

## Company Overview

Pine Labs Ltd. operates as a leading technology-driven enabler of digital commerce, offering a comprehensive suite of digital payment and issuing solutions for merchants, consumer brands, enterprises, and financial institutions. Leveraging its advanced, scalable technology infrastructure, the company facilitates the digital transformation of businesses across India and an expanding international footprint spanning Malaysia, UAE, Singapore, Australia, the US, and Africa. Its core business is structured around two integrated platforms, the Digital Infrastructure and Transaction Platform and the Issuing and Acquiring Platform. The former encompasses in-store and online payment systems, affordability solutions, and value-added services (VAS) such as dynamic currency conversion and transaction processing, while also providing FinTech infrastructure and software applications. The latter platform supports the issuance, processing, and distribution of prepaid and engagement solutions, underpinned by a unified cloud-based processing architecture that seamlessly connects issuers and acquirers. Through these platforms, the company plays a pivotal role in digitizing and securing commerce by simplifying transaction flows and enabling businesses across sectors to enhance customer engagement and consumption in an increasingly digital economy. In FY25, the company processed payments totalling Rs. 11,425 billion in Gross Transaction value and 5.68 billion transactions on its own platform. As of June 30, 2025, the company has 9,88,304 merchants, 716 consumer brands and enterprises and 177 financial institutions as their customers.

## Objects of the issue

The company proposes to utilise net proceeds from the issue towards the following objects:

- ⇒ Repayment/prepayment, in full or in part, of certain borrowings availed of by the company;
- ⇒ Investment in its subsidiaries, namely Qwikilver Singapore, Pine Payment Solutions, Malaysia and Pine Labs UAE for expanding its presence outside India;
- ⇒ Investment in IT assets, expenditure towards cloud infrastructure, procurement of digital check-out points ("DCP") and technology development initiatives; and
- ⇒ General corporate purposes and unidentified inorganic acquisitions.

## Investment Rationale

### Integrated ecosystem enabling network effects and scalable growth

Pine Labs Ltd. operates a rapidly expanding digital commerce ecosystem that directly connects multiple stakeholders, including merchants, consumer brands and enterprises, financial institutions, consumers, and third-party software partners. The growing density of this ecosystem enhances the platform's overall efficiency and value proposition, as increased participation drives higher transaction volumes, richer data insights, and improved process automation. Each new participant strengthens the platform's utility by contributing to a more integrated, one-stop commerce experience, which in turn attracts additional merchants, consumers, and partners, creating a self-reinforcing cycle of network effects. This virtuous loop not only drives scale but also broadens the company's monetization opportunities across various participant categories. The ecosystem has shown consistent densification since FY22, reflecting strong adoption and engagement trends. As of June 30, 2025, the company's ecosystem comprised 988,304 merchants, 716 consumer brands and enterprises, and 177 financial institutions, compared to 530,318 merchants, 444 consumer brands and enterprises, and 80 financial institutions as of March 31, 2023, highlighting robust and sustained ecosystem expansion.

### Deep strategic partnerships with large merchants, brands, and financial institutions strengthens platform stickiness

The company has established a strong domestic presence complemented by a rapidly expanding international footprint across its ecosystem of partners. As of June 30, 2025, it served a diversified merchant base across key verticals such as retail, e-commerce, restaurants, consumer electronics, healthcare, travel, and hospitality, alongside deep relationships with banks, financial institutions, fintechs, and technology companies. Over time, the company has evolved from an in-store digital payments provider to a comprehensive digital commerce enabler, offering a full suite of solutions in-

## Issue Details

Offer Period	07th Nov. 2025 - 11th Nov. 2025
Price Band	Rs. 210 to Rs. 221
Bid Lot	67
Listing	BSE & NSE
Issue Size (no. of shares in crores)	17.7
Issue Size (Rs. in crores)	3,899.9
Face Value	1

## Issue Structure

QIB	75%
NIB	15%
Retail	10%

BRLM	Axis Capital Ltd., Morgan Stanley India Company Pvt. Ltd., Citigroup Global Markets India Pvt. Ltd., J.P. Morgan India Pvt. Ltd., Jefferies India Pvt. Ltd.
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Registrar	KFin Technologies Ltd.
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Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	0.0%	0.0%
Public	100.0%	100.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

(Assuming issue subscribed at higher band)

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# Pine Labs Ltd.

cluding multi-issuer affordability platforms, full-stack issuing capabilities, merchant dashboards, spend analytics, and loyalty programs. Its ability to continuously expand its offerings has strengthened long-term client relationships with marquee partners such as Croma and HDFC Bank, many of which span over a decade. This breadth of partnerships and product diversification underpins the company's high customer retention, recurring revenue visibility, and cross-selling potential, positioning it well for sustained growth in both domestic and emerging international markets.

## Valuation

Pine Labs Ltd. offers exposure to India's secular digitalization trend with a proven business model generating 20-25% annual revenue growth, improving operational margins, and a clear path to profitable growth. Management's focus on technology monetization rather than volume-driven MDR (Merchant Discount Rate) compression creates a more defensible business model than peers. The Indian digital payment market is projected to grow from Rs. 111.8 trillion in FY25 to Rs. 278-302 trillion by FY29, registering an approximate 25.6-28.2% CAGR during the period. This massive expansion provides substantial headroom for Pine Labs to scale up its business. Currently, 15% of revenues come from international markets, which grew 58% year-on-year. Management targets South-east Asia and the Middle East as priority markets, with ambition to reach 25% of revenue from overseas markets by 2027. On the financial front, Pine Labs Ltd. demonstrated a strong turnaround, marked by significant growth and improved profitability. The company's EBITDA margin improved significantly, rising to 19.6% in Q1FY26 from negative levels in FY24, reflecting a strong turnaround in operational performance. In comparison, revenue grew at a healthy CAGR of 19% over the same period, reflecting both business scalability and margin enhancement. Moreover, Pine Labs' swift transition from an annual loss of Rs. 342 crores in FY24 to achieving profitability in Q1FY26 underscores its substantial operational leverage and disciplined cost management. **From a valuation standpoint, at the upper end of the price band, the issue is valued at an implied Market Cap/Sales multiple of 11.2x based on FY25 revenues. Given India's fast-growing digital payments sector, robust profitability trajectory, efficient capital allocation, and global scaling potential, we recommend a "SUBSCRIBE" rating to the issue from a medium- to long-term perspective.**

## Key Risks:

- ⇒ The company reported a net loss of Rs. 145 crores in FY25, primarily driven by elevated operating expenses, which accounted for 104.3% of total income. The sustained cost intensity reflects continued investments in technology, international expansion, and ecosystem development. While the company remains in a growth and scale-building phase, its path to profitability will depend on operating leverage, cost optimization, and monetization of its expanding ecosystem. However, the persistence of losses in the near term remains a key financial risk.
- ⇒ The company reported a negative operating cash flow of Rs. 281 crores for the three months ended June 30, 2025, reflecting continued working capital pressures and high operating expenditure during its expansion phase. The negative cash generation underscores the company's ongoing investment in technology infrastructure, ecosystem growth, and international operations. While these investments are expected to drive long-term scalability and revenue growth, sustained negative operating cash flows in the near term represent a key monitorable for improving liquidity and profitability.
- ⇒ The company's growth trajectory remains dependent on its ability to retain existing customers and expand its client base across merchants, consumer brands, and financial institutions. Given the competitive intensity in the digital payments and fintech ecosystem, customer retention and acquisition are critical to sustaining transaction volumes and revenue momentum. Any decline in customer engagement or slowdown in new client onboarding could adversely impact the company's business performance, financial health, and long-term scalability.

# Pine Labs Ltd.

## Income Statement (Rs. in crores)

Particulars	FY23	FY24	FY25	Q1FY26
<b>Revenue:</b>				
Revenue from operations	1598	1770	2274	616
<b>Total revenue</b>	<b>1598</b>	<b>1770</b>	<b>2274</b>	<b>616</b>
<b>Expenses:</b>				
Transaction and related cost	208	227	260	60
Purchase of stock in trade	134	143	287	71
Changes in inventory of stock in trade	-25	13	-2	6
Employee Benefits	895	887	984	291
Impairment of non-current assets	8	64	9	0
Impairment losses on financial assets and contract assets	25	19	30	14
Other Expenses	347	440	487	130
<b>Total operating expenses</b>	<b>1592</b>	<b>1794</b>	<b>2056</b>	<b>571</b>
<b>EBITDA</b>	<b>5</b>	<b>-25</b>	<b>218</b>	<b>45</b>
Depreciation & amortization	315	363	292	65
<b>EBIT</b>	<b>-310</b>	<b>-388</b>	<b>-74</b>	<b>-20</b>
Finance costs	36	64	79	21
Other Income	93	55	53	37
<b>PBT before share of associate and exceptional items</b>	<b>-253</b>	<b>-398</b>	<b>-100</b>	<b>-5</b>
Share in net loss of an associate	0	0	0	0
Exceptional items	37	0	37	0
<b>PBT</b>	<b>-289</b>	<b>-398</b>	<b>-136</b>	<b>-5</b>
Current Tax	7	10	18	4
Deferred tax	-32	-66	-9	-14
Total tax	-24	-56	9	-10
<b>PAT</b>	<b>-265</b>	<b>-342</b>	<b>-145</b>	<b>5</b>
<b>Diluted EPS</b>	<b>-2.7</b>	<b>-3.5</b>	<b>-1.5</b>	<b>0.1</b>

Source: RHP, BP Equities Research

## Cash Flow Statement (Rs. in crores)

Particulars	FY23	FY24	FY25	Q1FY26
Cash Flow from/(used in) operating activities	-152	-229	50	-281
Cash flow from/(used in) investing activities	-371	45	-159	-33
Net cash flows (used in) / from financing activities	2	-220	-201	-123
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-521</b>	<b>-403</b>	<b>-311</b>	<b>-438</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,547</b>	<b>1,026</b>	<b>882</b>	<b>951</b>
<b>Cash and cash equivalents at the end of the period*</b>	<b>956</b>	<b>556</b>	<b>245</b>	<b>-193</b>

Source: RHP, BP Equities Research

\*NOTE : Cash at the end of the period includes Bank OD

## Balance Sheet (Rs. in crores)

Particulars	FY23	FY24	FY25	Q1FY26
<b>Assets</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	493	421	347	323
Capital Work in progress	213	121	47	44
Right-of-use of assets	97	106	124	117
Goodwill	1,191	1,191	1,164	1,164
Other Intangible Assets	323	202	191	174
Intangible assets under development	56	100	113	133
Investments accounted for using equity method	0	0	9	10
<b>Financial Assets</b>				
(i) Investments	18	21	21	28
(ii) Trade receivables	0	0	10	10
(iii) Other financial assets	20	54	83	87
Deferred tax Assets (Net)	111	161	158	169
Non-Current Tax Assets	191	158	190	215
Other non current assets	17	13	19	27
<b>Total Non Current assets</b>	<b>2,729</b>	<b>2,549</b>	<b>2,475</b>	<b>2,499</b>
<b>Current Assets</b>				
Inventories	40	28	30	28
<b>Financial Assets</b>				
(i) Trade Receivables	589	652	845	984
(ii) Cash and cash equivalents	1,026	882	951	586
(iii) Bank balance other than cash	4,094	4,353	5,082	5,215
(iv) Loans	1	1	1	1
(v) Others	562	816	1,078	1,350
Current tax assets	30	76	1	1
Contract assets	133	114	30	1
Other current assets	159	177	222	238
<b>Total Current Assets</b>	<b>6,634</b>	<b>7,100</b>	<b>8,241</b>	<b>8,405</b>
<b>Total Assets</b>	<b>9,363</b>	<b>9,649</b>	<b>10,716</b>	<b>10,904</b>
<b>Equity and Liabilities</b>				
Equity Share Capital	0	0	0	45
Equity share capital pending issuance	23	24	27	0
Instruments entirely equity in nature	0	0	0	58
Instruments entirely equity in nature pending issuance	75	75	75	0
Other Equity	3,640	3,443	3,403	3,463
<b>Total Equity</b>	<b>3,739</b>	<b>3,542</b>	<b>3,506</b>	<b>3,565</b>
<b>Non-Current Liabilities</b>				
<b>Financial Liabilities</b>				
(i) Borrowings	154	114	47	34
(ii) Lease Liabilities	90	100	120	116
(iii) Other financial liabilities	210	28	0	0
Deferred tax liabilities	45	30	17	15
Contract liabilities	4	5	9	11
Deferred government grants	8	14	14	10
Provisions	39	40	49	52
<b>Total Non-Current Liabilities</b>	<b>550</b>	<b>331</b>	<b>256</b>	<b>238</b>
<b>Current Liabilities</b>				
<b>Financial Liabilities</b>				
(i) Borrowings	176	419	782	855
(ii) Trade Payables	368	390	542	388
(iii) Lease Liabilities	19	21	21	20
(iv) Liabilities towards prepaid cards	3,681	4,137	4,773	4,774
(v) Other financial liabilities	722	682	689	923
Other current liabilities	45	40	50	43
Contract Liabilities	43	47	57	53
Deferred tax government grants	8	18	14	14
Provisions	11	18	24	25
Current tax liabilities (Net)	1	3	2	4
<b>Total Current Liabilities</b>	<b>5,074</b>	<b>5,775</b>	<b>6,954</b>	<b>7,100</b>
<b>Total Liabilities</b>	<b>5,624</b>	<b>6,107</b>	<b>7,210</b>	<b>7,339</b>
<b>Total Equity and Liabilities</b>	<b>9,363</b>	<b>9,649</b>	<b>10,716</b>	<b>10,904</b>

Source: RHP, BP Equities Research

**Disclaimer Appendix****Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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