

Rating: Avoid

Issue Offer

Fresh issue of up to INR 2,080 Crore and OFS up to INR 1,819.91 Crore bringing the total issue size of up to INR 3,899.91 Crore

Issue Summary

Price Band (INR)	210-221
Face Value (INR)	1
Implied Market Cap (INR Crore)	25,376.65
Market Lot	67
Issue Opens on	Nov 7 th , 2025
Issue Close on	Nov 11 th , 2025
No. of share pre-issue	1,05,41,46,853
No. of share post issue	1,14,82,64,500
Listing	NSE / BSE

Issue Break-up (%)

QIB Portion	≥75
NIB Portion	≤15
Retail Portion	≤10

Book Running Lead Managers

Jefferies India Private Ltd
Morgan Stanley India Company Pvt. Ltd.
J.P. Morgan India Private Ltd.
Citigroup Global Markets India Pvt. Ltd.
Axis Capital Ltd.

Registrar

Kfin Technologies Limited

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	-	-
Public & Others	100%	100%

Objects of the issue

	Exp. Amt (INR Crore)
Repayment / prepayment, in full or in part, of certain borrowings.	532.00
Investment in subsidiaries for expanding presence outside India	60.00
Investment in IT assets and expenditure towards cloud infrastructure	230.00
Expenditure towards procurement of DCPs	430.00
Expenditure towards technology development initiatives	100.00
General corporate purposes and unidentified inorganic acquisitions	-

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Pine Labs Limited is a technology company focused on digitizing commerce through digital payments and issuing solutions for merchants, consumer brands and enterprises, and financial institutions. It operates through 2 primary platforms: 1) Digital Infrastructure and Transaction Platform enables merchants to consolidate multiple acquirers into a single platform integrated with their billing software, accepting various payment methods 2) Issuing and Acquiring Platform enables consumer brands and enterprises to create prepaid products for gifting, promotions, cashback, wallets, refunds, rewards, loyalty, and employee expense cards. In FY25, the company processed payments of INR 11,42,497 crore in gross transaction value (GTV) and 568 crore transactions through its platforms. As of June 30, 2025, it served an ecosystem of 988,304 merchants, 716 consumer brands and enterprises, and 177 financial institutions. The company has established deep partnerships with marquee clients including Croma, HDFC Bank, Axis Bank, ICICI Bank, Amazon Pay, LG Electronics, Flipkart, and Bharat Petroleum. With operations spanning 16 countries through 28 issuer partners, its technology made it possible to issue over 71.29 crore prepaid cards and operate over 0.18 crore digital checkout points (DCPs).

Investment Rationale

Cutting-Edge, Cloud-Native and Secure Technology Platform: The company's fully cloud-native, API-first and modular technology stack represents one of the strongest differentiators in India's digital infrastructure space. The platform operates at 99.93% uptime for in-store and online payments and 99.99% uptime for prepaid issuing, ensuring enterprise-grade reliability. The company's adherence to PCI-DSS, ISO 27001:2022, and SOC 2 Type 2 standards provides robust security compliance critical for its partnerships with top-tier banks. Its open-ecosystem architecture allows seamless integration with merchant ERP and CRM systems and enables third-party developers to build on its APIs via Setu.

Market Leadership Across Multiple Fintech Verticals: Pine Labs enjoys category leadership in several high-growth verticals of India's digital payments and fintech ecosystem. It is the largest player in closed and semi-closed loop gift card issuance and the largest digital affordability solution enabler at digital checkout points by transaction value (FY25, Redseer Report). The company processed a robust INR 11,42,497 crore in GTV and 568 crore transactions in FY25 across its platforms. Such leadership across affordability, prepaid, and acquiring solutions positions Pine Labs as a full-stack fintech infrastructure provider giving it a competitive edge over peers focused on either merchant acquiring or card issuance alone.

Innovation-Led Growth with Successful M&A Integration Track Record: The company has consistently leveraged product innovation and strategic acquisitions to expand its technology depth and solution breadth. Key acquisitions include Qwikilver (prepaid and loyalty solutions), Mosabee (SME payment solutions), QFix (workflow digitization), Setu (API fintech infrastructure), and Credit+ (card issuing and processing) have been successfully integrated to form a unified digital commerce platform. The company's ability to quickly assimilate acquired technologies and create value-accretive cross-synergies across verticals demonstrates strong execution capability.

Long-Standing Strategic Partnerships with Blue-Chip Clients: The company has relationships with marquee institutions such as Croma, HDFC Bank, LG Electronics, and Amazon Pay serve as strong validation of its technology credibility. Many of these partnerships exceed 10 years in duration, expanding over time from point-of-sale enablement to integrated affordability and loyalty solutions.

Valuation & Outlook: The company plans to extend its mid-market merchant coverage through UPI-first DCPs, broaden affordability solutions to newer verticals such as healthcare and education, and increase adoption of loyalty and analytics services. India's retail consumption loans are projected to grow from INR 53 Tn in FY25 to INR 95-120 Tn by FY29, and prepaid card transaction value is expected to grow at 26% CAGR to INR 12.4 Tn by CY28. The company is also expanding in Southeast Asia, UAE, Australia, and the U.S., with these regions' combined digital payment opportunity projected to grow from USD 2.0 Tn (2024) to USD 3.1-3.2 Tn (2028). Its ability to leverage a unified technology stack across markets gives it a long runway for geographic and product-led growth. While Pine Labs Ltd. stands out as one of India's most established full-stack fintech infrastructure platforms, its current fundamentals and valuation leave limited room for near-term benefit. The company has demonstrated strong operating metrics revenue grew 28.5% YoY in FY25 to INR 2,274.3 crore, and Adjusted EBITDA margin improved to 15.7%. However, it remains loss-making at PAT level (FY25: -INR 1,455 Mn; PAT margin: -6.4%), which shows sustained pressure from high employee, technology, and acquisition integration costs. **At the upper band of INR 221, the issue is valued at a EV/EBITDA of 56.55x, based on an EBITDA of INR 3.107 per share. We are recommending a "Avoid" rating for this issue.**

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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