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CM RATING 41 /100

Pine Labs

Empowering digital cashless retail economy

Diving the wave of increasing penetration of digital payment ecosystem with diverse customer base and full stack scalable technology platform

Pine Labs, incorporated in 1998, is a technology company focused on digitizing commerce through digital payments and issuing solutions for merchants, consumer brands and enterprises, and financial institutions.

The offerings are categorized into (i) digital infrastructure and transaction platform and (ii) issuing and acquiring platform. The digital public infrastructure solutions range across payments, data and insights through application programming interface (API) enabled technology platform for financial institutions, enabling them to use its technology to manage the life cycle of a consumer, including on-boarding, underwriting, collections, and engagement. The company processed payments of Rs 11.43 lakh crore in gross transaction value (GTV) and 568 crore transactions through platforms in FY2025.

The issuing and acquiring platform enable consumer brands and enterprises to issue, process, and distribute pre-paid solutions and consumer engagement solutions. Through cloud-based software technology the company digitizes and makes commerce more secure for its partner ecosystem, ultimately empowering them to serve consumers and enable consumption.

The company has cumulatively issued over 367 crore prepaid cards for consumer brands and enterprises. Issuing and Acquiring Platform recorded GTV of Rs 51517 crore in FY25. There are over 28 issuers using platform to issue credit, debit, prepaid cards and forex cards with over 7.7 crore card accounts.

The company has completed various key acquisitions and investments during last many years. Meanwhile, organic growth has been driven by acquiring more merchants, partnering with more consumer brands and enterprises and financial institutions, expanding merchant solutions, scaling existing products, and processing a higher volume of transactions.

The Offer and the Objects

The initial public offer (IPO) consists of a fresh issue to raise Rs 2080 crore through issuance of 9.91 crore equity shares at the lower band of Rs 210 per share (face value of Rs 1) and 9.41 crore equity shares at the upper band of Rs 221 per share.

The issue also comprises offer for sale of 8.23 crore equity shares from investor selling shares to raise Rs 1729-1820 crore. The company is professionally managed company and there is no identifiable promoter.

The issue is to be made through the book-building process and will open on 07 November 2025 and will close on 11 November 2025.

Equity shares worth Rs 2.5 crore are reserved for employees with discount of Rs 21 per share.

Out of the net proceeds from the fresh issues of shares, the company proposes to use Rs 532 crore for repayment / prepayment, in full or in part, of certain borrowings, Rs 60 crore for investment in certain of Subsidiaries, namely Qwikilver Singapore, Pine Payment Solutions, Malaysia and Pine Labs UAE for expanding presence outside India, Rs 230 crore for investment in IT assets, expenditure towards cloud infrastructure, Rs 430 crore for technology development initiatives and procurement of DCPs and Rs 100 crore for expenditure towards technology development initiatives. The company also proposes to utilise balance net IPO proceeds post general corporate expenses and IPO related expenses for funding inorganic growth through unidentified acquisitions.

Strengths

India's payment landscape has evolved from cash-heavy transactions to AI-driven digital ecosystems. Despite multiple digital payment options, India remains underpenetrated, with high cash usage, low in-store DCPs, and low credit card penetration, alongside a large merchant base nascent in digitalization, offering growth potential for further digitization. In India, total market opportunity in terms of total payment value was approximately Rs 116.8 lakh crore in FY2025, having grown at a CAGR of 36% from approximately Rs 25.2 trillion in FY2020. It is projected to grow further to Rs 256-276 lakh crore by FY2029 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.

There is no single competitor in India offering a comprehensive and integrated suite of solutions as offered by the company to its customers, across both digital infrastructure and transaction platform and issuing and acquiring platform.

The full stack, cloud-based flexible and scalable technology platform, with an API-first design, makes it simple for ecosystem partners to adopt and build upon and a modular architecture, allowing for agile deployment of new features and services, while maintaining operational resilience.

The company has introduced a wide suite of commerce solutions through innovations and opportunistic inorganic acquisitions, driven by deep understanding of its ecosystem partner needs and purpose-built technology stack.

The company has deep partnerships with ecosystem partners in India and an emerging presence internationally. Platforms have demonstrated portability internationally, with operations having expanded beyond India to Malaysia, UAE, Singapore, Australia, the US and Africa.

Pine Labs is the largest player in issuances of closed and semi-closed loop gift cards by transaction value in FY2025. It is also the largest digital affordability solution enabler at digital checkout points (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 FY2025.

Weaknesses

The company has continued to incur losses, except small profit in Q1FY26, driven by higher expenses, as the company continues expanding operations, including scaling and broadening partnership ecosystem, expanding and increasing the adoption of product suite, investing in technology, entering new international markets and pursuing strategic acquisitions. Revenues need to increase sufficiently to keep pace with investments and other expenses efficiently to achieve profitability.

Success depends on ability to retain and grow a diversified customer base. The revenue from operations is concentrated among a few key customers and Top 10 customers accounted for 30.95% of revenue from operations for FY205.

The auditor's reports on financial statements for FY2025, 2024 and 2023 contain certain remarks and modifications including adverse remarks and other observations on the financial statements.

The company is subject to risk relating to cybersecurity, data or privacy breaches that could interrupt operations and adversely affect reputation, brand, consumer confidence and business.

The company has not obtained credit ratings. The cost and availability of capital depend in part on a borrower's short-term and long-term credit ratings.

The company is subject to rapid and frequent changes in standards, technologies, products and service solutions, as well as in customer demands, expectations and regulations. It needs to continually enhance cloud-based technology to remain competitive and offer innovative solutions and services to customers.

Reliance on third-party data, technology and software introduces risks of regulatory non-compliance, intellectual property infringements, misappropriations and malfunctions outside control of the company.

Valuation

Consolidated revenue recorded a three-year CAGR of 30.7% to Rs 2274.27 crore in FY2025, driven by 33.2% CAGR growth in digital infrastructure and transaction platform segment to Rs 1603.23 crore (70.5% of total revenues), while the revenue from issuing and acquiring platform increased at 25.3% CAGR to Rs 671.05 crore (29.5% of total revenues). The overseas business contributed 15% of total revenues in FY2025. OPM improved from (-) 10.0% in FY2022 to positive 0.3% in FY2023 and increased to 9.6% in FY2025 and stood at 8.9% for TTM ended June 2025.

PBIDT was up by 814% to Rs 271.25 crore in FY2025. Interest cost increased 18% to Rs 78.96 crore. PBDT moved up to Rs 192.29 crore in FY2025. With higher depreciation of Rs 292.09 crore, the PBT was a loss of Rs 99.81 crore in FY2025, but showed sharp decline from PBT loss of Rs 397.57 crore, a year ago. EO expense was at Rs 36.58 crore against nil, the PBT after EO was a loss of Rs 136.39 crore. The net loss was Rs 145.49 crore for FY2025.

Sales were up 18% to Rs 615.91 crore in the quarter ended June 2025. OPM declined to 7.25% from 10.04%. OP fell 15% to Rs 44.64 crore. Net profit was positive at Rs 4.79 crore in Q1FY2026 against a loss of Rs 27.89 crore in the corresponding previous period.

Sales were Rs 2367.77 crore and net loss was Rs 112.81 crore in the TTM period ended June 2025.

Total outstanding borrowings amounted to Rs 888.74 crore at end June 2025. As much as 60% of the debt will be repaid from the issue proceeds, bringing down interest costs substantially. If 60% of its interest cost is removed, keeping all other items including tax provisions same, the net loss is reducing to Rs 63.38 crore for TTM ended June 2025 from reported net loss of Rs 112.81 crore.

At the higher price band of Rs 221, the company is demanding m-cap of Rs 25377 crore.

Post issue book value (BV) would Rs 49.2. The scrip is being offered at price to BV multiple of 4.5 times at the upper price band. EV/sales stood at 10.8 times sales for the TTM period ended June 2025.

In comparison, Paytm is trading P/BV multiple of 5.3 times and EV/Sales multiple of 9.6 times of its sales for the TTM period ended June 2025. The profit making, Zaggie Prepaid Ocean Services is trading at P/BV multiple of 3.8 times and EV/sales multiple of 3.1 times of its sales for the TTM period ended June 2025

Pine Labs: Issue highlights	
For Fresh Issue Offer size (in share crore)	
- On lower price band	9.91
- On upper price band	9.41
Offer size (in Rs crore)	2080.00
For Offer for Sale Offer size (in Rs crore)	
- On lower price band	1729.32
- On upper price band	1819.91
Offer size (in no of shares crore)	8.23
Price band (Rs)	210-210
Minimum Bid Lot (in no. of shares)	67
Post issue capital (Rs crore)	
- On lower price band	115.32
- On upper price band	114.83
Post-issue promoter & Group shareholding (%)	0.00
Issue open date	07-11-2025
Issue closed date	11-11-2025
Listing	BSE, NSE
Rating	41/100

Pine Labs: Consolidated Financials

	2203 (12)	2303 (12)	2403 (12)	2503 (12)	2406 (3)	2506 (3)
Income from Operations	1018.75	1597.66	1769.55	2274.27	522.42	615.91
OPM (%)	-10.01	0.34	-1.41	9.60	10.04	7.26
OP	-101.94	5.36	-24.95	218.43	52.45	44.71
Other Income	75.20	92.78	54.61	52.82	12.60	37.17
PBIDT	-26.74	98.14	29.66	271.25	65.05	81.87
Interest	23.78	35.73	64.46	78.96	17.80	21.42
PBDT	-50.52	62.41	-34.79	192.29	47.25	60.46
Depreciation	226.39	315.03	362.77	292.09	71.90	65.24
PBT before EO	-276.92	-252.63	-397.57	-99.81	-24.65	-4.79
EO	0.00	-36.84	0.00	-36.58	0.00	0.00
PBT after EO	-276.92	-289.46	-397.57	-136.39	-24.65	-4.79
Tax Expenses	-56.90	-24.32	-55.66	9.10	3.24	-9.64
PAT	-220.01	-265.15	-341.90	-145.49	-27.89	4.85
Non-controlling interest	0.00	0.00	0.00	0.00	0.00	0.00
Share of Profit/(Loss) from Associates	0.00	0.00	0.00	0.00	0.00	-0.06
Net profit attributable to owners	-220.01	-265.15	-341.90	-145.49	-27.89	4.79
EPS *	-	-	-	-	-	0.2

*EPS annualised on post issue equity capital of Rs 114.83 crore of face value of Rs 1 each

Figures in Rs crore

Source: Pine Labs Issue Prospectus