

Retail Research	IPO Note
Sector: BFSI – Fintech	Price Band (Rs): 210 – 221
4th November 2025	Recommendation: SUBSCRIBE for Long-Term Investment Horizon

Pine Labs Limited

Company Overview:

Pine Labs Ltd. (Pine Labs) is a technology-led company focused on digitising commerce through digital payments and issuing solutions for merchants, consumer brands, enterprises, and financial institutions. Its offerings enable multiple workflows for merchants, including digital payments, smooth integration with billing systems, rewards and loyalty programme management, affordability options for end consumers, value-added services such as dynamic currency conversion, and digitizing their stores through business software applications. As of Jun'25, Pine Labs operated through a network of 9.8 lakh merchants, 716 consumer brands & enterprises and 177 financial institutions in India, Malaysia, Singapore, UAE, Australia, USA and Africa.

Key Highlights:

1. Product Offerings: The company primarily operates through **a) Digital infrastructure & Transaction Platform**, which comprises in-store and online payment infrastructure, affordability, value-added services, and fintech infrastructure solutions and software applications, and **b) Issuing and Acquiring Platform**, which comprises issuing, processing and distribution of prepaid solutions and engagement solutions, along with unified issuing and acquirer processing platforms.

2. Deep partnerships with marquee customers: As of Jun'25, Pine Labs served an ecosystem spanning across merchants in key verticals such as department stores & retailers, supermarkets, e-commerce, restaurants, grocery, lifestyle, consumer electronics, healthcare, travel and hospitality as well as financial institutions and banks, financial technology companies, and new-age technology companies. The company through its comprehensive suite of offerings has developed deep partnerships with marquee names such as Croma, HDFC Bank, LG Electronics, Trent, HPCL, Apollo Pharmacy, etc, with some of these relationships spanning over a decade.

3. Full stack, cloud-based flexible and scalable technology platform: The company's technology stack is purpose-built to support the scale, speed and security required in digital commerce and leverages a cloud-native infrastructure that facilitates high availability and elastic scalability, enabling the platform to handle substantial transaction volumes. Further, the API-first design promotes rapid integration, interoperability, and ease of customization, making it simple for the ecosystem partners to adopt and build upon, while its modular architecture allows for agile deployment of new features and services, while maintaining operational resilience.

Valuation: At the upper price band, the stock is trading at EV/Sales, EV/EBITDA and EV/Adj EBITDA multiple of 8.0x, 82.8x and 50.7x, respectively, based on post-issue capital. Pine Labs is a Fintech company operating through a network of 9.8 lakh merchants, 716 consumer brands & enterprises and 177 financial institutions in India, Malaysia, Singapore, UAE, Australia, USA and Africa as of Jun'25. The company has built long-lasting relationships with marquee clients like HDFC Bank, Croma, LG Electronics, etc and is ready to capitalize on the ~Rs 276 trillion market opportunity by FY29P. Between FY23-FY25, it has delivered a healthy Revenue/EBITDA CAGR of 19.3%/538.6% respectively. Furthermore, the company plans to repay debt of Rs 532 crore through the proceeds from the IPO. The company's operations have witnessed a turnaround with robust growth in EBITDA and adj EBITDA during the FY23-FY25 period. On the back of a robust business model, going forward, we believe the company is well placed to deliver profitable growth and hence, we recommend investors to SUBSCRIBE to the issue with long-term investment horizon.

Issue Details	
Date of Opening	07 th November 2025
Date of Closing	11 th November 2025
Price Band (Rs)	210 – 221
Issue Size (Rs cr)	3,900 @ upper price band
Fresh Issue (Rs cr)	2,080
Offer for Sale (shares)	8,23,48,779
No. of shares (@ upper band)	17,64,66,426
Face Value (Rs)	1.0
Post Issue Market Cap (Rs cr)	24,217 – 25,377
BRLMs	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.
Registrar	KFin Technologies Ltd
Bid Lot	67 shares and in multiples thereof
QIB shares	75%
Retail shares	10%
NIB shares	15%

Objects of Issue	
Particulars	Estimated utilization from net proceeds (Rs cr)
Re-payment/pre-payment of certain borrowings availed by the company.	532.0
Investment in Qwikilver Singapore, Pine Payment Solutions, Malaysia and Pine Labs UAE for expanding presence.	60.0
Investment in IT assets and expenditure towards cloud infrastructure.	230.0
Expenditure towards procurement of Digital Checkout Points (DCPs).	430.0
Expenditure towards technology development initiatives.	100.0
Funding inorganic growth through unidentified acquisitions and general corporate purposes*	-
Net proceeds from the issue	2,080.0

*To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The cumulative amount to be utilised for funding inorganic growth through unidentified acquisitions and general corporate purposes shall not exceed 35% of the Gross Proceeds.

Shareholding Pattern		
Pre-Issue	No. of Shares	%
Promoter & Promoter Group	-	-
Public & Others	1,05,41,46,853	100.0
Total	1,05,41,46,853	100.0

Post Issue @ Upper Price Band		
	No. of Shares	%
Promoter & Promoter Group	-	-
Public & Others	1,14,82,64,500	100.0
Total	1,14,82,64,500	100.0

Source: RHP, SSL Research

Key Shareholders Selling through OFS

Key Selling shareholders through OFS	Classification	Number of shares
Peak XV Partners Pine Investment Holdings	Public	2,30,02,308
Actis Pine Labs Investment Holdings Limited	Public	88,08,097
Macritchie Investments Pte. Ltd.	Public	87,47,787
PayPal Pte. Ltd.	Public	67,86,963
Mastercard Asia/Pacific Pte. Ltd.	Public	59,25,004
Invesco Developing Markets Fund	Public	32,12,971
Madison India Opportunities IV	Public	30,18,784
Lone Cascade, L.P.	Public	24,13,491
Lokvir Kapoor	Public	22,21,277
Sofina Ventures S.A.	Public	19,98,359
Others	Public	1,62,13,738
Total		8,23,48,779

Source: RHP, SSL Research

Key Financials

Particulars (Rs cr)	FY23	FY24	FY25	1QFY26
Revenue from operations	1,598	1,770	2,274	616
EBITDA	5	(25)	218	45
Adj. EBITDA #	197	158	357	121
Adj. PAT	(228)	(342)	(109)	5
EBITDA Margin (%)	0.3	(1.4)	9.6	7.3
Adj. EBITDA Margin (%)	12.3	8.9	15.7	19.6
Adj. PAT Margin (%)	(14.3)	(19.3)	(4.8)	0.8
RoE (%)	(6.1)	(9.7)	(3.1)	-
RoCE (%)	(5.3)	(8.2)	(0.5)	-
P/Sales (x)*	15.9	14.3	11.2	-
EV/EBITDA (x)*	3,455.2	-	82.8	-

Source: RHP, SSL Research

*Note: P/Sales (x) and EV/Sales based on upper price band

Adjusted EBITDA: Adjusted EBITDA which is calculated as EBITDA less (i) other income; plus (ii) impairment of non-current assets; plus (iii) exceptional items; plus (iv) employee share based payment expense; plus (v) foreign exchange loss (net); plus (vi) liabilities and provisions no longer required written back; plus (vii) legal and professional expense relating to fund raising, acquisition and restructuring; plus (viii) employment incentive linked to acquisitions less (ix) Liability written back on settlement of purchase consideration payable. Adjusted EBITDA does not include certain components of other income, namely interest income under the effective interest method on financial assets carried at amortized cost on bank deposits, interest income under the effective interest method on financial assets carried at amortized cost on security deposits, interest income under the effective interest method on financial assets carried at amortized cost on finance lease, interest on income tax refunds, gain on sale of property, plant and equipment, Liability written back on settlement of purchase consideration payable, net gain on lease termination, net gain arising on financial assets mandatorily measured at FVTPL on fair valuation income on derivative call option, gain on sale of mutual funds and fair valuation gain of mutual funds and miscellaneous income.

Risk Factors

- **Customer concentration risk:** The company's success depends on its ability to retain and grow a diversified customer base, comprising merchants, consumer brands & enterprises and financial institution partners on the platform. Pine Labs' agreements with top customers are generally non-exclusive and allow the customer to terminate with advanced notice. Thus, any inability to maintain relationships with customers may have an adverse impact on the company's performance.
- **Regulatory risk:** The company's operations are subject to regulation, oversight and inspection by the Reserve Bank of India and RBI Information Technology Pvt Ltd. Any adverse observations, proceedings or notices from the RBI or ReBIT may have an adverse impact on the company's performance.
- **Competitive environment:** Pine Labs operates in a highly competitive industry and any inability to compete effectively or cost efficiently manner may have an adverse impact on the company's performance.

Growth Strategies

- Scale-up adoption of offerings while increasing the suite of products.
- Broaden and deepen the partnership ecosystem.
- Invest in the technology platform.
- Enter new international markets and expand presence within existing international markets.
- Continue to pursue strategic acquisitions and investments.

Revenue Model

Pine Labs earns revenue through multiple monetization models and from each constituent in their ecosystem, enabling self-reinforcing network effects, at scale.

The company earns revenue through the following:

- **In-Store Payments:** Primarily from merchants and acquiring banks that pay them subscription fees that are charged based on the number of Digital check-out points (DCPs) used. In the case of online payments, it earns a fee from each merchant that is calculated based on the value of transactions that are processed on their platform.
- **Affordability, VAS and transaction processing:** It earns processing fees from merchants, consumer brands and enterprises and financial institutions, which are linked to Gross Transaction Value (GTV) processed on their platform.
- **FinTech Infrastructure:** It earns revenue through transaction-based fees from financial institutions based on the number of transactions they process across bill payments.
- **Issuing and Acquiring Platform:** Primarily earn processing fees based on GTV processed or distributed through their platform.

Revenue Mix

Particulars	FY23		FY24		FY25		1QFY26	
	Rs cr	as a % of Total Revenue	Rs cr	as a % of Total Revenue	Rs cr	as a % of Total Revenue	Rs cr	as a % of Total Revenue
Digital Infrastructure and Transaction Platform	1,152.4	72.1	1,276.4	72.1	1,603.2	70.5	434.4	70.5
Issuing and Acquiring Platform	445.3	27.9	493.1	27.9	671.0	29.5	181.5	29.5
Total Revenue	1,597.7	100.0	1,769.5	100.0	2,274.3	100.0	615.9	100.0

Source: RHP, SSL Research

Platform Gross Transaction Value (GTV) Mix

Particulars	FY23		FY24		FY25		1QFY26	
	Rs bn	as a % of Total Platform GTV	Rs bn	as a % of Total Platform GTV	Rs bn	as a % of Total Platform GTV	Rs bn	as a % of Total Platform GTV
Digital Infrastructure and Transaction Platform	4,063.4	92.4	5,704.7	322.4	10,909.8	479.7	3,916.7	635.9
Issuing and Acquiring Platform	333.9	7.6	379.6	21.5	515.2	22.7	139.6	22.7
Total Platform GTV	4,397.3	100.0	6,084.4	343.8	11,425.0	502.4	4,056.2	658.6

Source: RHP, SSL Research

Contribution Margin Mix

Particulars	FY23		FY24		FY25		1QFY26	
	Rs cr	Contribution Margin as a % of Revenue	Rs cr	Contribution Margin as a % of Revenue	Rs cr	Contribution Margin as a % of Revenue	Rs cr	Contribution Margin as a % of Revenue
Digital Infrastructure and Transaction Platform	929.7	80.7	1,041.8	81.6	1,326.5	82.7	366.5	84.4
Issuing and Acquiring Platform	351.3	78.9	343.6	69.7	402.4	60.0	113.3	62.4
Total	1,281.0	80.2	1,385.4	78.3	1,728.9	76.0	479.8	77.9

Source: RHP, SSL Research

Contribution Margin (%) is Contribution Margin divided by Total Revenue

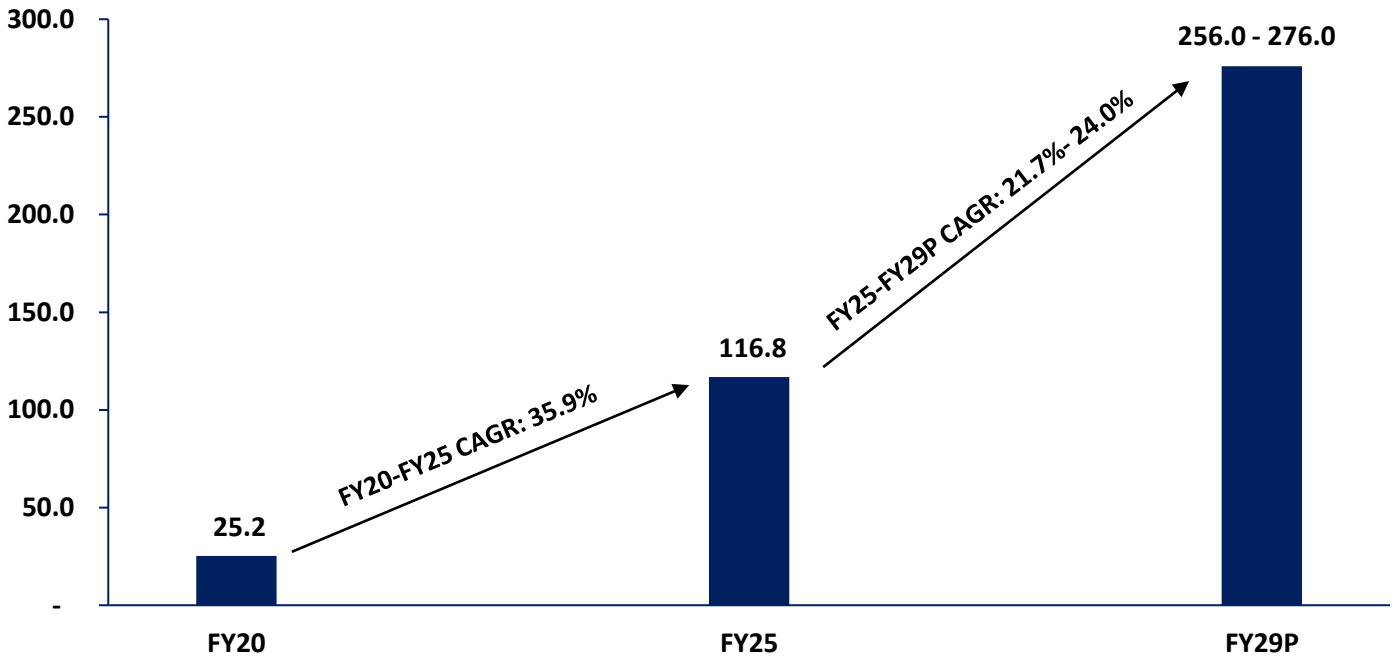
Other KPIs

Particulars	FY23	FY24	FY25	1QFY26
Number of Transactions (billions)	2.6	3.4	5.7	1.8
Fintech Infrastructure Transactions (billions)	0.1	0.3	0.7	0.3
Digital check-out points (millions)	1.2	1.4	1.8	1.8
Number of Merchants (thousands)	530.3	644.5	954.4	988.3
Prepaid Cards Issued (millions)	495.2	529.0	713.0	225.0

Source: RHP, SSL Research

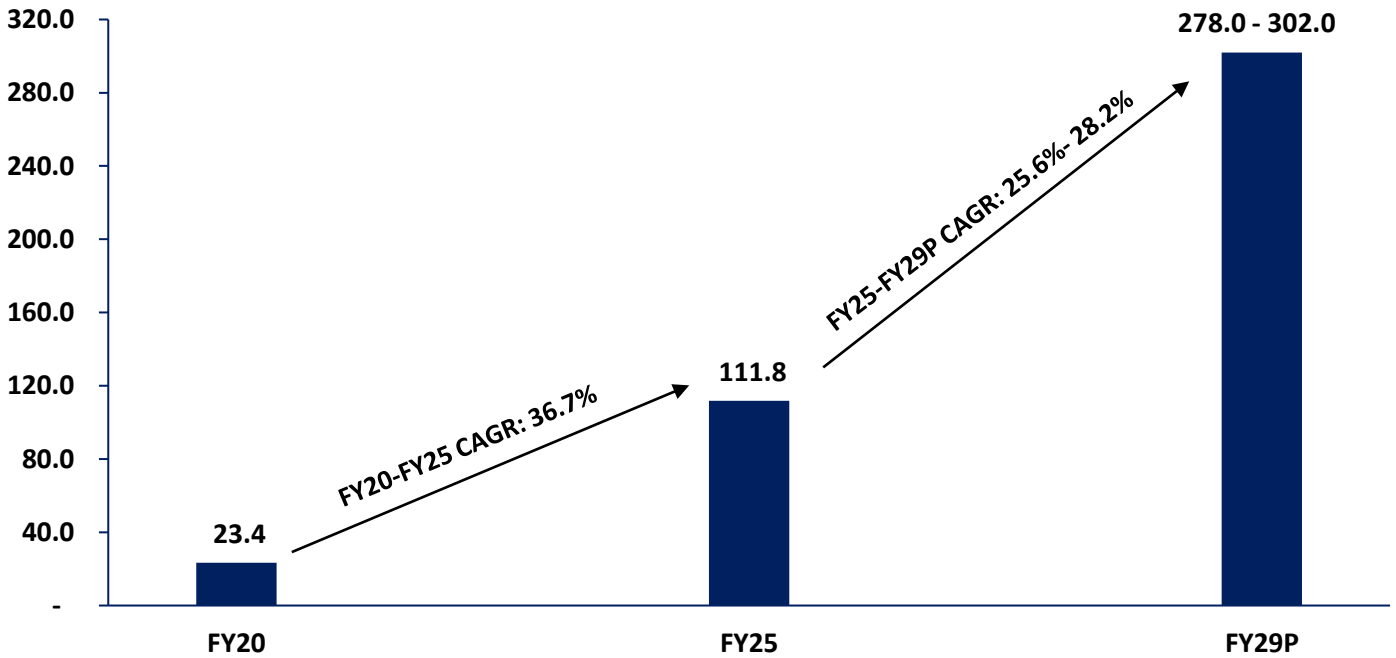
Industry Overview

Indian Total Payment Value Market (Rs trillion)



Source: RHP, SSL Research

Indian Digital Peer to Merchant (P2M) Total Payment Value (Rs trillion)



Source: RHP, SSL Research

Financial Snapshot

INCOME STATEMENT				
Particulars (Rs cr)	FY23	FY24	FY25	1QFY26
Revenue from Operations	1,598	1,770	2,274	616
YoY growth	-	10.8%	28.5%	-
Cost Of Revenues (incl. Stock Adj.)	317	384	545	136
Gross Profit	1,281	1,385	1,729	480
Gross margin	80.2%	78.3%	76.0%	77.9%
Employee Cost	895	887	984	291
Other Operating Expenses	380	523	526	144
EBITDA	5	(25)	218	45
EBITDA margin	0.3%	(1.4%)	9.6%	7.3%
Adj. EBITDA	197	158	357	121
Adj. EBITDA margin	12.3%	8.9%	15.7%	19.6%
Other Income	93	55	53	37
Interest Exp.	36	64	79	21
Depreciation	315	363	292	65
PBT	(253)	(398)	(100)	(5)
Exceptional item	(37)	-	(37)	-
Tax	(24)	(56)	9	(10)
Adj. Reported PAT	(228)	(342)	(109)	5
Adj. PAT margin	(14.3%)	(19.3%)	(4.8%)	0.8%
Adj. EPS	(2.2)	(3.2)	(1.0)	0.0*

BALANCE SHEET				
Particulars (Rs cr)	FY23	FY24	FY25	1QFY26
Assets				
Net Block	493	421	347	323
Capital WIP	213	121	47	44
Intangible Assets	1,514	1,394	1,354	1,338
Intangible Assets under development	56	100	113	133
Right of use assets	97	106	124	117
Other Non-current Assets	356	407	489	544
Current Assets				
Inventories	40	28	30	28
Trade receivables	589	652	845	984
Cash and Bank Balances	5,120	5,235	6,033	5,801
Short-term loans and advances	1	1	1	1
Other Current Assets	884	1,184	1,332	1,590
Total Current Assets	6,634	7,100	8,241	8,405
Current Liabilities & Provisions				
Trade payables	368	390	542	388
Other current liabilities	4,500	4,927	5,585	5,812
Short-term provisions	11	18	24	25
Total Current Liabilities	4,880	5,335	6,150	6,225
Net Current Assets	1,755	1,765	2,091	2,180
Total Assets	4,483	4,314	4,565	4,679
Liabilities				
Share Capital	99	99	103	103
Reserves and Surplus	3,640	3,443	3,403	3,463
Total Shareholders' Funds	3,739	3,542	3,506	3,566
Total Debt	330	533	829	889
Long Term Provisions	39	40	49	52
Lease Liabilities	109	121	141	136
Other Long-Term Liabilities	222	47	23	21
Net Deferred Tax Liability	45	30	17	15
Total Liabilities	4,483	4,314	4,565	4,679

CASH FLOW STATEMENT				
Particulars (Rs cr)	FY23	FY24	FY25	1QFY26
Cash flow from Operating Activities	(152)	(229)	50	(281)
Cash flow from Investing Activities	(371)	45	(159)	(33)
Cash flow from Financing Activities	2	(220)	(210)	(123)
Free Cash Flow	(519)	(495)	(101)	(319)

RATIOS			
Particulars	FY23	FY24	FY25
Profitability			
Return on Capital Employed	(5.3%)	(8.2%)	(0.5%)
Return on Equity	(6.1%)	(9.7%)	(3.1%)
Margin Analysis			
Gross Margin	80.2%	78.3%	76.0%
EBITDA Margin	0.3%	(1.4%)	9.6%
Net Profit Margin	(14.3%)	(19.3%)	(4.8%)
Short-Term Liquidity			
Current Ratio (x)	1.3	1.2	1.2
Quick Ratio (x)	1.3	1.2	1.2
Avg. Days Sales Outstanding	135	134	136
Avg. Days Inventory Outstanding	46	27	20
Avg. Days Payables	84	79	96
Fixed asset turnover (x)	3.2	4.2	6.6
Debt-service coverage (x)	(0.6)	(0.6)	(0.0)
Long-Term Solvency			
Total Debt / Equity (x)	0.1	0.2	0.2
Interest Coverage Ratio (x)	(6.1)	(5.2)	(0.3)
Valuation Ratios**			
EV/EBITDA (x)	3,455.2	-	82.8
P/E (x)	-	-	-
P/B (x)	6.2	6.6	6.6
EV/Sales (x)	11.6	10.5	8.0
Mkt Cap/Sales (x)	14.6	13.2	10.2

*EPS for 1QFY26 is 0.05

**Valuation ratios are based on pre-issue capital at the upper price band

Source: RHP, SSL Research

Peer Comparison – Financials (FY25)

Particulars (Rs cr)	Pine Labs Ltd.	One 97 Communications Ltd. (Paytm)	Zaggle Prepaid Ocean Services Ltd.	One Mobikwik Systems Ltd.
CMP (Rs)	221	1,275	372	264
Sales	2,274	6,900	1,304	1,170
EBITDA	218	(1,507)	114	(102)
Adj. EBITDA	357	(691)	124	(79)
Adj. Net Profit	(109)	(659)	88	(122)
Mkt Cap.	25,377	81,517	4,994	2,078
Enterprise Value	18,093	69,965	4,349	1,380
EBITDA Margin (%)	9.6	(21.8)	8.7	(8.7)
Adj. EBITDA Margin (%)	15.7	(10.0)	9.5	(6.8)
Adj. Net Profit Margin (%)	(4.8)	(9.5)	6.7	(10.4)
RoE (%)	(1.9)	(4.4)	7.0	(20.6)
RoCE (%)	(0.3)	(9.7)	10.0	(10.7)
P/E (x)	-	-	56.8	-
EV/EBITDA (x)	82.8	(46.4)	38.1	(13.6)
EV/Sales (x)	8.0	10.1	3.3	1.2

For Pine Labs Ltd., Market Cap, P/E(x), RoCE (%), RoE (%), EV/EBITDA (x), EV/Sales (x), P/Sales (x) are calculated on post-issue equity share capital based on the upper price band.

CMP of 3rd November 2025 for peer companies

Source: RHP, SSL Research

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