



pine labs

"Pine Labs Limited
Q4 & Full Year FY2026 Earnings Call"

May 26, 2026

Management: Mr. Amrish Rau – Chief Executive Officer
Mr. Sameer Kamath – Group Chief Financial Officer



Moderator: Good morning everyone and welcome to the Pine Labs Limited Q4 and Full Year FY2026 earnings call.

Thank you for joining us today. Please note that all participants will be in listen-only mode and this call is being recorded for reference.

Representing the Pine Labs management team today are Mr. Amrish Rau, Chief Executive Officer and Mr. Sameer Kamath, Group Chief Financial Officer.

Here is how the call will flow. Mr. Rau will begin with his opening remarks, followed by a couple of product demonstrations and an overview of the business highlights. Mr. Kamath will then walk you through the Company's financial performance, after which we will open the floor for questions during the Q&A session.

Before we get started, a quick reminder. Some of the statements shared during this discussion may be forward looking in nature, and actual results could differ materially due to a range of external factors. This Zoom session is intended exclusively for investors and analysts. If you are joining us from a media organization, we kindly request that you disconnect at this time and reach out to our Investor Relations team directly with any queries.

With that, I now hand the call over to Mr. Rau. Over to you Sir!

Amrish Rau: Thank you very much. Good morning. Thanks for taking the call early in the day. We released our numbers yesterday. We would want to give some more color on how we are looking at the business and what we are doing in the business. We are going to keep this largely as a Q&A session, but what I felt was just appropriate. I give a little bit more in terms of what is happening in the market, what is happening in the field, give you more color on that one, and then get into specifics about the business and take some questions on that. The numbers are pretty much there in our yesterday's release, so we will be repeating through on the numbers. As we have always said, our vision has been clear. We want to build the greatest Fintech coming out of India, being able to serve not just Southeast Asia, Asia, but also the larger global markets out there.



As we mentioned, we operate in two large business lines. One is the digital infrastructure and the transactions business, and the second is what we do on the issuing and acquiring side. Within the digital infrastructure and transactions, there are three parts to our business. One is the offline business of ours, the offline and the online business. That basically is the infrastructure business, allows us to operate with large merchants. On top of that, we have our flow-related, transaction-related services, which is largely monetized by us, by the transaction, or by the value of the flow, which operates on that infrastructure and third is what we do Fintech infrastructure, both for banks and financial institutions, as well as merchants. So these are the three lines within the digital infrastructure and the transactions business and then the last business, which is now almost about 30% of our revenues, is what we do on the issuing and acquiring side. We always believe that it is not just relevant for us to operate on being able to receive money, but also where money is held and where money is being sent out from that is going to be extremely important and that gets covered in what we do on the issuing and acquiring side of the business. As I mentioned, it is about 30% of our revenues.

So this is the way in which we run our business. This is the way in which we run our financials out there. At the lowermost point is what we do in terms of the infrastructure and the distribution of infrastructure. As we have said, we have now reached almost about 2 million touch points that we operate in. We are making tremendous progress on the online side of the business. On the online side of the business, we are now present with the top three e-commerce companies, the top three quick-commerce companies with our payment gateway-based platform. On top of that, what we do is we really deliver services both for retailer and for banks and financial institutions. We announced a few days back what we are doing, for example, with the three petroleum companies and it is quite a complex solution that we have developed for the petroleum sector. We actually cover for loyalty-related services for the petroleum sector. We also deliver solutions for banks and financial institutions. So again, we do a lot of work with HDFC Bank and ICICI Bank, but we have been able to take this global where we are doing services for Emirates NBD, in Philippines we work very closely with GCash, so we deliver very sector-specific solutions on top of the infrastructure play that we do. The third layer out there is we deliver more services so that we bring customers into the banking institutions or to the retailers. That is where our affordability solutions delivers the loyalty-related products, the rewards, cashbacks, all of these services comes on the third layer and now what we have started to do is we have actually started to monetize on the basis of the



data that we have collected out there, the marketing services that we can deliver on top of the infrastructure and the services that we have provided. We are continuing to invest heavily into this space. We just recently launched a product called SignallQ where SignallQ allows us to look at consumer data. We work very closely within the account aggregator framework on the basis of the data that we get ,on behalf of our partners, we are now delivering analytics-based solutions for better underwriting in the market. We actually have about eight clients with us, either in the pilot stage or fully contracted with us for this product called SignallQ. I will talk later about the recent acquisition that we did around Shopflo which is in the online payments space, but if you see there is a very clear strategy-layout the infrastructure first, deliver solutions which are domain specific, get flow-based revenues going out there and as we collect more data, as we collect more information about our merchants and about their customers, we can deliver value to them and that is actually starting to come through in our financials. That is one of the reasons why we have been able to move from an infrastructure specific revenue model to transaction or flow-based revenue model and information-based revenue model.

As I told you, that is what being reflected in the numbers. We came in with about 19% growth on the revenue side. On an adjusted EBITDA side, from somewhere around Rs.357 Crores of adjusted EBITDA, we have now delivered about Rs.559 Crores on adjusted EBITDA. We made significant progress in terms of EBITDA margin. We made almost about 500 basis points improvement on the EBITDA margin side. Going into FY2027, we have not really given a very specific guidance in terms of EBITDA, but what we have done is we have given out a hard guidance when it comes to revenues. We think we will be able to grow at about 21% to 23.5% on a year-on-year basis as far as revenue is concerned. We have already shown how we see the flow through between revenue, contribution margin, and adjusted EBITDA in our business, so we definitely feel confident that we will be able to significantly improve our adjusted EBITDA going into FY2027 and obviously what that does is it converts into very strong PAT, PBT and we delivered about Rs.113 Crores as far as PAT is concerned. Another question which had been coming up all through the year had been around the operating cash flow. We had been at pains to explain to the street that this is a Company, which can deliver free cash flows, can deliver very, very strong operating cash flows in the business. I am glad to say that we delivered almost about Rs.676 Crores of cash flow in Q4 only. I am going to be the first one to tell you that this Rs.676 Crores should not be looked at on a standalone basis. You have got to look at what happened on a full year basis where we came in



at about Rs.395 Crores of operating cash flow. We feel confident that we will improve on the cash flow in FY2027 in a very significant manner. So this is a Company which is giving enough weightage on everything, including operating cash flow and I am quite pleased with where we have come up as far as our financial is concerned.

These are, again, numbers which are specific to Q4, but I wanted to throw some light on what are the underlying metrics which are there, which are leading for us to deliver to those financials. As I mentioned to you on a full year basis, we came in almost close to about \$200 billion of payment volume. That is just a significant growth as far as GTV is concerned, but what that is telling me is across markets, we are winning. We are winning market share in the offline business, we are winning market share in the online business, we are winning significant portion of the flow-based transaction-based revenues in the industry. Again, as I told you, we are at about 2 million touch points today in the field but I also want to give a little bit more color. Look, I used to always tell my mother saying that, hey, when you go to a restaurant, you are not necessarily going to get to see Pine Labs because this is not the core sector that we want to go after. But honestly, if you actually go out into Mumbai, Delhi, and some of the other metros, you are starting to see Pine Labs everywhere. You are getting to see Pine Labs at restaurants, you are getting to see Pine Labs at the petrol pumps, you are getting to see Pine Labs at merchants who have two or three stores. There is a very significant change which is happening in the field. One, banks and financial institutions are clearly realizing that payments is a very, very unique proposition and they are calling PineLabs much more, but we are also getting to see our direct to merchant strategy payoff. We are getting to see an environment where competition is starting to back off out of this market because their requirements and their business models are quite different from where we are. So we are getting to see significant progress as far as on the field is concerned. In the last six months time, in segments of the business, we have actually been able to deliver almost 7% improvement in the unit economics in those markets. That is one. In the online space, we are making very good progress. We have actually now grown that business almost by 60% on a year-on-year basis. All the three quick-commerce companies, all the three e-commerce companies are today using Pine Labs as a platform. I see this going to be a very significant growth area for us as we go forward. Just to throw a little bit more light in terms of the flow-based businesses, we continue to gain market share as far as affordability is concerned. We have increased the number of brands that we operate with. We are signing up more and more NBFC so that we can deliver credit at the



point of purchase. We believe that NBFC is going to be a very significant play as you go forward. I just want to throw a little bit more light on this business. What merchants are telling us is that I do not want my platform partner, which is Pine Labs, being wedded to one NBFC. So we have not launched our NBFC, but what we are continuing to deliver is we are continuing to deliver more choices to the merchants as well as their consumers. So if a consumer is coming in with one NBFC as their "favored partner" or somebody who has already underwritten them, they will be able to deliver credit at the point of purchase, so the more the NBFCs, the more line of credits that we can avail and deliver at the point of purchase, more the brands where the subvention is possible. So it just becomes a very strong network play and that is something which continues to improve.

As far as the issuing business is concerned, our issuing business has shown tremendous growth not just in India but also in global markets. Many new specific use cases are coming up, and these use cases are from wallets or rewards being an infrastructure play. We are actually seeing some very important steps being taken by Reserve Bank of India in the last few days, where RBI recognizes the fact that when you actually look at the various business models, PPI is a very important business model, both for the retail and the consumer, and they are actually streamlining the processes, streamlining the governance related to the prepaid business, and we absolutely appreciate all of that. We are also seeing a very big opportunity come up when it comes to employee benefits. We will be launching an employee benefits program over the next few weeks and quarters. We think this is going to be an opportunity where we will be able to address a large number of both consumers and corporates. So on the issuing side of the business, I feel very comfortable that growth is sort of being taken care of. Internationally, and even just now as we speak, I am in Europe, but internationally, we are getting to see more conversations happening as far as our products are concerned. There are two things which are happening significantly. One, the big boys of payments coming out of the US, and may that be a Stripe or Adyen, they are seeing a phenomenal opportunity in their home markets of the US. They are spending a lot more time in those markets but that does not mean the emerging markets do not require FinTech solutions. What we have delivered here in India and the tech stack that we have created for the Indian market is extremely relevant in, let us say, a Philippines or Vietnam, or for that matter, UAE. Just to give you one simple number out there, in the case of Philippines alone, which is our newest market, we have five clients today in Philippines. The largest Fintech app in Philippines is somebody called GCash and GCash is using us as their payments infrastructure



layer. So you are getting to see very, very strong progress. We are getting dollar-based revenues when it comes to our international side of the business. You will see in our releases that we made very good progress in the year of FY2026 in the international markets. We see that continuing going into FY2027 too.

I wanted to shed a little bit more light as far as AI is concerned. In our business, almost 89% of all new code, which has been written within Pine Labs over the last two quarters has been completely AI generated. Let that sink in. 89% of all new code has been written using AI. It does two things for us. One, it provides tremendous efficiency as we build for new products within the Company, but also when you look at legacy platforms that we had built, those legacy platforms are getting updated. Those legacy platforms are getting improved as we speak. We have been working very closely with Anthropic of the world, as Mythos is being released. We are one of the first guys to actually reach out to Anthropic to see what we can do, partner with them so that we can actually get the best use of products like Mythos but also we have gone ahead and signed up a partnership with OpenAI where we will be one of the first few design partners with OpenAI as we build out AI products in the local markets. The second piece where AI is playing a significant role is all our consumer-facing touchpoints has AI at the background, and we are incorporating that within our business model. And third, we are actually using AI to deliver significant solutions in the market. I wanted to show you some products and demos today. Just too early in the morning to try and go through two product demonstrations as all of us are ready to leave for office there so I decided to keep that away, but in Mumbai, over the next three days, there is a program which is being delivered by the Mumbai Tech Association we are actually going to talk about what we are doing when it comes to AI and agentic commerce. We have developed entire workflows, may that be around using UPI and agentic payments and deliver the transactions in the field. So we are completely ready in using AI and using agent led framework to deliver payment transactions. So we are doing three things. One is improving efficiency, improving code, improving new products and using AI. I am now going to stop and basically take questions related to our financials and also shed some more light in terms of how we are looking at the business and where we are seeing the opportunity in FY2027.

Moderator:

Thank you Sir. Ladies and gentlemen, we will open the floor for question and answer session. If you would like to ask a question, please click the raise hand button on the bottom toolbar of your Zoom



window. The operator will acknowledge you and announce your turn in the queue. Ladies and gentlemen, we will pause for a brief moment while the question queue assembles. We will take the first question from Jayant Kharote. Please go ahead.

Jayant Kharote:

Good morning, Amrish and Sameer. Thanks for the opportunity. The first question is on the growth itself. Given that we are already two months into the quarter, how is 1Q looking and does that make you confident on the 21% to 23%? Will this be something that we will see through every quarter for the four quarters?

Amrish Rau:

Jain that is a good question. We feel very confident about the hard guidance that we have given of 21% to 23.5%. We are already getting to see how the numbers are rolling in for Q1. Look, the way I am going to say this is when we actually went to IPO, the entire market asked us a question which says this Rs.5 Crores to Rs.6 Crores of PBT positive, which we had started to show in Q1 and Q2 of FY2026, people are asking us everything from, is this a fluke or is this a onetime kind of a number? We had great focus to try and explain to the market saying, this is a business which can run PBT positive, PAT positive for a long period of time and that is what we wanted to get right. As soon as we started to get right, there were questions around when Q3, when our cash flows turned negative, it says, is this truly a cash generating machine out there and we wanted to really get that explanation out to the street. We focused out there. I would have loved the growth to be 20% north when it comes to Q4 also. However, when you look at the full year basis, we came in at about 19%. Even H2, we came in with almost 20% to 21% as far as growth is concerned. I feel very confident in this hard guidance that we have given of about 21% to 23.5%. We have incorporated the softness that we have seen when it comes to the Middle East markets and also some of the softness that we saw on the airline part of the business. So we feel very confident about the 21% to 23.5% revenue guidance that we have given.

Jayant Kharote:

If you could also elaborate what was softer in 4Q and how does it change in 1Q?

Amrish Rau:

Yes, that is a good question again. See, look, what I have always said is in the case of payments business, there are many external events which obviously drive us. The economy and the consumption-related activities. Second is what is happening in terms of geopolitics, which affects cross border trade, or for that matter, how banks and financial institutions want to invest when it comes to payment-related solutions. And then third, something which is equally important and



we saw this during COVID period was there was clearly a chip shortage which came through in the COVID period. Even now when AI related, actually not West Asia related, but more AI related, there was a chip shortage which we had seen. There was a time in Q4 where we had a backlog running of almost 2 lakh POS machines which we had to deploy in the market and which got delayed so that between Q4 and Q1. I have to say that it is all behind us right now. Everything on the supply chain is in place. We have enough to deliver in the market. So there was clearly an impact that we saw when it came to decision making from some of these Middle Eastern banks and financial institutions and you know, it is about Rs.15 Crores to Rs.20 Crores out there, it is nothing major. But the way I want you all to look at the business is I believe that growth in the payments business is something which can very easily be controlled out there. What is the kind of growth that you are bringing in? What is the kind of EBITDA margins that you can sustain at that level? And you have got to put everything together. As you know, we improved the EBITDA margin by almost 500 basis points in the year of FY2026 also.

Jayant Kharote: I am really sorry to harp on this. I am not getting a clear answer maybe because within the digital infra business is it affordability, VAS or the in store subscription piece? Which of these three have actually flowed in 4Q?

Amrish Rau: Largely related to the infrastructure piece, the Rs.20 Crores to Rs.25 Crores which we would have liked to see coming in higher in Q4, which is largely related to the infrastructure piece. There is a small component when it came to the affordability and the flow-based transaction services, but largely around the infrastructure and deployment of some of these solutions.

Jayant Kharote: Then it should start coming through from 1Q itself?

Amrish Rau: It has already started. Sorry, you asked another portion of the question. So when we have come up with the guidance of 21 to 23.5 in the year of FY2027, we do think that Q1, which is the weakest quarter for us on a full year basis, we will still get to see the lower end of the guidance play through in Q1 itself, but as we go forward in the rest three quarters of the year, we will start to see improved growth rates in Q2, Q3, and Q4. That is the way we would see the numbers stack up for us.

Jayant Kharote: Great. That is very re-assuring. So you do plan to hit 21 within the next quarter itself?



- Amrish Rau:** Absolutely. Now, is it going to be 20 or is it going to be 21? Let us see how the quarter ends, but yes, I definitely do see this. Absolutely. Absolutely, I do see this on the lower end of the guidance to start off in Q1 itself.
- Jayant Kharote:** One last question to Sameer. The depreciation amortization line has a Rs.6 Crores item in Q-o-Q what would you attribute that one to?
- Sameer Kamath:** At the year end, we do a full clean up of any obsolescence or anything which is required based on what we can collect from the merchants, etc. So, there is a onetime annual activity. The amount is about Rs.4 Crores to Rs.5 Crores. The rest is all linked to certain business growth that we have seen a little bit coming through with the oil marketing companies, etc., but otherwise, this is just a onetime clean up which is done. On a run rate basis, it will be lower.
- Jayant Kharote:** So this is not recurring, right?
- Sameer Kamath:** No, no, no. This Rs.5 Crores is a yearend cleanup that we do where we clean up any old obsolete items, etc., though we do some provision, but at the year end, we threw it up fully for the year.
- Jayant Kharote:** Thank you again. I think congrats on the good profitability we expect hopefully we will hope for better growth from 1Q onwards.
- Amrish Rau:** But look, I, again, just to reiterate out there, I guess, and as far as we are concerned, we want to show this as an all around business which has enough levers to drive growth and also to drive not just the PAT, but also in terms of our cash flow-based performance.
- Moderator:** Thank you. That question was from Jayant of Axis Capital. We now move to our next question. That is from Pranuj Shah of 3P Investments. Please go ahead.
- Pranuj Shah:** Thank you for the question. So, yes, great to see the traction on the operating cash flow and the thing what you mentioned in 3Q delivered on that. Just on the capex part, this Rs.238 Crores, could you break it down between DCPs and what are the other components and how do you expect that to trend? So that is the first question. The second is, again, like strong revenue guidance at 21% to 23%? I am assuming I think international and distribution would be a big part of this so on your contribution margin, this 75%, do you expect this to taper off going ahead? You are given a



flow from contribution to PBT. I just want to see on contribution margin, how do you expect that to trend?

Amrish Rau: I will take the second question and request Sameer to address the first part.

Sameer Kamath: Let me take the first part, Pranuj. I think what you are seeing is capex in the operating cash flow. As Amrish mentioned when the DCPs were procured in the earlier avatar we had in FY2025 certain outstanding payments which came through this year. So on the operating cash flow basis you see Rs.238 Crores but adjusted for certain opening payouts which is there the run rate of capex is about Rs.180 Crores to Rs.190 Crores which remains. So when you see Rs.238 Crores about Rs.160 Crores to Rs.170 Crores pertains to DCPs which is more or less on the run rate that we have been done. Rest is related to certain older payments that we made so that will remain at that level. That is the first question on the capex side.

Pranuj Shah: Sorry, just a clarification. This DCP one is also slightly higher because of the OMC?

Sameer Kamath: See, what happens is when you procure this quarter in Q4, while we are expecting deliveries to happen given the chip shortage, all suppliers are asking for advances. So, CWIP also gets covered in that.

Pranuj Shah: Okay. So this should slightly come off in FY2027.

Sameer Kamath: The chip shortages, as Amrish said, we looked at alternate supplies. We have got on supply chain partners. So that is a corporate phenomenon because of the war, because everyone is working on a 100% advance. So while the delivery was not happening, we could not book revenues, we had to incur advances and pay that. It is sitting in CWIP.

Pranuj Shah: Understood. Got it.

Sameer Kamath: Sorry, go ahead Amrish.

Amrish Rau: Yes. So as far as, sorry, I lost my thought because I had a comment to make on the first part. So on the first part, I just wanted to add something. We had a very similar situation play out during the COVID period also, where we have gone ahead and upped the inventory that we had built in



our business. On the second part of the question, what I wanted to share with you is, look, we are operating at world class levels as far as contribution margin is concerned. I was just looking at Google's number. Google is almost about 56% to 58% of contribution margin. We are in the 75% range. We operate at a net revenue basis and because we operate on the net revenue basis, and what I mean by net revenues, we do not have grossing up where we take 2% as our revenues. We just take the net to come to our revenues. Because we operate in that fashion, in most part of our businesses, our contribution margin continues to be at a higher level. That is just a business principle that we have held for a long period of time. We do not intend to change from that operating model. That is point number one. Point number two, however, what is happening is we are getting into newer businesses. For example, as we go into an employee benefits kind of a business in this year of FY2027, how the financial recording in that is concerned, that is obviously going to come in with a slightly different range when it comes to contribution margins in our business and because of that, there could be 2% to 3% up and down, which can happen when it comes to contribution margin. The larger point what I want to make out here is the business that stands today I really do not see the contribution margin changing from where it is operating at as far as we are concerned. As newer business line comes in, because of the revenue mix which is coming through, there could be a change of 2% or 3%. So yes, what we are saying out there is there could be a variance of 2% or 3% as far as contribution margin is concerned because of the business mix but in terms of our operating model, we actually do not have a chance to change the contribution margin in a different manner purely because we are operating at the net revenue level.

Pranuj Shah: Amrishi I understand. Thanks. That was very clear. So just a clarification, this 21-23 is not net revenue. This is the headline revenue.

Sameer Kamath: That is correct.

Pranuj Shah: It was in delta is what you can see.

Sameer Kamath: At a contribution margin level, we came in at about 73% to 74% in Q4 on a full year basis. I think we would have come in at about 74% to 75% on a full year basis.

Pranuj Shah: 2% to 3% delta is where it can go either way from here.



Sameer Kamath: That is correct. As we have explained in the deck also, Pranuj, I think in our issuance business, our value proposition is not just the backend tech infrastructure. We actually help and partner with brands in acquiring and retaining customers and distribution of those cards either directly through our enhanced portal, which you have put out in the deck as well, or through third party marketplaces where we have a pass through distribution cost becomes a critical lever. The good part is distribution incrementally is additive to the EBITDA while it may be smaller on contribution level but also it fuels the processing business because brand see value in the holistic program offering that we have and that is why as we explained in the last quarter as well we will remain in that guidance range that Amrish has said but this is where the new edge for us in terms of what value we deliver to the clients comes up.

Pranuj Shah: Perfect, understood. Thanks a lot Amrish and Sameer.

Moderator Thank you. Our next question is from Prakhar Sharma of Jefferies. Please go ahead.

Prakhar Sharma: Good morning everyone. Thanks for doing this call and the clarity. I have a quick few questions. First part is, can you discuss the trends in terms of the affordability business that you are seeing for the quarter and may be early part of this quarter and what do you expect for the full year because we are seeing a lot of credit card players pull back on offers and I do not know what is the change they are doing in terms of strategy on subvention, so if you could discuss that part of the business first?

Amrish Rau: Yes, that is a good question. Look, I will have to say right now when it comes to offers and programs being run by banks and also for brands are concerned, there is always a change which all of them have been doing and the change has been going on for many years where what we are getting to see is as soon as a certain category is becoming very relevant and understood by the consumer some of those offers are being taken away. One of the largest banks in India in the last two to three years period started to pull back on the offers that they had running with one of the largest mobile phone brands around the world. Now obviously what that meant is that the bank and financial institution believed that consumers are ready to pay for that product and consumers are ready to go in with a lower offer based program, but they will still be able to see traction. Now, that move has been going on for the last two to three years, but what we have equally seen from banks and financial institutions, they are coming up with newer programs



where they want to promote affordability solution. One sector which I can give you a very immediate guidance is around what is happening in terms of EVs. One of the leading EV players in the market, we are now getting to see traction coming up when it comes to affordability in the EV segment. We are seeing similar such opportunities open up, not just in terms of EVs, but also in terms of regular non-consumer durable brand-based affordability solutions, which are starting to take off. So yes, we are getting to see a change when it comes to banks and financial institutions behavior when it comes to subvention, but it is popping up in other parts of the market where they are promoting it. So that is one part. Second part, which is very important and which I have to clarify out there is, obviously what we are getting to see is if the consumer durables takeoff in the market is lower, affordability solutions takeoff also gets slightly lower. There what we are doing is we are working hard so that we can go and compete against new line of credit which is being delivered. There are NBFCs and there is a world class NBFC which delivers new line of credit at the point of purchase and they have been doing it over the last 10 years. Our objective then starts to become how do we take our banks credit card-based line of credit and start to compete with them much more proactively. So we have been continuing to do that. So how can you improve the number of stores? How can you improve the number of credit lines which have been delivered at the store so that we can continue to maintain our growth? My CFO and I, we talk a lot about it where what we do not want to do is we really do not want to go back and say that, look, there is a softness in the affordability business just because consumption is down or just because mobile phones are less being procured out there. Our job is to come up with newer sector, come up with newer touch points so that we can still maintain the year-on-year growth when it comes to affordability. But I just want to again clarify right, in the flow-based services, there are multiple revenue lines that we have been now able to generate. May that be around DCC, may that be around what we are doing with consumer Fintech partnerships that we have in the market and we are continuing to increase the consumer Fintech partnerships. We today have partnerships with at least three, if not four, consumer Fintechs so that they can take their offers to their consumers at the point of purchase and maybe these offers are not just affordability offers, but these are offers, for example, buy a coffee at 50% of the price, convert it into an offer-based transaction.

Prakhar Sharma: Got it. Is it possible to clarify the split between affordability and VAS either in terms of revenues or the GTV part?



- Amrish Rau:** We have not been keen to show that in detail right now, Prakhar, but if you would have seen, we started to give out a little bit more information. One of the things that we have proactively gone out and said, wherein our online business, we have grown by 60% on a year-on-year basis. That is a very proactive step that we have taken because we feel that now that we have shown the market that we have been growing in online by 60%, we should be able to track to that number and keep improving on that number going forward. We will continue to show more detailed breakup also as we go forward.
- Prakhar Sharma:** Got it. Just a few followup questions. One is, over the last one year there has been an adjustment on the contribution margin even as you have delivered well on your EBITDA, adjusted EBITDA guidance? As the year goes through, how do you think we should factor the contribution level for FY2027-FY2028?
- Amrish Rau:** Prakhar, as I said in the last question, I think you should assume a variance of 2% to 3%. If you saw in, for example, in Q3, the contribution margin was higher than where it was at Q4 and in fact, even in terms of Q2, so Q2 was slightly lower, Q3 was higher, and then the Q4 came in slightly lower. I think it will move around in a 2% to 3% kind of a range is what I would want to mention out here.
- Prakhar Sharma:** And from a full year perspective, like for FY2026, that is the benchmark?
- Amrish Rau:** I am not actually giving a guidance on that one because I do not have a handle yet in terms of the breakup and how the breakup will flow as far as revenue is concerned or volumes are concerned but we will continue to give a more specific color on this between all our calls.
- Sameer Kamath:** So, Prakhar, the only thing you need to keep away is actually we are seeing no margin pressure. In fact, we are actually seeing some price ups happening in some of our segments. Whatever change you are seeing is purely an outcome of the business mix versus anything else and not because. In fact, we are seeing ability to price better in many of our segments because of the reasons Amrish mentioned at the opening level and we can maybe share more color as we go through our remaining quarters to gain comfort on that as well.
- Prakhar Sharma:** Got it.



Amrish Rau:

Yes, I wanted to make one point which I should have done in my earlier call also. When you go to lower than the enterprise merchants, and these are merchants with about five stores, six stores, we actually saw an infrastructure business where we deployed POS machines and did integrations out there. We actually saw on a year-on-year basis almost 30% growth and that is an area where our unit economics, we have actually been able to improve about 7% so not just market expansion, but also at a better operating model.

Prakhar Sharma:

Just quickly, you did mention on the call, that you are seeing some sort of a competition pullback happening in the POS business or any of the other businesses. So, one, if you can give some more details on what you are seeing on the ground? And secondly, your growth guidance, I assume it will include the, Shopflo and any of the inorganic things but just to confirm besides the = Shopflo acquisition does the guidance include any inorganic boosters?

Amrish Rau:

No, it does not. It does not include any inorganic boosters to our numbers right now. As I said, when we made the acquisition around Shopflo, Shopflo on a revenue basis, compared to the larger portion of the business, is still extremely small. It is a product led acquisition that we have done. So even in the case of Shopflo, it is not going to have a material impact when it comes to the growth numbers of concern. Will it help us to deliver to, let us say, a 50% to 60% growth on the online side of the business? Absolutely. Without that, would we have come in at 50% to 60%? I think we would have still come in that kind of a range. It just helps me to cement it, but it is not going to be material. But we have not included any inorganic numbers there. In terms of field and what is happening in the pullback, look, I will give you very specific examples. When it comes to these petroleum companies, and we will be deploying our terminals at almost about 50,000, and we have already started 50,000 terminals. These locations are far flung locations out there. These are on highways. These are in small villages of the country for somebody to go into that segment, they are going to have to deploy people to go into that segment out there. It is a huge commitment for somebody to go into that area if they are not already present in the offline side of the business. We are getting to see the newbies in this business actually pull out of it because it is just not economically viable for them to go into that segment. I mean, I would have done the same if I were in their place. So that is one segment. So newcomers pretty much are taking a step back out of it because just not economically viable to go in there. The second is we are seeing a certain segment of businesses where they are basically saying that, look, their large revenue



models is not around payment based revenues. The large revenue models are around what they do around the financial services and how they monetize financial services and hence, the segment of merchants that they want to focus on is completely different than an OMC. I mean, for example, an OMC does not need the loan today. So hence, this is not necessarily a segment which somebody would ideally want to go after. There is obviously a little bit of play out there, but that is not necessarily a segment that somebody wants to address in the market. For us, this is bread and butter. This is where we make our money. As I have said it for a long period of time, we actually do not do any lending related business in our Company. So we have no choice but to focus on that merchant base, which will be able to pay for our technology that we deliver.

Prakhar Sharma: Perfect. Thank you so much for all the details.

Moderator: Thank you. Our next question is from Aryan Tripathi of Emkay Global. Please go ahead. There seems to be no response from this connection. We will therefore move to our next participant. That is Gaurav Rateria of Morgan Stanley. Please go ahead.

Gaurav Rateria: Congratulations on strong performance on operating profit and cash flows. I have actually three questions, Amrish. The first question is that you have let significant amount of revenue pools in each of your segments. If you could help us to bridge the gap between the 17 and 21 to 23.5 guidance of which revenue pool will see an acceleration and which will help to kind of give us comfort on bridging that gap. That is question number one. The question number two is any color on what has been the revenue growth in the affordability business per se within the flow and segment you had in FY2026 and how much has been the same store growth versus that of the expansion to the larger percentage of the terminal generating this revenue? That is question number two. The last question, I was quite intrigued by the comment on the new segments that you are adding on employee expense, which probably will be dilutive to the CM, but may not be dilutive to your operating profit? If that is the correct understanding that I have, then your conversion of the incremental contribution profit to your adjusted EBITDA, that number ideally should improve more than 55%, which you are mentioning for your business, so is that understanding correct? Thank you.

Amrish Rau: Let me start with the last point out there. So there are two parts of the last point which you are making on the contribution margin side. If our contribution margin is in the 70% to 75% will we be



able to capture more to the EBITDA line than what we have shown at 55%? The answer is yes. Then why is the number at 55 and why is the number not at 65, for example, is because we do not want to give out a guidance, a hard guidance, where we feel we will not be able to deliver to it or not be able to achieve to it. So 55 it is a number that we feel super confident that we will not be able to miss. That is the reason why we explained that about two quarters back. When it comes to contribution margin and for example on the employee benefit that was an example and the reason I am calling that as an example is because what will be the accounting rules and how the financial model will operate it is not clear to me today as we launch this product over the next 45 days to 60 days period for all you know it is an entirely 100% net revenue based revenue recognition that we would have to do and then I would see no fears when it comes to will the contribution margin be at 75% and higher, it could be very well be higher on that. I just wanted to give this as an example of new business. I am not giving specifics of what the contribution margin on this business is concerned. So that was just on the last point. In terms of the breakup of revenue growth, look, before we went to IPO, what we were sort of talking about is that we felt that the lowest growth will come out of the infrastructure side of the business. We actually see about 2% to 3% improvement and again, I am not telling you hard numbers out there because I think it is unfair for me to give you hard guidance on segment level revenues out there but we are getting to see that there will be at least 2% to 3% improvement on growth when it comes to infrastructure business, which is really the POS and the deployments or for that matter payment gateway based classic transaction based revenues that we get, that we are seeing actually grow a little bit higher than what we had assumed earlier. So that was point number one. The second thing is when it comes to flow based revenues, again in the flow based revenues we had guided to us, not guided, but we felt comfortable with where the growth rates would be and that I do not see any change in those growth rates, largely related to what we are getting to see in affordability but also in the kind of services that we are continuing to add on the flow-based revenues. Again, just to give you specific examples on that one is, now that we have a lot of data related to consumers, that is our merchants, consumers, and about the merchant itself using AI, we are actually being able to create a nice interesting revenue streams wherein we give them better insights about their consumers, data related to their consumers and we are starting to charge them for that services and that is just a new revenue line, which has been growing for us over the last two years. Now all of these new services that we are delivering are allowing us to keep the flow-based revenues to



operate at the same growth levels where it was and then the third area for us, from a growth standpoint is going to be in terms of international markets we have said this before that we feel Southeast Asia, Middle East, and Africa is a very interesting play. We just launched our POS-based services, and you will see a lot of marketing associated to our POS-based services when it comes to Singapore market. So we launched our POS here in Singapore and again, the argument is very simple. Why should an American Company deliver payment-related services in the Southeast Asian markets and Pine Labs, which has the best payment-related solutions, should not be addressing the markets before. So we are actually going proactively into markets and saying, let us try and win deals against the global majors when it comes to payments. At least two deals which we have won are direct head-to-head competition against global large payment companies, and we have actually won those deals. So we do see international driving growth and that is the one which is giving us a comfort around the guidance that we have given on growth.

Gaurav Rateria: Thank you. Just a question on the affordability revenue growth in FY2026 and what would be that number for the same store growth basis?

Amrish Rau: Sameer, have we given any color on that one? Can I leave this question to you based on the color we have already given?

Sameer Kamath: I think not specifically given a color as such but I think what is a big opportunity for us, Gaurav, is almost probably a third of the growth that we look for in this business comes from activating merchants and I am not saying technically. Technically all stores are activated but a large part of our effort is to make people aware of EMI as an option, both at a customer level and at a merchant level and we have seen significant, maybe as I said, maybe 25% to 30% of the growth come in from activating merchants and stores and now, as we said, as we are moving into new categories like some other categories, EV and Non-CDIT categories, I think activation will continue to play a very important role. If you have seen, even in our deck, we have given a ratio, which we have been guiding for some time, saying that is an improving ratio. A year back, that number of POS machines activated for flow and transaction, this includes all kinds of services, we are at 21%. That has improved to 30% and obviously, it starts with a small number and keeps multiplying thereafter. So I think that is a number which we will continue to add to our growth for the broad guidance and ambitions given of 21% to 23.5%.



Gaurav Rateria: Thank you and all the very best.

Moderator: Thank you. A quick reminder to our participants, if you wish to ask a question, you may click on the raise hand icon.

Amrish Rau: I also in general want to proactively answer a question. See, the payments in infra business, while there might be a swing of 1% or 2% here and there, one thing that you can remain very confident is these are long-term infrastructure partnerships that we are building with banks and with retailers. Today for a bank and a retailer to replace or displace Pine Labs is a nine months effort. So honestly for us in our business to be able to see how the revenues are going to come through over the next nine months period it is a very easy task there in front of us. As I told you like a few percentage point here and there will move around but a large revenue miss, I do not see happening in this business purely because we are able to see at least nine months in advance how that revenue pool is going to move around.

Moderator: Thank you. Our next question is from Ramesh Shah, an investor. Please go ahead.

Ramesh Shah: Hi Amrish. Congrats on very good numbers, I must say. Coming to the question, I wanted to understand if you have any thought process on entering the crypto game? That is the first one.

Amrish Rau: Ramesh, I have to say that, investors always challenge us with questions which we have not been prepared for. So I am actually very happy to take up this question. Ramesh, answer around crypto is a very clear no. We have no interest in getting into crypto-related services. However, what is happening around stable coins is so exciting today when it comes to international markets. See, I will explain this in very simple words. When it comes to UPI, faster money movement has already been taken care of in India. So there is no problem when it comes to me sending money to you or me sending money to a merchant because of the UPI infrastructure. Globally, that is a pain point and stable coins is definitely solving for that. So we are getting to see stable coin coming up in areas for faster movement, may that be in person-to-person, person-to-merchant, or when it comes to bulk remittances-related services and I find that to be a very exciting area that is point number one. But point number two, which is equally exciting is in terms of what is going to happen in terms of programmable money. What I mean by programmable money is a certain amount of money can be used only for a certain related services. Now that is a very interesting space where



you can actually define where does this money go and that programmability of money is what Stable coin is allowing you to solve for. We are actually fully ready with our infrastructure platform where on a stable coin-based account or a stable coin-based wallet, a prepaid card with a Visa or a Master logo can get delivered in global markets. So for example, if there is a bank in UAE, which wants to deliver a stable coin backed prepaid card, we have developed the entire backend platform for that. It is a bank's business, bank will get the consumer, but all the technology-related services getting paid on per transaction basis, our infrastructure is fully ready. We are going to be starting in the next one month actually sales activities to get more clients on the stable coin backed prepaid platform for us. So short answer to you is not in crypto, but stable coin is a very exciting area. However, largely, not largely, entirely in global markets and nothing to do with India.

Ramesh Shah: Thank you. Second, are we planning any fundraising anytime soon?

Amrish Rau: No, we have no interest in raising funds. We are in a very comfortable position.

Sameer Kamath: So, Ramesh, as we have put in the presentation, we have Rs.2700 Crores of cash. We also are organically generating free cash flows and I think where we stand today, we are quite healthily capitalized for all the growth initiatives we have in mind.

Ramesh Shah: Any explosive kind of growth that can happen in near future because of VAS services picking up or while monetizing our digital infra that we have created over the years?

Amrish Rau: Look, we continue to add newer flow-based services and revenues. I mean, I have to say that it is every founder CEO's dream that we are going to find a blinkit within our business, but not something which I am ready to talk to on an investor call. Thanks Ramesh.

Ramesh Shah: Last but not the least, today, if you are going to issue some ESOP shares, what price will you issue them to your employees?

Amrish Rau: Again, that is something that we have spoken quite clearly to the market. We have taken a policy where we are going to issue out ESOPs today in the range of where the current FMV is. There might be small ESOPs which will be a deep discount, but that will be very, very small and in between, but



largely we are going to be, in fact, all through FY2026 also, all the ESOPs which we had issued have been at FMV or near to FMV and not at a deep discounted level.

Ramesh Shah: Can you please share the FMV?

Moderator: Mr. Shah, I am sorry. May we request you to return to the queue? There are several participants.

Amrish Rau: FMV is not something which we can calculate as per what the current stock price is, Ramesh.

Sameer Kamath: It is based on the three month market rate. It is driven by that, so it will be more to the market price.

Moderator: Thank you. Our next question is from Vijit Jain of Citi. Please go ahead.

Vijit Jain: Yes, hi Amrish. So thanks for the additional color. A lot of additional color you provided on this call. One question I have on the OMC business. So you have said 130,000 terminals by end FY2027 and Amrish I think I caught you saying 50,000 terminals deployed right now, so we are looking at 80,000 net new additions just from the three OMCs account, is that how I should think about it?

Amrish Rau: Vijit, it is 50,000 pumps and it is about 130,000 POS machines out there. We have started in phase wise taking over this. Right now, what I can tell you is we are from what we project to be the steady state, we have deployed up to about 50% and when I say deployed, I am talking in terms of volumes that we started to already capture, it is 50% of what we believe the steady state number as far as OMC is concerned. It is actually changing on a monthly basis, but as we speak, it is at about 50,000. It is at 50% of the steady state number.

Vijit Jain: I see. So 130,000 is not currently deployed right now?

Sameer Kamath: It is in the process of deployment.

Amrish Rau: But yes, it is not been fully deployed, Vijit. The second piece to it is even, let us say, so when I am saying 130,000, when I am saying 50% of the volume which has come in, let us say we would have deployed 80,000, but 65,000, 80,000, 15,000 transactions have not started to take off, transactions might be taking off in the next few months out there, so actual deployment would be higher than



50%, which has already been completed. Volumes that we are getting is about 50% of what we believe it will be when we reach the full 130,000.

Vijit Jain:

Understood, Amrish and Amrish, there was another, and I think you alluded to it just now, there was another comment in the letter which said, you now have 50% market share in fuel retail outlets. So I think my broader question here was, so when you get to that level of processing 50% of digital payments in fuel retail outlets, are there, material new value added services opportunities that you have a line of sight that you can unlock and if you can, give a broad scale or any flavor on what those could be. You know when you have that kind of scale in this that you can unlock that. That is my second question on this and then I have an additional question on gift card business?

Amrish Rau:

So, Vijit, let me give you a background. In fact, the petroleum segment business for Pine Labs is one of the oldest businesses for us and there we do everything from fuel pump automation. So, I will break it up into two parts. One is the forecourt, which you have out there, the forecourt controller, the integration into the forecourt controller platform. That is one of the services that we do. Second is purely in terms of payment and payment infrastructure deployment. That is second area. Third is based on the payment infrastructure, what is the transaction based revenues or flow based revenues? That is the third area that we make revenues in. Fourth is what we do is the loyalty-related services. So for example, with Indian Oil, we have already announced this. The Indian Oil loyalty card, the extra power loyalty card of Indian Oil, for the next five years, the entire end-to-end management of that product is going to be done by us with the loyalty-related services that we have taken over for Indian Oil and then fifth is even now as we are that there are newer tenders which are coming up for newer services as IOT gets implemented. IOT-related newer tenders which are coming up from these OMCs, we are bidding for those. So there are multiple revenue lines which we have from OMCs. Again these are the kind of nuances which we are not able to explain very well is when you come to an OMC it is not just about just the terminal it is a multiple services that we do and the similar thing which we are doing for other segments also it is not just the device or the terminal that we are deploying but you are right it is a multiple revenue stream that we have from these OMCs.



- Amrish Rau:** By the way, Vijit, I will give you an answer on this extra power one because it is an L1 tendering, it is an open number out there which is Rs.60 Crores contract. It has nothing to do with terminals, by the way. Purely in terms of managing this, it is Rs.60 Crores to Rs.65 Crores kind of a revenue business for a five-year period, where we are basically taking over the loyalty program out there. As I said, it is an L1 tendering, so it is an open number. That is why I am just explaining that number in detail.
- Vijit Jain:** Understood, Amrish and Amrish, how much of this would be driving the growth acceleration from 19% to, let us say, a midpoint of 22% that you are guiding for?
- Amrish Rau:** Again, that is a good question out there. I am just doing a quick, I would say almost like 30 to 40 basis points would be because of this deal that we have already bagged.
- Sameer Kamath:** The answer we gave you of 2% to 3% incremental growth in one of the earlier participants, some of these like the mid market segment where Amrish was saying we are getting more visible on the street, there are some segments, OMC contract, all of this are giving us the confidence for the 2% to 3% incremental growth over what we are already doing.
- Vijit Jain:** Understood, Sameer. Thanks. My second question is, on the gift cards business, Amrish, you said somewhere in between that when you do distribution and gift cards, and I think Sameer, you said that as well, it is lower CM, but it is absolutely EBITDA accretive. Did I understand that right? Then, if I know this right, distribution is mostly in your India gift card business you do less of distribution in international and so from that whole IAP segment point of view, is it right that if you do more of distribution in India, it is contribution margin dilutive. International is more contribution margin dilutive and the rest of your gift cards business is at a higher margin level. Is that what is going on here?
- Amrish Rau:** I will let Sameer answer in detail, but I want to just highlight number. In our entire revenue numbers, distribution is the only number which is at a gross revenue level purely because of accounting policies. Everything else is 100% net revenue. So that is just at a high level. Sameer, you want to go through the next detailing?



Sameer Kamath:

Just a couple of questions Vijit to set the context. See distribution and processing we do are not two separate businesses that is an integrated offering we give the brand. So if a brand comes to us, for example, XYZ brand comes to us, they do not come to us to say only, okay, process my backend prepaid card. We actually come to us with a solution saying, listen, we can help you acquire customers because creating a wallet and creating a prepaid card helps you retain, acquire and grow customers and kind of create a lifetime value for that customer. Now to do that, we have to do a great institutional grade processing. Now obviously in processing the large part of the cost is your tech cost, AWS cost and people cost so that sits below the contribution margin therefore the flow through on processing is almost 95% to 98%. On distribution there is no incremental cost. The only cost is either what you do yourself or what you do to your partners, whether to share some part of the listing fees or something like that. Now that business fuels two things for us. A, makes us an attractive program manager for the brand who looks not just at the backend part, but as a solution to acquire customers and B, it also helps us improve our processing because with that, edge we can also multiply the processing efficacy which comes out of it and therefore if you see this integrated business model differentiates us versus just someone who is on either the distribution side or on the processing side. Having said that given that our traditional market when we started this business was in India, we have been able to build a very strong market share across distribution and obviously a very high market share on processing given that we are a preferred partner here. In the international market also which is growing at 44% for us as we have shown in the presentation, we started out by processing for few brands like we have given out some guidance earlier that we had Woolworths, with certain airlines, etc., but now we are also building distribution progress because that is an integrated offering again that brand look for. So as we are, stronger on distribution side here, but we are definitely growing traction on the distribution as far as the international markets are concerned. Look at this business as an integrated offering where at the CM level, you might see some changes, but at a flow through level, you will see it slightly differently and that is what my, my guidance to the street would be look at this as an integrated model and not like two separate businesses running within one.

Vijit Jain:

Makes complete sense, Samir. Thanks for that. That was very clear. I have just one last question. There were two comments on non-electronics and affordability piece in the presentation I think you have said somewhere that it grew 40% and somewhere that 60% Y-o-Y growth in volumes, so



is that broadly right 40% growth in value in non-electronics affordability and 60% in terms of volumes?

Sameer Kamath: No, I think what is guided is that the full year number is 60%. Last quarter was about 40% to 45%. What we wanted to say is on a full year basis, this category, as Amrish said at the beginning of the call, is growing significant traction and as Amrish said, some sectors and subsectors will keep going through pluses and minuses. Our job is to get, see affordability is probably 10% to 12% penetration of the total GDV in the market. So there is a significant headroom for growth here. If you look at it, our job.

Amrish Rau: Sameer, I am going to stop you out there and I just want to say, so this is an important point which I wanted to just highlight out there. We think the affordability-based segment, we are playing in a market which is less than 10% as of now. I think there are lots to go and I will give you some more color on it. What we are doing is when the consumer walks into the store, consumer already has a credit line. There is a massive segment which, for example, the Bajaj Finance of the world go after is where they deliver new credit at the point of purchase. So may that be a PL or a consumer durable loan. That is a segment which we are today not covering because we do not have enough NBFC coverage out there. That is one. Second is there is a post purchase installment payments program also which happens out there. That is a second piece which one needs to cover for. Third is a classic PL, where somebody is saying, what, I am doing a renovation of the house I am taking a Rs.3 lakh loan I am going to spend two and a half on the house, but I am going to do Rs.50,000 for white goods out there. All of these areas, we are not even playing in that area yet. I think the affordability segment is much broader than just this one area. Second is when I say affordability, today we look at it purely on the lending side, but there is lending, there is insurance, there is trade in, there is early buybacks, all of those services also which gets clubbed on that affordability side. Sorry, Sameer, you can continue.

Sameer Kamath: No, I think Amrish, you covered it. So what I wanted to say is that all of this blended put together contribute to how we grow in that segment and therefore, this call out that we have done of newer categories that we are bringing in, Amrish mentioned EVs and others, is what is driving and giving us confidence on our directed growth, which is there in that segment.



- Vijit Jain:** Got it Sameer. Any broad number you can give on what is non-electronics right now, just in terms of scale relative to electronics?
- Sameer Kamath:** We do not give individual segment cuts, Vijit, but what you have to know is that.
- Amrish Rau:** Vijit it is small, I would say it is less than 5%. Okay. But that is the reason why we called it out also in that note out there. We want to invest there.
- Vijit Jain:** Got it. Understood. Thank you so much.
- Amrish Rau:** In online also, by the way. By the way, when I say affordability, it is not just offline. We do a lot of affordability in the online segment also. I think in the online segment, there is a larger market to capture, not necessarily in CDIT, but also in the non-CDIT segment.
- Vijit Jain:** Understood. Thank you so much. Those were super helpful. Best of luck for the rest.
- Moderator:** Thank you. Our next question is from Aryan Tripathi of Emkay Global. Please go ahead.
- Aryan Tripathi:** Good morning. So, congratulations on a good set of numbers. My question is directed towards the affordability business. Historically, we have struggled to convert accrual profits into cash profits, primarily due to the heavy net working capital requirements in the affordability segment. This quarter, however, marked a sharp trend reversal. My understanding is that we have resorted to bill discounting that has improved the receivables collections, driving Rs.202 Crores in early settlement related cash inflows this quarter. This resulted in a strong EBITDA to OCF conversion of 71% for the fiscal but the tradeoff has been that we have lower take rates in the affordability business. From my calculations, the take rates were as high as 35 bps in the quarter before and now it has gone down to 30 bps. And so my question is that, is this the new normal for the affordability business? Is 30 bps take rate and a shortened working capital cycle from a 60-day cycle to now a 45-day cycle, is this the new normal? And if the working capital cycle is going to shorten further, can the take rates be maintained at 30 bps?
- Amrish Rau:** Aryan, I am going to let my CFO answer this question but as the CEO, I want to give you a general direction. I think the street has told us very clearly, saying that they do not necessarily like the fact that our working capital is getting bloated and we have taken note of that and that is exactly what



we have tried to solve for it because obviously, the messaging has been very clear to us. Now, we have been very clear to you also is that by making those changes, is that going to have a material impact on our financials? The answer is no and that is something that we wanted to show the street very clearly. So yes, you are right in what you are pointing out there. Now, is that impact going to be 35 basis or 30 basis? Honestly, that is not how I run the business but Sameer, if you have any color to give.

Sameer Kamath:

I have a clear answer, Aryan. Thanks for this. I think very detailed work on asking this question. Two things here. Our working capital was typically in the range of 14% to 15% and we have remained in that range as far as working capital beyond the early settlement is concerned and that is what we have guided and that is what we have told the street as well. Last year when the working capital last quarter it at 22% we had explained it is cyclical to festivity and it will normalize on a full year basis, we have delivered that. That has come through multiple things. Certain onetime reversals that happened because of Q3 obviously that panned out as we had explained to the street. Second there has been a serious drive on collections efficiencies, working capital all of that so that has contributed to a working capital efficiency not at just at an early settlement level but beyond that as well. Coming to early settlement there are two things here. One there is a cost associated with this, which is typically, we are taking some of this to off balance sheet. As Amrith said, we want to do that but on a full year basis, we have grown that business and you have seen on a full year basis, in one quarter, you would have seen a reversal because we focused on closing out a lot of clients, etc., on the factorization side. But on a full year basis, you see that is also contributed. So if you see in the Rs.400 Crores, there has been an incremental deployment in ICB as well. Does that impact our business in a way? The answer is no. Answering to your question on take rate, see, the flow business take rate of 30 bps is a factor of multiple line items of revenue. It is not just about affordability. If you look at pure affordability, our take rates are quite stable and strong. There are other things like UPI, there is DCC, etc., some of which was slightly impacted because of travel restrictions, etc., so if you look at it as a subset, you see that as a trended lower number, but that is an aggregation of multiple line items, not necessarily about affordability. Our affordability take rates continue to remain extremely strong.

Aryan Tripathi:

So we can see the take rates going back up to 35 bps.



- Amrish Rau:** It is a mix. So I will tell you, it is a mix. It depends where the mix lands up to be very candid about it. Like for example, UPI volumes go up and the take rate goes down. You will see the take rate as a mix changing. So it is very difficult to guide, but intra segmental yields, as we are saying, remains very strong and no pressure on that at all because of ICB or otherwise.
- Aryan Tripathi:** But is bill discounting going to be a quarter specific thing for this quarter?
- Amrish Rau:** No. It is a program that we are running. In fact, we have to onboard a lot of brands. It requires a lot of collaboration with banks and brands. It is not automatic because you have to work with them on documentation closures and all. I think we have had a great push and I think this is not going to take away all of our ICB balances, but yes, it is going to be a program and not a onetime activity. It is a program that we are running. We have just accelerated it through our conversations with brands and banks to get it on this platform.
- Aryan Tripathi:** Sure. Thanks for that. Just a housekeeping question. I see that there is a Rs.111 Crores financing cash flow related to the bill discounting number, but I see no spike on the financing cost despite that. So are the affordability revenues being recognized on a net basis already adjusting for the interest expense related to the bill discounting or is it or is there something else that is going on?
- Amrish Rau:** There is no change in the accounting. It is consistent with what we are doing. The source of financing can change whether it is that. I think we charge tech fees and all of these are our internal working capital requirements which are there. So there is no change in the accounting because of this change other than what is seen in the balance sheet because of factorization.
- Aryan Tripathi:** Thank you. Thanks a lot.
- Amrish Rau:** Inba, there are a bunch of questions on the chat box, which a lot of it is already answered, except one from Arvind, if you can take that, please.
- Moderator:** Sure, I will just read it out. The question is from Arvind Arora. His question is GDV growth is around 50% whereas revenue growth is around 19%, so is there headroom to increase monetization?
- Amrish Rau:** The short answer is yes. So as we have explained this before, our revenue models vary by the segment that we play in. In some cases, it is purely based by the number of transactions. In some



cases, it is on the value which is associated to that transaction. Our constant endeavor is to obviously get to more value-based revenue coming to us. So yes, again, the short answer is yes, there is a place for us to cover that gap.

Sameer Kamath: Arvind, also to add to what Amrish said, if you see the layers on value pools that we build out, it actually covers that quite well. The distribution layer is largely a linear layer where almost all of our revenues are recurring in nature. In fact, one important number for you guys to know what are most of our revenues are all recurring in nature and the base layer is largely MSF, which is rentals. Now we are getting to monetize GTV. So you can see the volume of throughput, which is 50% growth, our revenue growth of 19%. A large part of the incremental data will come from the fact that we are monetizing GTV through multiple cohorts of revenue we have within the flow and affordability business. So the answer to that is very clearly, yes.

Moderator: Thank you. That was the last question. I would now like to hand the floor back to Mr. Amrish Rau for closing comments.

Amrish Rau: Thank you very much for taking this call early in the morning. I hope we have been able to give more color on our business. Both Ritesh and Sameer are available for further conversations over the next few quarters. Thank you very much.

Moderator: Thank you, Mr. Rau and thank you, Mr. Kamath. Ladies and gentlemen, on behalf of the entire Pine Labs leadership team, we would like to sincerely thank you for taking time to join us today and for your continued interest and support of Pine Labs. If you have any follow up questions that were not addressed during today's call, please feel free to reach out to our Investor Relations team and we would be happy to assist you. This concludes today's call. We wish you have a pleasant day ahead. Thank you everyone. Goodbye.