149</b>	<b>1,247</b>

Source: Company, ICICI Direct Research

### Exhibit 5: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E
<b>Per Share Data (₹)</b>				
EPS	24.0	22.8	25.0	35.3
Cash per Share	59.6	73.3	72.4	89.5
BV	228.4	246.3	260.3	283.5
Dividend per share	10.0	4.9	11.0	12.1
Dividend payout ratio(%)	41.6	21.4	44.0	34.2
<b>Operating Ratios (%)</b>				
EBITDA Margin	10.1	9.6	10.9	13.9
PAT Margin	11.0	11.0	10.2	11.8
<b>Return Ratios (%)</b>				
RoE	10.5	9.3	9.6	12.5
RoCE	13.4	11.1	12.0	15.5
<b>Valuation Ratios (x)</b>				
EV / EBITDA	30.3	33.9	25.1	15.5
P/E	35.4	37.3	34.1	24.1
EV / Net Sales	2.9	3.0	2.5	2.0
Sales / Equity	1.0	0.9	1.0	1.1
Market Cap / Sales	3.6	3.8	3.2	2.7
Price to Book Value	3.7	3.5	3.3	3.0
<b>Workin Capital Management Ratios</b>				
Inventory Days	-	-	-	-
Debtors Days	73	58	67	65
Creditors Days	46	41	41	41
Asset turnover	3.3	2.9	3.2	3.5
<b>Solvency Ratios</b>				
Debt / Equity	0.0	0.1	0.1	0.1
Current Ratio	1.3	2.1	2.3	2.3
Quick Ratio	1.3	2.1	2.3	2.3

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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