

## PINE LABS LIMITED

## SUBSCRIBE

Fintech Pioneer in Merchant and Issuer Solutions

## Summary

Pine Labs Ltd is a leading merchant and financial technology company focused on digitizing commerce through a comprehensive suite of digital payment and issuing solutions for merchants, consumer brands, enterprises, and financial institutions. The company's "Digital Infrastructure and Transaction Platform" powers in-store and online payments, affordability solutions, and value-added services such as dynamic currency conversion and transaction processing. With operations spanning India and international markets such as Malaysia, UAE, Singapore, Australia, the U.S., and Africa, Pine Labs processed Rs. 11,424.97 billion in gross transaction value (GTV) across 5.68 billion transactions in FY25. As of June 30, 2025, the company served nearly 988,000 merchants, 716 consumer brands and enterprises, and 177 financial institutions. Over the years, Pine Labs has expanded organically and through acquisitions — including Qwikilver (prepaid solutions), Mosambee (SME digitization), Setu (API infrastructure), and Credit+ (card issuance and processing) — to strengthen its ecosystem and address diverse commerce workflows. At the upper price band, the stock is trading at EV/Sales and EV/EBITDA of 8.0x and 82.8x respectively, based on post-issue capital. We recommend SUBSCRIBE for long term.

## Key Investment Rationale

- **Integrated Commerce and Payment Infrastructure:** A unified digital ecosystem offering end-to-end payment, affordability, and issuing solutions for merchants, enterprises, and financial institutions across multiple geographies.
- **Diversified Growth through Strategic Acquisitions:** Acquisitions such as Qwikilver, Mosambee, Setu, and Credit+ have expanded capabilities across issuing, SME enablement, and API-driven financial infrastructure, positioning Pine Labs as a comprehensive fintech solutions provider.

<b>Issuer</b>	PINE LABS LIMITED
<b>Transaction Type</b>	Fresh Issue of 9,41,17,647 Equity shares aggregating upto Rs20,800 Mn and Offer for Sale of 8,23,48,779 Equity Shares aggregating upto Rs. 18,199 Mn
<b>Issue Open / Close</b>	07-Nov-2025 / 11-Nov-2025
<b>Type of Offering</b>	Fresh Issue and Offer for Sale
<b>Total Offer Size</b>	Rs. 38,999 Mn
<b>Price Band</b>	Rs.210-221/Sh
<b>Bid Lot</b>	67 Equity Shares and in multiples thereafter
<b>Percentage of Offer Size (Allocation)</b>	<ul style="list-style-type: none"> <li>● QIB: 75%</li> <li>● NII: 15%</li> <li>● Retail: 10%</li> </ul>
<b>Objective</b>	Repayment of certain borrowings, Investment in our Subsidiaries, namely Qwikilver Singapore, Pine Payment Solutions, Malaysia and Pine Labs UAE for expanding our presence outside India, Investment in IT assets, expenditure towards cloud infrastructure, procurement of digital check-out points and technology development initiatives,

## Share holding pattern (%)

	Pre-Issue	Post-Issue
Promoter	0%	0%
Public	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## Financial Snapshot

(Rs mn)	FY23	FY24	FY25
Revenue	15,977	17,695	22,743
<i>Change yoy, %</i>	-	11	29
EBITDA	54	(250)	2,184
<i>EBITDA Margin(%)</i>	0.3	(1.4)	9.6
Adj.PAT	(2,283)	(3,419)	(1,089)
EPS (Rs)	(2)	(3)	(1)
PE(x)	(103.3)	(69)	(216)

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## About the Company

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Pine Labs Ltd. is a leading merchant commerce and financial technology company enabling digital payments, issuing, and transaction solutions across India and select international markets. Through its integrated Digital Infrastructure and Transaction Platform, Pine Labs empowers merchants, consumer brands, enterprises, and financial institutions to digitize, simplify, and secure their commerce workflows. Its offerings span in-store and online payment acceptance, affordability and EMI solutions, value-added services such as dynamic currency conversion and rewards, and software tools for business management. The company's Issuing and Acquiring Platform enables issuance, processing, and distribution of prepaid cards, wallets, and engagement solutions across use cases such as gifting, cashback, loyalty, and employee incentives.

In Fiscal 2025, Pine Labs processed payments worth Rs. 11.42 trillion in gross transaction value (GTV) across 5.68 billion transactions, serving over 988,000 merchants, 716 consumer brands, and 177 financial institutions globally. The company has established a strong presence not only in India but also in international markets including Malaysia, UAE, Singapore, Australia, the U.S., and Africa. According to the Redseer Report, Pine Labs is the largest issuer of closed and semi-closed loop gift cards in India by transaction value and a leading enabler of digital affordability solutions at checkout points. Its diversified technology-led ecosystem positions it as a key player in powering both merchant digitization and financial institution enablement.

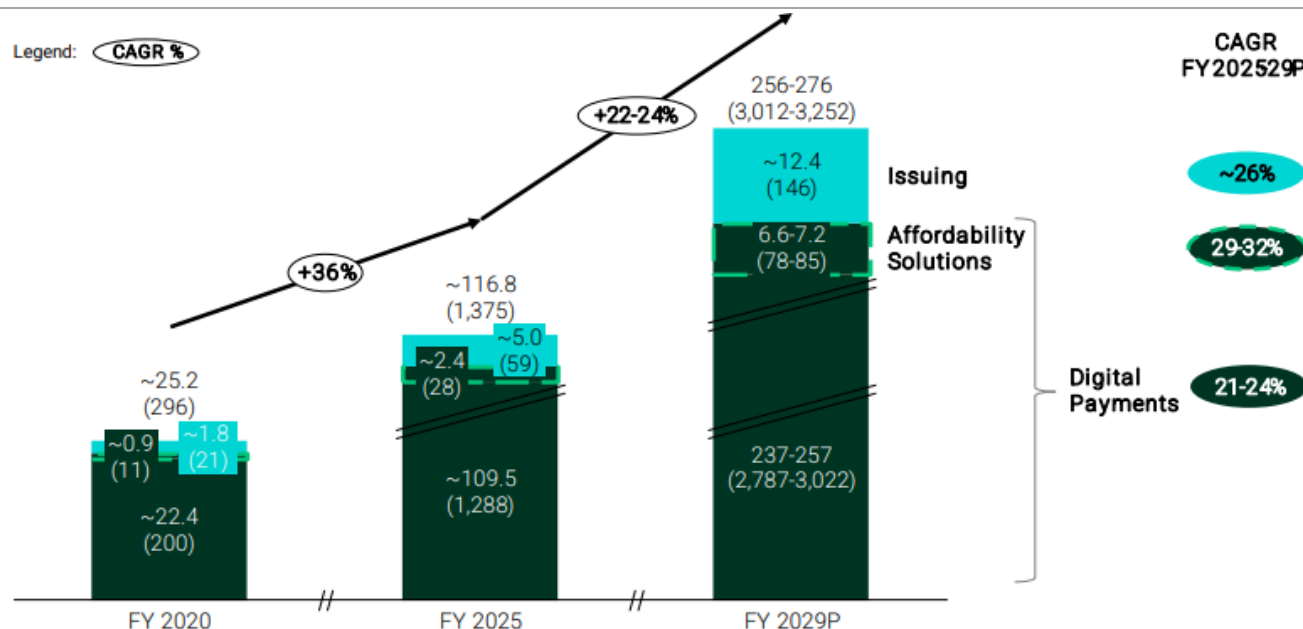
Since its inception, Pine Labs has grown organically and through strategic acquisitions to strengthen its technological capabilities and expand product depth. Key acquisitions include Qwikilver (2019) to deepen issuing solutions, Mosambee (2022) to enhance in-store and SME payment offerings, QFix (2022) to digitize merchant workflows, Setu (2022) to expand API-led digital public infrastructure capabilities, and Credit+ (2023) to strengthen full-stack issuing and acquiring solutions for financial institutions. Together, these initiatives reflect Pine Labs' evolution from a point-of-sale (POS) provider to a comprehensive fintech infrastructure platform, supporting the full spectrum of digital commerce and payment innovation.

## Industry Overview

### ■ The India Opportunity

The total market opportunity in terms of total payment value (TPV) for Pine Labs in India ~Rs. 116.8 trillion (US\$1.4 trillion) in FY 2025, having grown at a CAGR of 36% from ~Rs. 25.2 trillion (US\$296 billion) in FY 2020. It is projected to grow further to Rs. 256-276 trillion (US\$3.0-3.3 trillion) by FY 2029 at a CAGR of 22-24% with increasing penetration of affordability solutions and cards usage as the digital payment ecosystem across in-store and online matures.

**Exhibit 1: Total Market Size (TPV) – by segments (In Rs. trillion (US\$ billion), FY 2020, FY 2025, FY 2029P)**



Source(s): Redseer Research and Analysis; Note(s): 1. Digital Payments includes affordability solutions

India's payments have evolved from cash-heavy transactions to AI-driven digital ecosystems. A decade ago, the initial shift saw POS terminals and credit cards replacing cash, driven by transaction banking and in-store innovations. Subsequently, about five years ago this was followed by a surge in digital wallets, UPI,

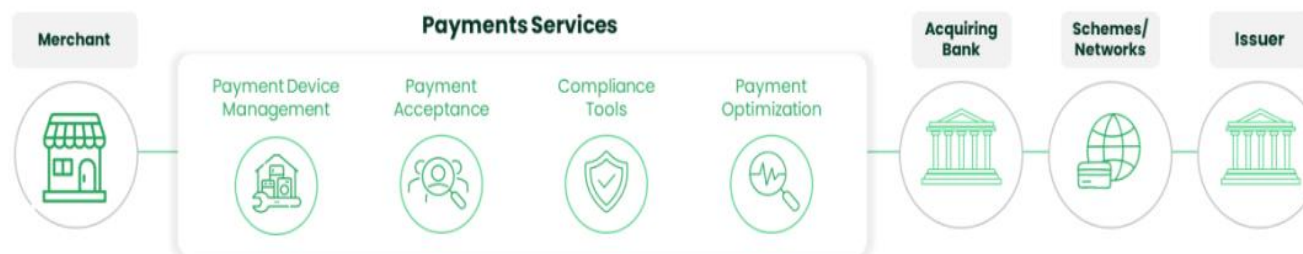
and QR code adoption, fueled by fintech platforms and online commerce. Now, the focus is on AI, data-driven personalization and insights, and fintech infrastructure, moving beyond hardware dependency to create seamless and intelligent payment experiences through embedded journeys.

■ **Peer to Merchant (“P2M”) Digital Payments**

The P2M payments in India have experienced rapid growth, expanding from ~Rs. 23.4 trillion (US\$275 billion) transaction value in FY 2020 to ~Rs. 111.8 trillion (US\$1.3 trillion) in FY 2025 at a CAGR of approximately 37%. The transaction value is further projected to reach Rs. 244-264 trillion (US\$2.9-3.1 trillion) by FY 2029 at a CAGR of 21-24% from FY 2025.

45% of all private consumption transactions were conducted digitally (non-cash) in FY 2025. Digital payments are made through various methods, including credit cards, debit cards, UPI, prepaid cards, and netbanking. Merchants enable these payments through DCPs, soundboxes and QR stickers, and online payment gateways and aggregators. In-store P2M is ~Rs. 58.0 trillion (US\$683 billion) in FY 2025, growing at 42% CAGR from FY 2020. The in-store payments are expected to reach Rs. 120- 131 trillion (US\$1,415-1,536 billion) by FY 2029, growing 20-22% annually. Online P2M is ~Rs. 53.8 trillion (US\$633 billion) in FY2025, growing at 32% CAGR from FY 2020 and is expected to reach Rs. 123-134 trillion (US\$1,451-1,571 billion) by FY 2029, growing 23-25% annually. These digital payment methods have reduced the reliance on cash, which has consequently dropped from 81% of all P2M payments in FY 2020 to 55% in FY 2025 and is further expected to drop to 19-21% by FY 2029.

**Exhibit 2: India Digital Merchant Payment Ecosystem**



Source: : Redseer Research and Analysis

## ■ India In-store Digital Payments

In-store digital payments encompass a range of solutions, including DCPs, QR stickers, and soundboxes. While DCPs offer multiple payment solutions and monetization opportunities through transaction fees and value-added services, including software, service and hardware led revenue, bolstered by unified payments soundbox has a single payment solution along with monetization opportunity through transaction fees. QR code stickers on the other hand lack opportunity for monetization. Additionally, merchants also demand more services with new form factors for UPI, including a shift away from paper-based QR code stickers. This report focuses on the role of DCPs in driving the adoption and growth of digital transactions.

### **DCP-based TPV in India have grown at a CAGR of ~18% over the last 5 years, led by the digitization of merchants**

As India's digital economy expands, the role of DCPs has become increasingly pivotal in facilitating cashless transactions across various segments of the market which are currently used by ~10% of all merchants in India. The number of DCPs has grown at a rapid pace, rising from 4.4 million in FY 2020 to 11.1 million in FY 2025, with projections indicating continued growth to 20-21 million by FY 2029 as highlighted in Figure 6 below. The payment value processed through DCPs is expected to reach Rs. 48-52 trillion (US\$565-613 billion) by FY 2029, growing at 21-24% CAGR from ~Rs. 22.2 trillion (US\$262 billion) in FY2025. As of FY 2025, among in-store payments, Pine Labs is a prominent player in terms of number of TPV processed.

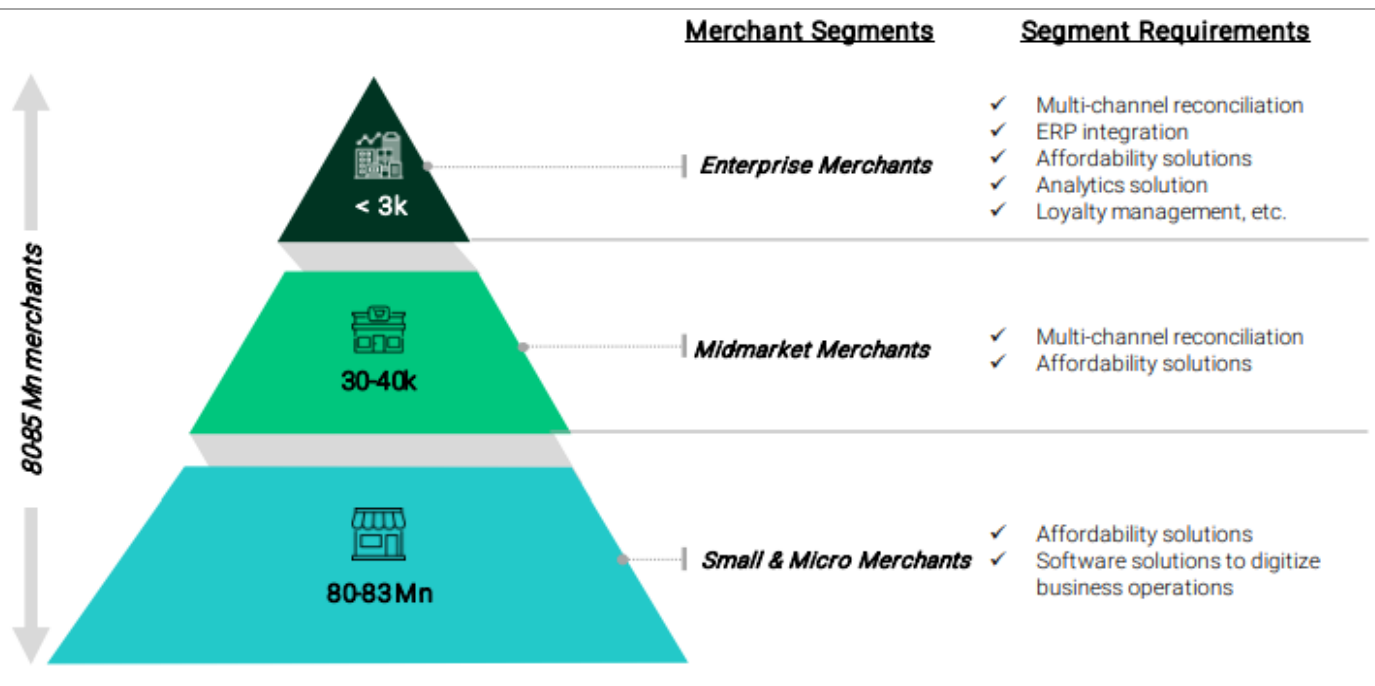
### **India's merchant ecosystem exhibits varying levels of DCP adoption and presents significant opportunities for growth across segments.**

India's merchant ecosystem, segmented into large enterprises, mid-market businesses, MSMEs, and smaller merchants, demonstrates diverse needs and varying levels of adoption for DCP solutions, reflecting their operational scale and complexity.

- **Large Enterprises** form the smallest segment with fewer than 3000 enterprises in India with a typically high contribution to overall retail in the country. With close to 100% adoption of DCP systems, these enterprise merchants are digitally savvy and require robust systems like multi-location management, ERP integration, affordability for consumers, advanced analytics, and loyalty solutions to streamline operations and enhance customer engagement. Their adoption of DCP based solutions is driven by operational complexity and a focus on scaling through store expansions and growing consumer demand.

- **Mid-Market Businesses** are moderately digitized and prioritize features like reconciliation tools, and affordability focused solutions for consumers to optimize financial operations and manage growth. Their adoption continues to increase as they expand their footprint and respond to rising consumer expectations.
- **Small and Micro Merchants**, forming the largest segment, are at an early stage of their digitization journey. They seek affordable payment solutions to transition from cash to digital payments. In addition, they seek simple business software solutions to digitize their stores.

**Exhibit 3: Merchant Segments – by number of merchants and needs (In #, FY 2025)**

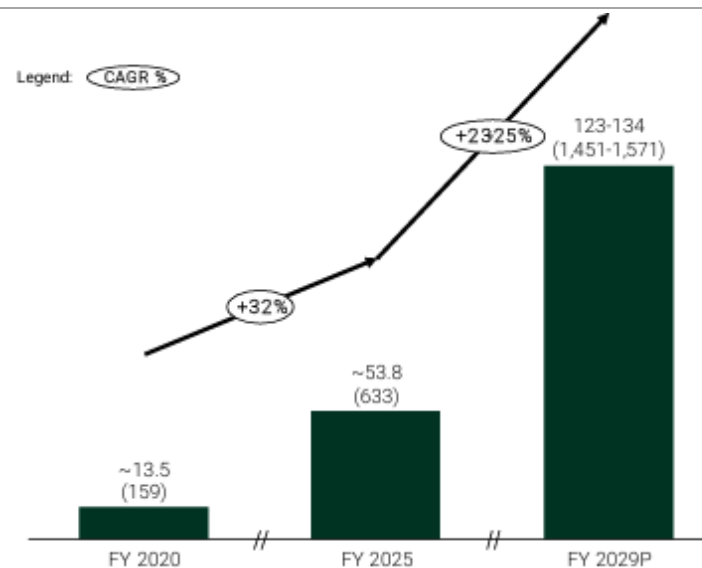


Source: : Redseer Research and Analysis

### ■ Online payments

The transaction value processed in India has shown a strong upward trajectory, rising from ~Rs. 13.5 trillion (US\$159 billion) in FY 2020 to an estimated ~Rs. 53.8 trillion (US\$633 billion) by FY 2025, representing a CAGR of ~32%, driven by online payments in sectors such as e-commerce, recharge and bill payments, online insurance premiums, wealth management fund transfers, online loan repayments, education payments, online travel and accommodation, food services, and mobility. This growth is expected to continue to increase with projections indicating the transaction value to reach Rs. 123-134 trillion (US\$1,451-1,571 billion) by FY 2029, driven by a CAGR of 23-25% from FY 2025 onwards.

**Exhibit 4: Online payments TPV (In Rs. trillions (US\$ billion), FY 2020, FY 2025, FY 2029P)**



Source: RBI, Redseer research and analysis

Online payment service providers are adapting to the retail industry's shift toward omnichannel models, offering seamless payment solutions across physical, digital, and mobile touchpoints. Providers with strong offline presence are leveraging their infrastructure to scale into online channels, ensuring consistent and frictionless consumer experiences.

## Key Strengths

### ■ Dependence on Ecosystem Synergies and Network Effects

Pine Labs Ltd. directly engages and connects multiple distinct constituents in its ecosystem including merchants, consumer brands and enterprises, financial institutions, consumers, and an increasing number of growing partners including business software application providers. As the density of its ecosystem grows, with more participants and interactions across each of these categories, the platform, as a whole, improves. Each transaction brings more payments volumes that creates more data for improved processes and solutions. Each additional partner improves the company's ecosystem by enabling a smoother and "one-stop" commerce experience which in turn attracts more merchants, consumers and additional partners, hence creating and reinforcing network effects in its ecosystem. The ecosystem enables Pine Labs Ltd. to have monetization opportunities with multiple participants across merchants, consumer brands and enterprises and financial institutions. The ecosystem has witnessed consistent densification since Fiscal Year 2022 with increasing number of merchants, consumer brands and enterprises, and financial institutions.

### ■ Platform with proven scale and growth in operating profitability

Pine Labs Ltd. provides a wide suite of services within its Digital Infrastructure and Transaction Platform and Issuing and Acquiring Platform. According to the Redseer Report, in India, its core market, the company was the largest player in closed and semi-closed loop gift card issuances by transaction value in Fiscal Year 2025. It was also the largest digital affordability solution enabler at DCPs in terms of total processed value, among the top five in-store digital platforms, and a prominent Bharat Connect transactions processing solutions provider in Fiscal Year 2025, according to the Redseer Report.

In Fiscal Year 2025, Pine Labs Ltd. processed Rs. 11,424.97 billion in GTV and 5.68 billion transactions through its platform. As of June 30, 2025, it had 988,304 merchants, 716 consumer brands and enterprises, and 177 financial institutions who use its platform to transact quickly and securely and manage their businesses as they grow.

Its revenue from operations was Rs. 6,159.10 million, Rs. 5,224.19 million, Rs. 22,742.74 million, Rs. 17,695.46 million and Rs. 15,976.58 million in the three months periods ended June 30, 2025 and June 30, 2024 and in Fiscal Years 2025, 2024 and 2023, respectively. Its profit/(loss) for the period/year was Rs. 47.86 million, Rs. (278.89) million, Rs. (1,454.87) million, Rs. (3,419.03) million and Rs. (2,651.45)

million in the three months period ended June 30, 2025, and June 30, 2024 and in Fiscal Years 2025, 2024 and 2023, respectively. Its loss after tax margin in Fiscal Year 2025 was (6.40%). Its Contribution Margin and Adjusted EBITDA in Fiscal Year 2025 was Rs. 17,288.83 million and Rs. 3,567.16 million, respectively, representing a Contribution Margin as a percentage of revenue from operations and Adjusted EBITDA Margin of 76.02% and 15.68%, respectively.

The rate of growth was 28.52%. From Fiscal Year 2023 to Fiscal Year 2024, Pine Labs Ltd.'s revenue from operations grew from Rs. 15,976.58 million to Rs. 17,695.46 million at a growth rate of 10.76%. Its profit/(loss) after tax margin decreased from (16.60%) in Fiscal Year 2023 to (6.40%) in Fiscal Year 2025. Its Contribution Margin increased to Rs. 17,288.83 million in Fiscal Year 2025 from Rs. 12,810.37 million in Fiscal Year 2023, its loss for the period decreased from Rs. (2,651.45) million in Fiscal Year 2023 to Rs. (1,454.87) million in Fiscal Year 2025 and its Adjusted EBITDA Margin was 12.32% and 15.68% in Fiscal Year 2023 and Fiscal Year 2025, respectively.

#### ■ **Ability to Consistently Innovate New Solutions and Features**

Pine Labs Ltd. has successfully introduced a wide suite of commerce solutions through innovations and opportunistic inorganic acquisitions. Its ability to consistently innovate and launch new solutions and features is driven by its deep understanding of ecosystem partner needs and its purpose-built technology stack. The company started its journey by developing Plutus, a cloud-based payments offering, to simplify in-store check-out by integrating multiple acquirers and payment methods on a single technology platform. Its platform facilitates payments by integrating with merchant software. Pine Labs Ltd. expanded its capabilities by adding its Affordability Solutions and prepaid distribution business aimed to improve affordability for consumers, increase volumes for credit partners, and help consumer brands and enterprises grow. It launched its proprietary online payments offering in October 2021, to provide merchants with an omni-channel payment suite post COVID-led lockdowns. These innovations have been powered by its technology stack which enables it to drive API integration, offer robust security, modular architecture, and substantial transaction processing capacity for all constituents in its ecosystem. The company has also complemented its new solutions and features with key acquisitions such as Qwikilver (now known as Pine Labs Prepaid), Mosambee, Qfix, Setu and Credit+.

**Exhibit 5: Key Management**

Management	Designation
Mr. B. Amrish Rau	Chairperson, Managing Director and CEO
Mr. Kush Mehra	Executive Director, President and Chief Business Officer
Mr. Sameer Vasudev Kamath	Chief Financial Officer
Mr. Neerav Mehta	Company Secretary and Compliance Officer

*Source: RHP*

## Risks

- **Risk of Continued Losses:** Pine Labs Ltd. has invested heavily in the growth of its business, including, among others, (i) creating and scaling its ecosystem of merchants, consumer brands and enterprises, financial institutions, and other partners such as business software providers, (ii) pursuing acquisitions and investments to strengthen its competitive position, acquire products and technologies, and enhance its capabilities, including Qwikilver, Mosambee, QFix, Setu and Credit+, (iii) developing and enhancing its technology, (iv) enhancing the reach of its solutions in international markets, (v) recruiting and retaining talent, and (vi) capital expenditure for investing in its network of digital check-out points. As a result, the company recorded net losses in the three months period ended June 30, 2024 and Fiscal Years 2025, 2024 and 2023.
- **Customer Concentration Risk:** While Pine Labs Ltd.'s top 10 customers do not account for more than 50% of its revenue from operations individually or in aggregate in its most recent Fiscal Year and period, the relative concentration of its business and transaction volume with a small number of customers renders it vulnerable to any decisions by these entities to terminate or reduce their business engagements with the company, and no assurance can be provided that it will be able to maintain historic levels of business with these key customers. The company's agreements with its top customers are generally non-exclusive and allow the customer to terminate with advanced notice. While Pine Labs Ltd. has not faced any material instances of inability to maintain its relationship with key customers in the three months periods ended June 30, 2025 and June 30, 2024 and Fiscal Years 2025, 2024 and 2023, any failure by the company to maintain its relationship with these top customers could have an adverse effect on its business, financial condition and results of operations.
- **Cybersecurity and Data Breach Risk:**

Pine Labs Ltd.'s reliance on digital technologies and automation exposes it to potential cyberattacks and security breaches, including social engineering, denial of service, ransomware, and employee malfeasance. Although the company has implemented data access controls and has not experienced material breaches in the three months ended June 30, 2025 and June 30, 2024, or Fiscal Years 2025, 2024, and 2023, it cannot guarantee immunity from future incidents.

The company routinely processes sensitive personal and financial data, including PII, payment credentials, and merchant information. Any unauthorized access or breach could result in data theft, legal liabilities, reputational damage, and loss of customer trust. Risks are further heightened by potential flaws in internal systems, employee misconduct, and the growing volume of consumer data.

Additionally, Pine Labs Ltd. engages third-party service providers who may access customer data. The company's limited oversight over these entities' security practices increases vulnerability to external breaches, even if its own systems remain uncompromised. Broader industry incidents, including those affecting competitors, may also erode consumer confidence in digital payments, indirectly impacting the company's reputation and demand for its solutions.

## Financial Summary

### Profit & Loss Account

(Rs mn)

Year-end: March	FY23	FY24	FY25
<b>Net sales</b>	<b>15,977</b>	<b>17,695</b>	<b>22,743</b>
<i>Change (yoy,%)</i>		11	29
Operating expenses	(15,923)	(17,945)	(20,558)
<b>EBITDA</b>	<b>54</b>	<b>(250)</b>	<b>2,184</b>
<i>Change (yoy,%)</i>		(566)	(975)
<i>Margin (%)</i>	0.3	(1.4)	9.6
Depreciation	(3,150)	(3,628)	(2,921)
<b>EBIT</b>	<b>(3,097)</b>	<b>(3,877)</b>	<b>(737)</b>
Interest paid	(357)	(645)	(790)
Other income	928	546	528
<b>Pre-tax profit</b>	<b>(2,158)</b>	<b>(3,976)</b>	<b>(632)</b>
Tax	243	557	(91)
Effective tax rate (%)	11.3	14.0	(14.4)
Minority Interest	-	-	-
<b>Net profit</b>	<b>(1,915)</b>	<b>(3,419)</b>	<b>(723)</b>
Exceptional items	368	-	366
<b>Adjusted net profit</b>	<b>(2,283)</b>	<b>(3,419)</b>	<b>(1,089)</b>
<i>Change (yoy,%)</i>		50	(68)
EPS	(2.1)	(3.2)	(1.0)

<b>Balance Sheet</b>		(Rs mn)		
Year-end: March	FY23	FY24	FY25	
<b>Shareholders' funds</b>	<b>37,390</b>	<b>35,419</b>	<b>35,062</b>	
Share capital	988	992	1,027	
Reserves & surplus	36,402	34,427	34,035	
<b>Total Debt</b>	<b>1,540</b>	<b>1,136</b>	<b>472</b>	
Other liabilities	3,963	2,179	2,086	
<b>Curr Liab &amp; prov</b>	<b>50,739</b>	<b>57,751</b>	<b>69,539</b>	
Current liabilities	50,626	57,571	69,301	
Provisions	113	180	237	
<b>Total liabilities</b>	<b>56,242</b>	<b>61,066</b>	<b>72,096</b>	
<b>Total equity &amp; liabilities</b>	<b>93,632</b>	<b>96,486</b>	<b>1,07,157</b>	
Net fixed assets	23,726	21,416	19,852	
Investments	375	751	1,232	
Other non-curr assets	3,187	3,322	3,662	
<b>Current assets</b>	<b>66,344</b>	<b>70,996</b>	<b>82,411</b>	
Inventories	399	280	301	
Sundry Debtors	5,894	6,520	8,449	
Cash & Liquid	51,201	52,349	60,331	
Other Curr Assets	8,850	11,847	13,330	
<b>Total assets</b>	<b>93,632</b>	<b>96,486</b>	<b>1,07,157</b>	

**Cash Flow Statement**

(Rs mn)

Year-end: March	FY23	FY24	FY25
Pre-tax profit	(2,895)	(3,976)	(1,637)
Depreciation	3,150	3,628	2,921
Tax paid	(849)	(115)	382
Chg in working capital	1,843	(3,930)	(3,310)
Other operating activities	(2,773)	2,103	2,141
<b>Cash flow from operations (a)</b>	<b>(1,524)</b>	<b>(2,290)</b>	<b>497</b>
Capital expenditure	(3,643)	(2,570)	(1,485)
Chg in investments	2,888	2,256	(8,171)
Other investing activities	(2,953)	764	8,064
<b>Cash flow from investing (b)</b>	<b>(3,708)</b>	<b>450</b>	<b>(1,592)</b>
Equity raised/(repaid)	25	16	156
Debt raised/(repaid)	864	(723)	(1,047)
Dividend (incl. tax)	-	-	-
Chg in minorities	-	-	-
Other financing activities	(866)	(1,487)	(1,120)
<b>Cash flow from financing (c)</b>	<b>23</b>	<b>(2,195)</b>	<b>(2,011)</b>
<b>Net chg in cash (a+b+c)</b>	<b>(5,209)</b>	<b>(4,035)</b>	<b>(3,105)</b>

### Financial Ratios

Year-end: March	FY23	FY24	FY25
Book Value (Rs)	35	33	33
Adj EPS (Rs)	-2.1	-3.2	-1.0
Adj EPS growth (%)		50	-68
EBITDA margin (%)	0.3	-1.4	9.6
Pre-tax margin (%)	-13.5	-22.5	-2.8
Net Debt/Equity (x)	-1.3	-1.4	-1.7
ROCE (%)	-14	-9	-2
ROE (%)	-12	-9	-3
<b>DuPont Analysis</b>			
Asset turnover (x)	0.3	0.2	0.2
Leverage factor (x)	2.5	2.6	2.9
Net margin (%)	-14.3	-19.3	-4.8
<b>Working Capital &amp; Liquidity ratio</b>			
Inventory days	9	6	5
Receivable days	135	134	136
Payable days	125	165	235

Source: RHP, IDBI Capital Research

Dealing

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**Key to Ratings Stocks:****BUY:** 15%+; **HOLD:** -5% to 15%; **SELL:** -5% and below.**IDBI Capital Markets & Securities Ltd.****Equity Research Desk**

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