9 September 2026

Company Update | Sector: Internet & New-Age Tech

Lenskart

BSE Sensex	S&P CNX
74,764	23,432

lenskart

Bloomberg	LENSKART IN
Equity Shares (m)	1739
M.Cap.(INRb)/(USDb)	1206.9 / 12.7
52-Week Range (INR)	698 / 356
1, 6, 12 Rel. Per (%)	26/39/-
12M Avg Val (INR M)	3815

Financials & Valuations (INR b)

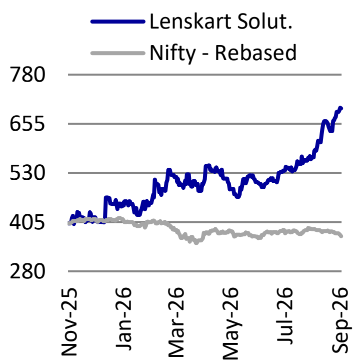
Y/E March	FY27E	FY28E	FY29E
Sales	118.1	149.9	185.8
EBITDA (reported)	26.6	35.7	46.3
EBITDA (pre-INDAS)	16.8	23.7	31.7
Adj. Net Profit	9.5	14.6	21.5
EBITDA Margin (%)	22.5	23.8	24.9
Adj. EPS (INR)	5.4	8.4	12.3
BV/Sh. (INR)	56.7	65.2	77.8
Ratios			
Net D:E	-0.2	-0.3	-0.4
RoE (%)	10.2	13.9	17.3
RoCE (%)	7.8	10.3	12.4
Valuations			
P/E (x)	126.3	81.9	55.9
EV/EBITDA (x)	46.0	34.1	26.0
EV/pre-IND AS EBITDA	70.2	49.2	36.1
EV/Sales (x)	10.4	8.1	6.5

Shareholding pattern (%)

As On	Jun-26	Mar-26
Promoter	17.5	17.6
DII	23.6	15.5
FII	13.2	4.7
Others	45.7	62.3

FII Includes depository receipts

Stock performance (one-year)



CMP: INR692 | **TP: INR800 (+16%)** | **Buy**

Long runway for growth and margin expansion

- Since its listing (Nov'25), Lenskart's share price has risen ~70%. We note that the strong performance has largely been driven by strong earnings momentum, leading to consistent upgrades in consensus estimates (FY28 PAT up by ~30%) and roll-forward, rather than multiple re-rating (~8.5%).
- Given its best-in-class store economics (store payback in <10 months, 33%+ store EBITDA margin), limited organized competition, under-penetrated category, and robust FCF generation (despite front-ended capex for Hyderabad plant), we expect Lenskart to ramp-up store additions and reach ~4.5k stores in India by FY29 (vs. ~4.3k stores earlier).
- Lenskart's international segment margins have consistently surprised us, with the company achieving 10.5% pre-IND AS EBITDA margin in 1QFY27 (vs. our initial estimate of ~9.2% by FY28). Notably, the strong margin performance was despite a sharp ~45% YoY growth in marketing spends (~50-60bp higher YoY) during the last two quarters.
- We raise our FY27-28E consolidated pre-IND AS EBITDA by 4%/8%, driven by higher store additions in India and better operating leverage both in India and international.
- We model 27%/46%/59% CAGR in revenue/pre-IndAS EBITDA/adj. PAT over FY26-29E, driven by ~29%/25% revenue CAGR in India/International. We expect pre-IND AS EBITDA margin to expand to 19.4%/13.5% in India/International by FY29.
- We **reiterate BUY with a revised TP of INR800**, based on a 49x Sep'28 blended pre-Ind AS EBITDA multiple (55x for India, ~37.5x for Int'l).

Earnings momentum rather than multiple re-rating driven stock outperformance

- Since the listing, Lenskart's share has delivered ~70% return. Our analysis of stock price decomposition suggests that earnings surprises, leading to consensus estimate upgrades, along with roll-forward, have been the key drivers of stock outperformance, rather than multiple re-rating.
- Driven by strong growth and operating leverage, consensus has upgraded Lenskart's FY27-28 post IND-AS EBITDA by ~18-20% and PAT by ~27-30% since Dec'25. Comparatively, our FY27-28 pre-IND AS EBITDA estimates have increased by ~26-29% and FY27-28 PAT by ~36-43%, driven by stronger margin performance in international operations.
- Earnings upgrade, coupled with roll-forward, have been the key driver, while the two-year forward P/E multiple has re-rated by a modest ~8% to ~86x (vs. Dec'25), suggesting an earnings-led stock price performance.

Long runway for sustaining 25%+ revenue growth

- Lenskart has among the best-in-class store economics among listed retailers (~10 months store payback across India and International operations).

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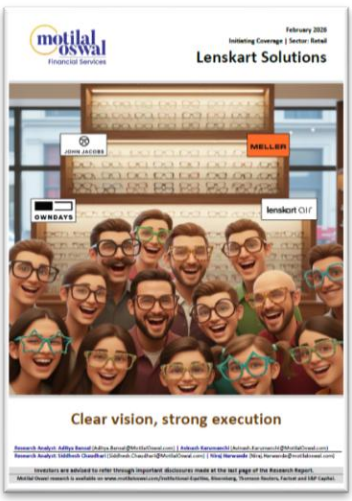
- Moreover, we believe the store economics has room for further improvement as newer stores hit maturity and benefits of backward integration are reflected in higher product margins (currently impeded by rupee depreciation).
- Despite operating one of the largest retail networks in India (2,725 stores), we believe the runway for store expansion remains large, given the category under-penetration and limited organized competition.
- We believe Lenskart can potentially add 10k+ stores over the medium term through densification in its existing footprint (1.8k+ pincodes), entry into unserved pincodes within existing cities (~2.7k), and foray into new economically viable towns (~3.5k+ pincodes).
- Further, despite front-ended capex for the Hyderabad plant, the company has been able to generate FCF in FY26 and 1QFY27, with its cash balance rising to INR41b.
- Over FY26-29, we expect Lenskart to generate INR53b in cumulative pre-IND AS OCF and with likely tapering of Hyderabad capex, we expect significant FCF generation (INR32b cumulative), which the company could use to fund growth through accelerated store additions and expand into new markets internationally.
- We now build in ~1,900 store additions in India over FY26-29 (vs. ~1,700 earlier), while we bake in modest ~2.5%/3.5% annual growth in per store volume/ASP, as compared to ~18% reported SSSG in 1QFY27.

Margin inflection underway across India and International operations

- Lenskart's profitability expansion has been ahead of its revenue growth, with significant operating leverage seen across India and International operations.
- We note that profitability has been far ahead of our initial expectations, with Lenskart achieving our FY27 pre-IND AS margin estimate in India and our FY28 pre-IND AS margin estimate for the International business by 4QFY26.
- Going ahead, we build in ~395bp margin expansion over 1QFY27-FY29 for the India business to reach ~19.4% pre-IND AS EBITDA margin by FY29. Notably, commissions/incentives still account for ~3.3% of Lenskart's India revenue, which will likely reduce to zero as Lenskart transitions entirely to the COCO model.
- Similarly, we build in ~300bp margin expansion over 1QFY27-FY29 for the International business to achieve ~13.5% pre-IND AS margin by FY29. We believe with focus on SSSG-led growth rather than aggressive store expansion, the room for operating leverage in international business is significantly higher.



Valuation and view

- Lenskart has built strong moats in a difficult-to-scale category through: i) a centralized, highly automated manufacturing facility; ii) strong backward integration; iii) large omnichannel presence; iv) leveraging technology to ease constraints in scaling up; and v) house-of-brands architecture spanning mass to premium eyewear. Please refer to our IC for detailed thesis on Lenskart.
- We raise our FY27-28E consolidated pre-IND AS EBITDA by 4%/8%, driven by higher store additions in India and operating leverage across India and Int'l.
- We model 27%/46%/59% CAGR in revenue/pre-Ind-AS EBITDA/adj. PAT over FY26-29E, driven by ~29%/25% revenue CAGR in India/Int'l. We expect pre-IND AS EBITDA margin to expand to 19.4%/13.5% in India/International by FY29.

- We **reiterate BUY with a revised TP of INR800** (earlier INR705), based on an 49x Sep'28 blended pre-IndAS EBITDA multiple (55x for India, ~37.5x for Int'l).

Exhibit 1: Ascribe a TP of INR800 based on ~49x Sep'28E pre-IND AS EBITDA

INR b	Pre-IND AS EBITDA	Multiple (x)	Value (INR b)
Enterprise value	**27.7**	**49**	**1,372**
India	18.9	55	1,041
International	8.8	38	331
Net debt (incl. leases)			-28
Equity value			**1,401**
TP (INR/share)			**800**
CMP (INR/share)			692
Potential upside (%)			16

Source: Company, MOFSL

Exhibit 2: Key assumptions for our reverse DCF model

DCF valuation		
WACC	%	11.5%
Terminal growth	%	6.0%
PV of FCF (FY26-51)	**INR b**	**764**
Exit FCF multiple	x	19.3
PV of terminal value	**INR b**	**609**
Enterprise value	**INR b**	**1,372**
Sep'28 EV/EBITDA	**x**	**49**
Net cash	INR b	-28
Equity	**INR b**	**1,401**
Target Price	**INR/sh**	**800**

Source: Company, MOFSL

Exhibit 3: Our reverse DCF implies a revenue/pre-IND AS EBITDA CAGR of ~14%/18% over FY26-51E

Lenskart	FY26-29E	FY29-36E	FY36-51E	FY26-51E
India				
Revenue CAGR	28.8%	19.9%	10.0%	14.8%
pre-INDAS EBITDA CAGR	42.3%	23.5%	10.8%	17.7%
Exit pre-INDAS margin	19.4	23.9	26.5	
International				
Revenue CAGR	25.0%	16.9%	8.0%	12.4%
pre-INDAS EBITDA CAGR	55.3%	21.9%	9.1%	17.4%
Exit pre-INDAS margin	13.5	18.0	21.0	
Consolidated				
Revenue CAGR	27.3%	18.8%	9.4%	14.0%
pre-INDAS EBITDA CAGR	46.3%	23.0%	10.4%	17.7%
FCF/EBITDA (average)	44.0%	65.0%	74.5%	73.3%
Exit pre-INDAS margin	17.1	21.8	24.9	

Source: Company, MOFSL

Exhibit 4: Comparative valuation for Lenskart (vs. Indian new age, traditional retailers, and international eyewear retailers)

	FY26-28E CAGR (%)			P/E (X)		EV/EBITDA (x)		EV/Sales (X)		RoE (%)	
	Sales	EBITDA	PAT	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY26	FY28E
New Age											
Nykaa	26.9	58.5	99.9	203.7	116.5	110.2	73.7	7.7	6.1	14.6	34.5
ETERNAL	61.8	264.4	306.0	192.7	82.6	135.0	64.4	3.1	2.1	1.2	11.9
Cartrade	21.6	35.5	30.4	50.1	38.6	44.7	34.7	14.6	12.1	9.5	12.5
Lenskart	**29.0**	**53.0**	**65.7**	**127.1**	**82.4**	**70.4**	**49.4**	**10.0**	**7.8**	**7.1**	**13.9**
Firstcry	15.5	n/m	n/m	590.2	45.8	62.7	24.4	1.0	0.8		3.7
Average				**232.8**	**73.2**	**84.6**	**49.3**	**7.3**	**5.8**	**8.1**	**15.3**
Traditional Retailers											
Titan	22.1	20.5	24.9	67.9	57.4	59.0	49.9	4.8	4.1	37.1	32.2
VMM	19.1	24.7	27.0	45.5	35.8	29.1	22.8	3.0	2.4	12.1	14.8
Trent	20.3	29.1	23.4	71.8	56.9	45.0	34.6	6.2	5.1	29.2	27.8
Dmart	16.7	16.1	16.3	70.2	60.6	43.1	37.1	3.0	2.6	12.3	12.6
Average				**63.9**	**52.7**	**44.0**	**36.1**	**4.3**	**3.6**	**22.7**	**21.8**
International											
Essilor Luxottica	7.5	9.8	7.9	19.9	18.1	11.5	10.6	2.7	2.5	5.8	8.7
JINS	13.1	9.8	6.0	15.5	14.0	7.9	7.3	1.2	1.1	29.1	24.5
Fielmann	3.9	2.5	6.4	15.9	14.3	6.9	6.4	1.6	1.5	21.7	20.7
Average				**17.1**	**15.5**	**8.8**	**8.1**	**1.8**	**1.7**	**18.9**	**17.9**

*EBITDA used is Pre-IND AS EBITDA

Source: Company, MOFSL, Bloomberg

Consistent earnings upgrades have been the key driver of stock outperformance rather than multiples re-rating

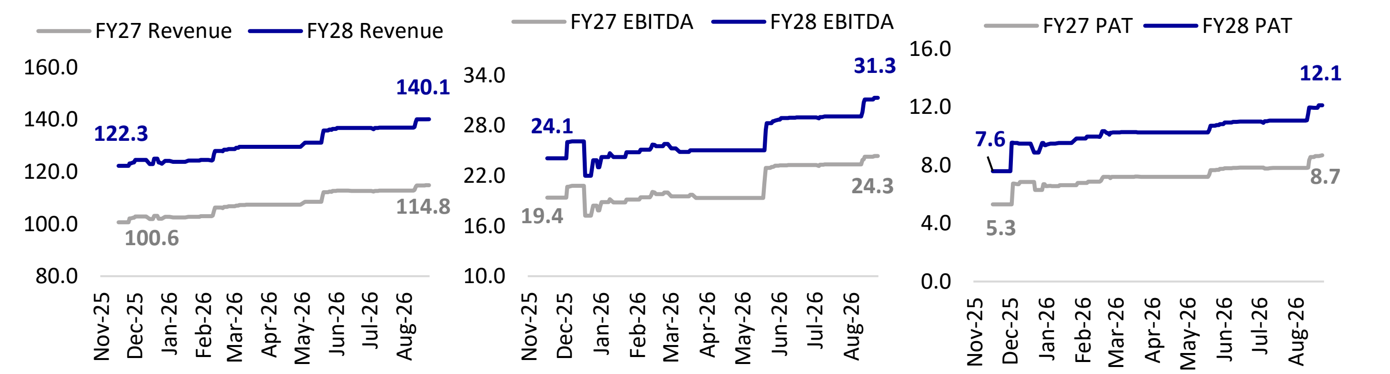
- Since its listing (Nov'25), Lenskart's share price has risen ~70%. Notably, this strong performance has largely been driven by strong earnings momentum leading to consistent upgrades in consensus estimates, rather than multiple re-rating.
- Driven by strong earnings momentum, we note that Bloomberg consensus has upgraded the FY27/FY28 EBITDA and net profit estimate by ~18-20% and 27-30%, respectively (since Dec'25).
- Further, given the robust improvement in profitability, roll-forward of earnings has also led to a significant increase in the one- and two-year forward EBITDA/net profit. Overall, roll-forward and earnings upgrade have driven ~40%/58% increase in two-year forward EBITDA/PAT.
- Meanwhile, two-year forward rolling EV/EBITDA multiple has expanded ~18% (from Dec'25) to ~35x, while two-year forward rolling P/E multiple has expanded by a modest ~8% (from Dec'25) to ~87x.
- Similarly, since our IC in Feb'26, we have upgraded Lenskart's FY27/28 consolidated pre-IND AS EBITDA by ~26%/29%, while our FY27/28 consolidated PAT has seen ~36%/43% upgrades. Stronger-than-expected growth and better profitability in the international business has been among the biggest driver of earnings upgrades.
- Similarly, we note that since our IC, the stock has risen ~46%, which is largely driven by earnings upgrades and roll-forward (blended pre-IND AS EBITDA for valuation up ~50%+ from Mar'28 to Sep'28), while we have trimmed our blended EV/EBITDA multiple for Lenskart to ~49x Sep'28 pre-IND AS EV/EBITDA (from 55x FY28E pre-IND AS EV/EBITDA at the time of our IC).

Exhibit 5: Decomposition of Lenskart's stock price movement since Dec'25

	Share Price	Mcap (INR b)	Post-IND AS EBITDA (INR m) 1-yr fwd	Post-IND AS EBITDA (INR m) 2-yr fwd	EV/EBITDA (x) 1-yr fwd	EV/EBITDA (x) 2-yr fwd	PAT (INR m) 1-yr fwd	PAT (INR m) 2-yr fwd	P/E (x) 1-yr fwd	P/E (x) 2-yr fwd
Dec'25	405.6	703.6	19,517	24,794	37.7	29.7	6,103	8,811	115.3	79.9
Sep'26	692.0	1205.5	27,263	34,602	44.4	35.0	10,108	13,912	119.3	86.7
% Change	*70.6*	*71.3*	*39.7*	*39.6*	*17.8*	*17.9*	*65.6*	*57.9*	*3.4*	*8.5*

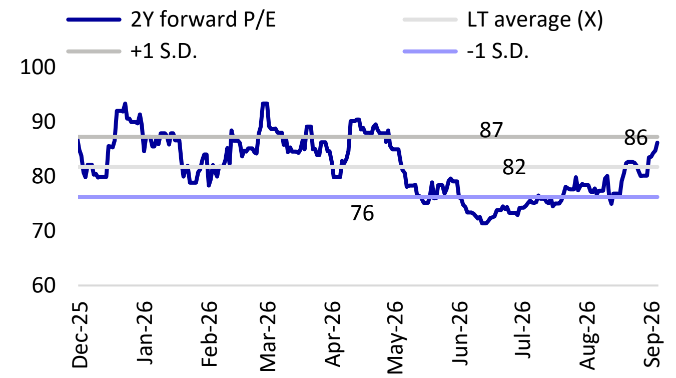
Source: MOFSL, Company

Exhibit 6: Consensus has upgraded FY27/28 EBITDA (~18-20%) and PAT (~27-30%) for Lenskart since Dec'25 (INR b)



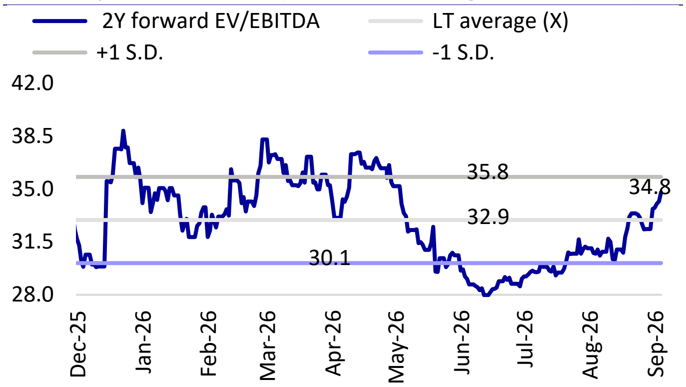
Source: Bloomberg, MOFSL

Exhibit 7: Lenskart's current two-year rolling forward P/E stands at ~85x (vs. ~82x on average since Dec'25)



Source: MOFSL, Company

Exhibit 8: Lenskart's two-year rolling forward EV/ EBITDA currently stands at ~35x (vs. 33x on average since Dec'25)



Source: MOFSL, Company

Exhibit 9: Our FY27/28 consolidated pre-IND AS EBITDA up ~26-29% and consolidated PAT up ~35%-43% since our IC in Feb'26

(in INR m)	FY27				FY28			
	Feb'26	May'26	Sep'26	Change (%) Feb'26 – Sep'26	Feb'26	May'26	Sep'26	Change (%) Feb'26 – Sep'26
India								
Revenue	64,965	67,585	69,719	7.3	80,706	83,551	89,443	10.8
pre-IND AS EBITDA	**9,948**	**10,761**	**11,441**	**15.0**	**13,540**	**14,281**	**16,109**	**19.0**
margin	15.3	15.9	16.4	110	16.8	17.1	18.0	123
Int'l								
Revenue	44,435	47,021	48,950	10.2	52,901	57,345	61,018	15.3
pre-IND AS EBITDA	**3,438**	**4,598**	**5,395**	**56.9**	**4,865**	**6,044**	**7,625**	**56.7**
margin	7.7	9.8	11.0	329	9.2	10.5	12.5	330
Consol								
Revenue	1,08,899	1,14,106	1,18,069	8.4	1,33,107	1,40,396	1,49,861	12.6
pre-IND AS EBITDA	**13,336**	**15,359**	**16,836**	**26.2**	**18,405**	**20,325**	**23,734**	**29.0**
margin	12.2	13.5	14.3	201	13.8	14.5	15.8	201
PAT	**7,184**	**8,075**	**9,750**	**35.7**	**10,423**	**11,130**	**14,900**	**42.9**

Source: MOFSL, Company

Long runway for sustaining 25%+ revenue growth over the medium term

Best-in-class and still improving store economics

- Lenskart has among the best-in-class store economics among large retailers, with ~10 months payback across its India and international operations.
- Further, we note that unlike value fashion retailers and departmental stores, Lenskart's store sizes are relatively smaller (~750-1,000 sqft) and lean on store inventory as the stores act primarily as customer acquisition centers.
- Despite adding significant stores over the past few years (~24% incremental stores since end-FY25), we believe Lenskart's store economics has likely further improved with ~35% store level EBITDA margins (vs. ~33% indicated at the time of its IPO).
- Moreover, we believe the store economics would improve further as newer stores hit maturity and the benefits of backward integration are reflected in higher product margins (currently impeded by rupee depreciation) and operating leverage. However, there could be some offset from the densification of store presence and cannibalization in certain clusters.
- We currently build in modest ~2.5% growth in average volume per store and ~3.5% annual ASP increase, as compared to ~18% SSSG reported in 1QFY27.

Exhibit 10: Lenskart's store capex payback remains ~9-10 months both in India and International as per our estimates

Lenskart's store economics	Based on 1QFY27 data					
	INR m/store			% of revenue		
	India	International	Consol	India	International	Consol
Revenue	**23**	**66**	**32**			
Product margin (%)	*64.1*	*77.0*	*70.3*			
GP	**15**	**51**	**22**	**64.1**	**77.0**	**70.3**
Employee	*3.2*	*13.1*	*5.3*	*13.8*	*19.8*	*16.6*
Other expenses	*2.2*	*5.9*	*3.0*	*9.8*	*8.9*	*9.4*
Lease rentals	*1.4*	*7.5*	*2.7*	*6.0*	*11.4*	*8.4*
Store level EBITDA	**7.9**	**24.5**	**11.5**	**34.6**	**37.0**	**35.9**
Depreciation	*0.5*	*1.8*	*0.9*	*2.2*	*2.7*	*2.7*
Store level EBIT	**7.4**	**22.8**	**10.6**	**32.4**	**34.3**	**33.2**
Store level PAT	**5.6**	**17.0**	**7.9**	**24.2**	**25.7**	**24.8**
Capex	*4.0*	*14.3*	*6.9*			
Indicative payback (months)	**8.6**	**10.0**	**8.6**			
Company level expenses				***19.2***	***26.6***	***22.6***
Corporate overheads	*3.3*	*10.2*	*4.8*	*14.4*	*15.5*	*15.0*
Marketing expenses	*1.1*	*7.4*	*2.4*	*4.8*	*11.1*	*7.6*
Pre-IND AS EBITDA	**3.5**	**6.9**	**4.3**	***15.4***	***10.5***	***13.3***
margin (%)	***15.4***	***10.5***	***13.3***			

Source: MOFSL, Company

Significant whitespaces and limited organized competition provide large runway

- Despite operating one of the largest retail networks in India (2,725 stores), we believe the runway for store expansion remains large, given the category under-penetration and limited organized competition.
- We note, of the 455 stores added over 3QFY26-1QFY27, the company added ~35% (158 stores) in existing pincodes, while delivering ~18% SSSG and ~24% SPSG.
- Lenskart added 155 stores (~34%) in unserved pincodes of its existing cities during the last nine months, while maintaining its robust store level performance (~1.8-2m monthly sales per store).
- Within cities where Lenskart is operational, there are ~2,670 pincodes that are still unserved, indicating penetration of just ~5% out of the unserved pincodes as of 2QFY26.
- During the last nine months, the company entered 142 stores (~31%) across 140 pincodes out of the 3,644 identified economically viable pincodes in next 2,000 towns (just ~4% of the identified opportunity).
- The monthly sales in these towns is justifiably lower at ~INR1.2m; however, we believe the store running costs would also be lower, thereby ensuring the payback periods are largely comparable to existing cities.
- Overall, we believe there is a long runway for growth (~10k+ stores) through densification in its existing pincodes, entry into unserved pincodes within existing cities (~2,670), and foray into newer economically viable towns (~3,500+ pincodes).

Exhibit 11: Significant headroom for accelerated store expansions to continue at least for the next 10 years

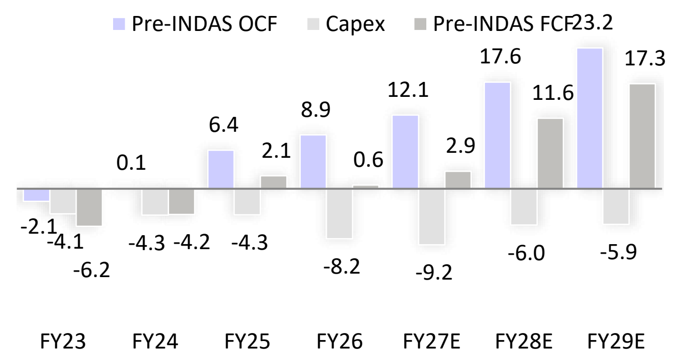
Cities	Q2FY26		Addition in 9 months		Q1FY27	
	No of Pin codes with stores	Pin codes with no Lenskart stores	Pincodes	Stores	No of Pin codes with stores	Pin codes with no Lenskart stores
Metro	539	690	38	40	577	652
Tier 1	312	607	64	65	376	543
Tier 2+	666	1,524	50	50	716	1,474
Sub-total	**1,517**	**2,821**	**152**	**155**	**1,669**	**2,669**
Next 2000 towns		3,644	140	142	140	3,504
Total	**1,517**	**6,465**	**292**	**455***	**1,809**	**6,173**

Note: Lenskart added 455 stores in the last 9m, including densification of stores in existing pincodes — Source: MOFSL, Company

Robust pre-IND AS OCF generation and moderating capex provide ammunition

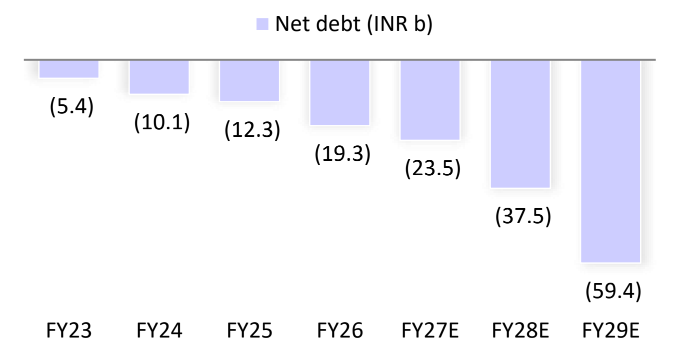
- We note that despite front-ended capex for the Hyderabad facility, Lenskart has been able to generate FCF in FY26 (~INR640m) and 1QFY27 (~INR1.15b). Meanwhile, the company's cash balance stood at ~INR41b as of 1QFY27.
- Over FY26-29, we expect Lenskart to generate INR53b in cumulative pre-IND AS OCF (~73% of cumulative pre-IND AS EBITDA). We expect capex for the Hyderabad plant to taper from FY28 and result in significant FCF generation. The company can deploy its rising FCF generation to either organically accelerate store additions, venture into new international markets, and/or acquire new brands.
- We believe that ramping up store additions in India to sustain high growth would be a key cash deployment option and now build in ~1,900 store additions in India over FY26-29 (vs. ~1,700 earlier).
- Despite our assumption of accelerated store additions, we expect Lenskart to still generate a cumulative pre-IND AS FCF of ~INR32b.

Exhibit 12: Expect significant FCF generation, which could be used to further accelerate the pace of store openings



Source: MOFSL, Company

Exhibit 13: Net cash position to strengthen further, driven by robust cashflow generation



Source: MOFSL, Company

Margin inflection underway across India and International operations

Build in ~395bp margin expansion in India

- Lenskart's India segment margins expanded ~210bp YoY to 15.4% in 1QFY27, driven by i) 75bp improvement in product margin (backward integration benefit partly offset by rupee depreciation), ii) 90bp operating leverage each in marketing spends and other expenses, and iii) ~10bp operating leverage on lease rentals, which was partly offset by 60bp increase in employee expenses.

- We note that Lenskart achieved 15.3% pre-IND AS EBITDA margins in India in 4QFY26, much ahead of our initial estimate of 15.3% margins by FY27, driven by stronger growth trajectory and operating leverage.
- Going ahead, we build in ~395bp margin expansion over 1QFY27-FY29 to reach ~19.4% pre-IND AS EBITDA margins by FY29. This will be driven by: i) ~85bp improvement in product margin, ii) ~120bp/105bp/55bp operating leverage on employee/marketing/other expenses, and iii) modest ~25bp operating leverage on lease rentals.
- We note that commissions/incentives still accounted for ~3.3% of Lenskart's India revenue, which are likely to reduce to NIL over time as company transitions entirely to the COCO model.

Exhibit 14: Lenskart India's margin expansion drivers over 1QFY26-1QFY27 and our estimate for 1QFY27-FY29

India	1QFY26	1QFY27	Change (bp)	1QFY27	FY29E	Change (bp)
Product margins	**63.4**	**64.1**	**74**	**64.1**	**65.0**	**86**
Employee costs	17.8	18.4	62	18.4	17.2	-122
Marketing cost	5.7	4.8	-90	4.8	3.7	-106
Other expenses	20.4	19.5	-90	19.50	18.97	-54
Reported EBITDA	**19.4**	**21.4**	**202**	**21.4**	**25.1**	**368**
Rentals	6.1	6.0	-10	6.0	5.7	-27
Pre-IND AS EBITDA	**13.3**	**15.4**	**212**	**15.4**	**19.4**	**394**

Source: MOFSL, Company

Build in ~300bp margin expansion in International operations

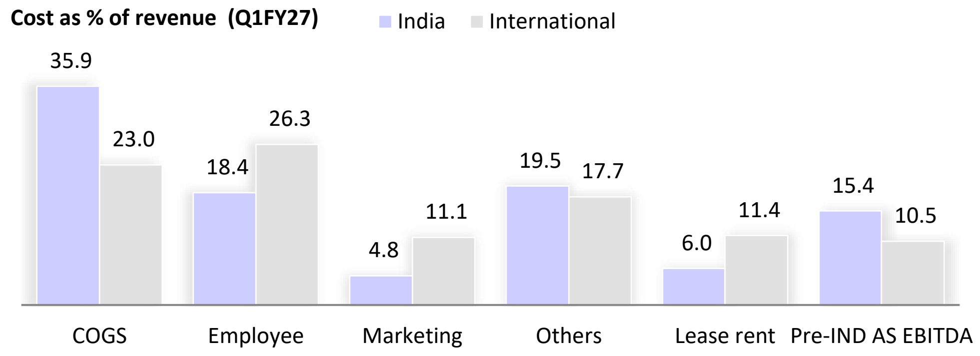
- Lenskart's international segment margins expanded by sharp ~600bp YoY to 10.5% in 1QFY27, driven by: i) ~115bp improvement in product margin (Owndays supply chain integration, Meller scale-up), ii) 385bp/75bp operating leverage in employee/other expenses, and iii) ~100bp operating leverage on lease rentals, which was partly offset by ~60bp increase in marketing expenses.
- Compared to India, margin expansion in International operations has been even sharper than our expectations. International operations achieved pre-IND AS EBITDA margin of 9.2% in 4QFY26, much ahead of our initial expectation of 9.2% by FY29. This was achieved by robust growth and operating leverage.
- Going ahead, we build in ~300bp margin expansion over 1QFY27-FY29 to reach ~13.5% pre-IND AS EBITDA margins by FY29. This will be driven by: i) ~45bp improvement in product margin, ii) ~185bp/30bp operating leverage on employee/marketing expenses, and iii) modest ~45bp operating leverage on lease rentals. We do not expect any significant operating leverage on other expenses.
- While product margins in the international segment at ~77% is significantly ahead of ~64% product margins in India, we note that cost per piece for Lenskart's international operations remains almost 2x that of India at INR1,200+ and has room for further optimization as the company increases its backward integration with the commissioning of Hyderabad facility and ramps up frame manufacturing in Thailand.
- Further, as the focus remains on SSSG led growth rather than store expansion in international operations, we see significant room for operating leverage on employee and lease rentals, even if marketing expenses were to remain elevated.

Exhibit 15: Lenskart's international revenue build-up across key subs

Lenskart's international revenue build-up		In INR m			Local currency (m)		
		FY25	FY26	YoY (%)	FY25	FY26	YoY (%)
Key international subs	**Country**	**29,623**	**37,379**	**26.2**	**24,736**	**28,661**	**16**
Owndays Co.	Japan	12,136	14,957	23.3	21,890	25,381	16
Owndays SG	Singapore	6,708	8,063	20.2	106	113	6
Lenskart Pte	Singapore	1,898	2,751	44.9	30	40	34
Lenskart Optical	UAE	835	1,260	50.9	36	52	43
Owndays Taiwan	Taiwan	3,404	4,192	23.1	1,309	1,461	12
Owndays Thailand	Thailand	2,976	3,986	33.9	1,227	1,453	18
Owndays HK	HK	1,329	1,525	14.8	123	134	9
Lenskart Arabia	Saudi Arabia	338	645	91.0	15	27	83
Delta		**-516**	**517**				
International proforma		**29,108**	**37,896**	**30.2**			

Source: MOFSL, Company

Exhibit 16: There is still significant room for operating leverage in international markets



Source: MOFSL, Company

Exhibit 17: Lenskart International margin expansion drivers over 1QFY26-1QFY27 and our estimate for 1QFY27-FY29

International	1QFY26	1QFY27	Change (bps)	1QFY27	FY29E	Change (bp)
Product margins	**75.9**	**77.0**	**114**	**77.0**	**77.5**	**46**
Employee costs	30.2	26.3	-386	26.3	24.5	-184
Marketing cost	10.5	11.1	60	11.1	10.8	-30
Other expenses	18.50	17.74	-76	17.74	17.77	3
Reported EBITDA	**16.9**	**21.9**	**496**	**21.9**	**24.4**	**258**
Rentals	12.4	11.4	-101	11.4	10.9	-44
Pre-IND AS EBITDA	**4.5**	**10.5**	**597**	**10.5**	**13.5**	**301**

Source: MOFSL, Company

Exhibit 18: Build-up of Lenskart's key other expenses (FY26)

	(in INR m)			as % of revenue		
	India	International	Consolidated	India	International	Consolidated
Commissions/incentives	**1,738**	**74**	**1,812**	**3.3**	**0.2**	**2.0**
Postage and courier	1,586	828	2,414	3.0	2.2	2.7
Marketing	**2,983**	**3,719**	**6,293**	**5.7**	**9.8**	**7.0**
IT support	1,251	193	1,444	2.4	0.5	1.6
Contractual labor	942	101	1,042	1.8	0.3	1.2
Rent	790	1,168	1,959	1.5	3.1	2.2
Electricity and water	946	338	1,285	1.8	0.9	1.4
Professional fees	699	589	1,287	1.3	1.6	1.4
Payment collection charges	238	840	1,077	0.5	2.2	1.2
Other misc expenses	**2,090**	**2,640**	**5,139**	**4.0**	**7.0**	**5.7**

Source: MOFSL, Company

Exhibit 19: Key assumptions for Lenskart

(INR m)	FY24	FY25	FY26	FY27E	FY28E	FY29E
India						
Eyewear units sold (m)	17.7	22.9	28.8	36.7	45.5	55.2
YoY	*29*	*30*	*26*	*27*	*24*	*21*
EoP active stores	1,785	2,067	2,609	3,200	3,825	4,500
Revenue from ops	**31,086**	**39,391**	**52,648**	**69,719**	**89,443**	**1,12,364**
YoY (%)		*27*	*34*	*32*	*28*	*26*
Product margin %	61.6	63.6	63.7	64.2	64.6	65.0
Pre-INDAS EBITDA	**2,040**	**3,852**	**7,552**	**11,441**	**16,109**	**21,753**
Pre-INDAS EBITDA margin %	**6.6**	**9.8**	**14.3**	**16.4**	**18.0**	**19.4**
International						
Eyewear units sold (m)	4.6	5.4	6.5	8.1	9.8	11.6
YoY		*18*	*20*	*25*	*21*	*18*
EoP active stores	604	657	718	790	865	950
Revenue from ops	**24,651**	**29,108**	**37,896**	**48,950**	**61,018**	**74,083**
YoY (%)		*18*	*30*	*29*	*25*	*21*
Product margin %	73.2	74.7	76.0	77.0	77.3	77.5
Pre-INDAS EBITDA	**335**	**1,076**	**2,666**	**5,395**	**7,625**	**9,989**
Pre-INDAS EBITDA margin %	**1.4**	**3.7**	**7.0**	**11.0**	**12.5**	**13.5**
Consolidated						
Eyewear units sold (m)	21.2	27.2	35.3	44.8	55.3	66.8
YoY		*28*	*30*	*27*	*23*	*21*
EoP active stores	2,389	2,723	3,327	3,990	4,690	5,450
Revenue from ops	**55,303**	**68,030**	**90,023**	**1,18,069**	**1,49,861**	**1,85,847**
YoY (%)		*23*	*32*	*31*	*27*	*24*
Product margin %	67.3	68.9	69.1	69.8	70.0	70.2
Pre-INDAS EBITDA	**2,618**	**5,160**	**10,134**	**16,836**	**23,734**	**31,742**
Pre-INDAS EBITDA margin %	**4.7**	**7.6**	**11.3**	**14.3**	**15.8**	**17.1**
PAT	**68**	**2,197**	**5,336**	**9,500**	**14,650**	**21,479**
EPS (INR/share)		1.25	3.05	5.43	8.37	12.27

Source: Company, MOFSL

Story in charts

India

Exhibit 20: Expect ~24% volume CAGR and build in ~3.6% ASP CAGR over FY26-29

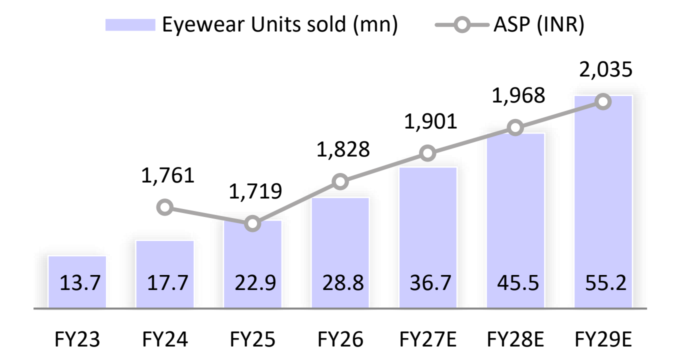


Exhibit 21: Lenskart to reach ~4,500 stores in India by FY29

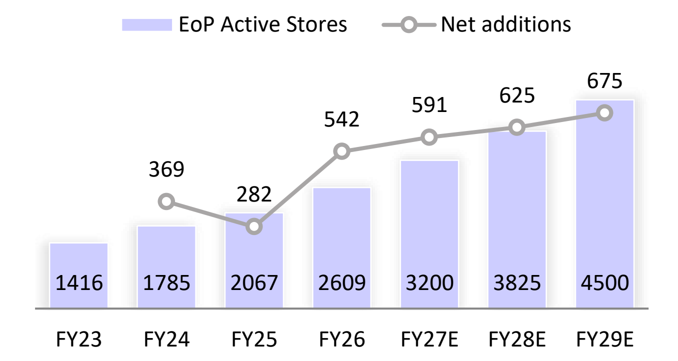


Exhibit 22: Revenue to clock ~29% CAGR over FY26-29

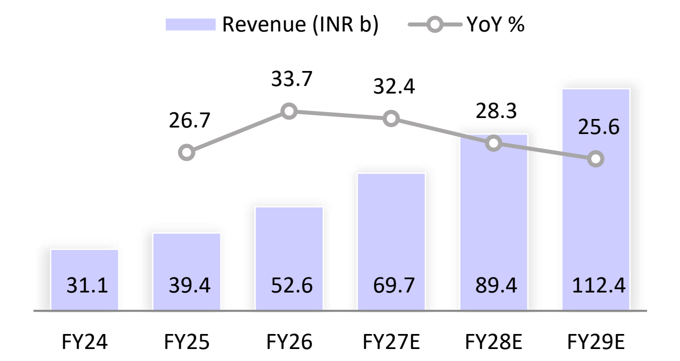


Exhibit 23: Product margin to expand ~130bp over FY26-29

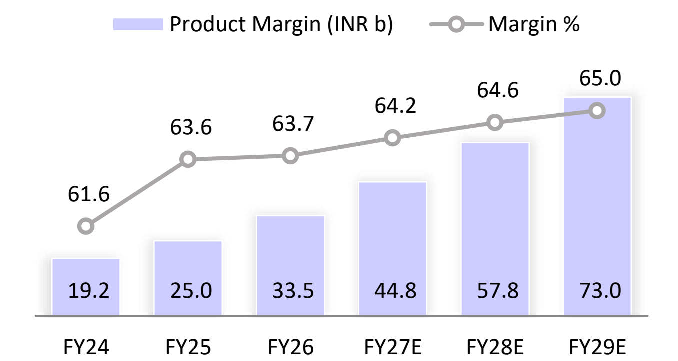


Exhibit 24: Reported EBITDA to post ~38% CAGR as margin is expected to expand ~480bp over FY26-29

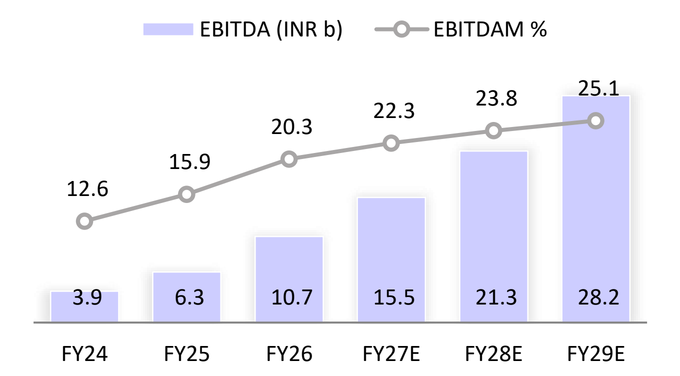
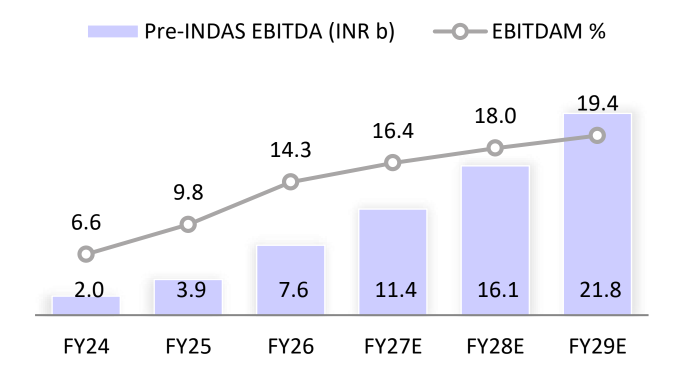


Exhibit 25: Pre-IND AS margin to expand ~500bp over FY26-29, leading to ~42% pre-IND AS EBITDA CAGR over FY26-29



Source: Company, MOFSL

International

Exhibit 26: Expect ~21% volume CAGR and build in ~3.2% ASP CAGR over FY26-29

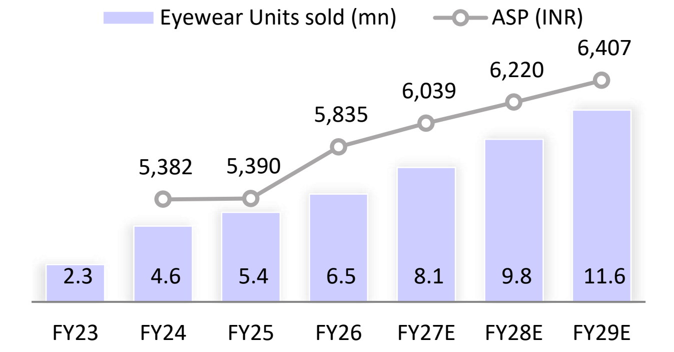


Exhibit 27: Lenskart to reach ~950 stores internationally by FY29

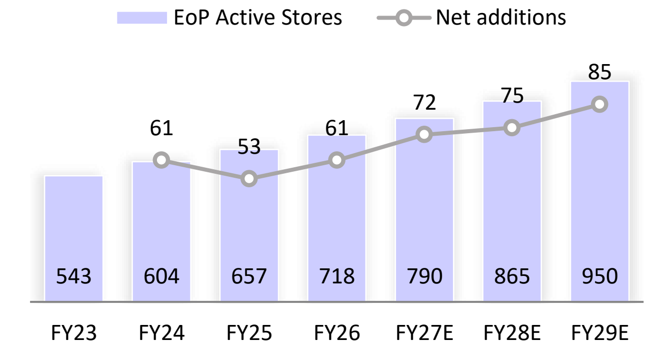


Exhibit 28: Revenue expected to clock 25% CAGR over FY26-29

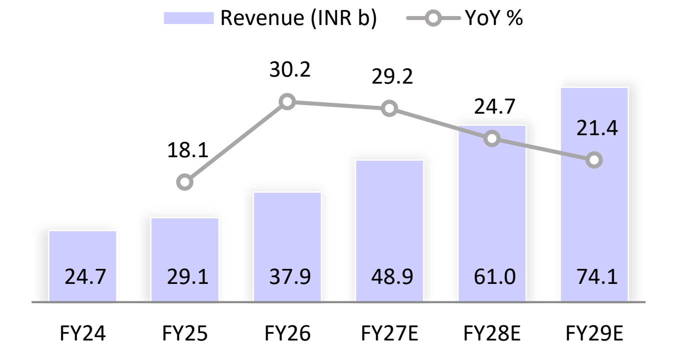


Exhibit 29: Product margin to expand ~150bp over FY26-29

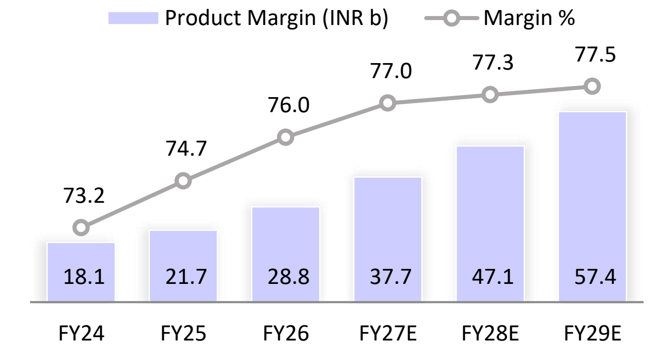


Exhibit 30: Reported EBITDA to post 35% CAGR as margin is expected to expand ~510bp over FY26-29

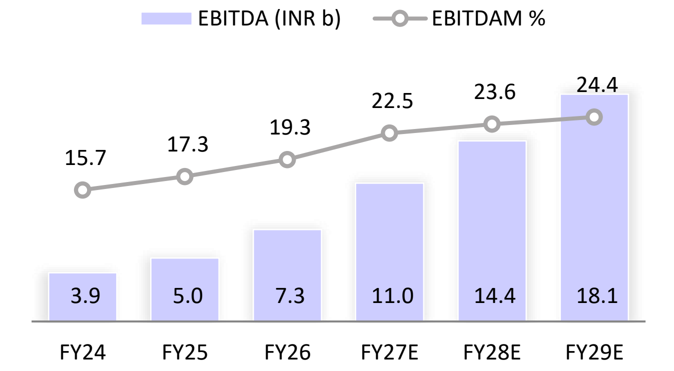
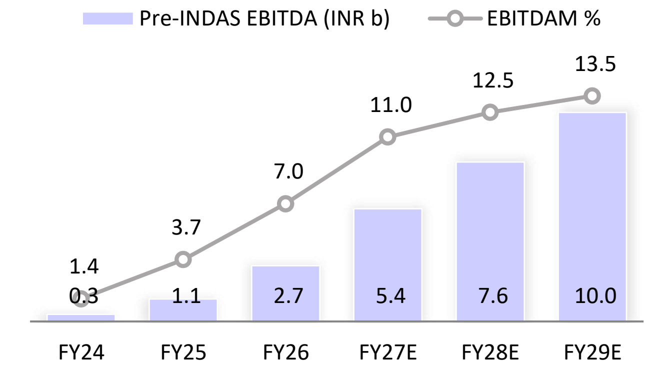


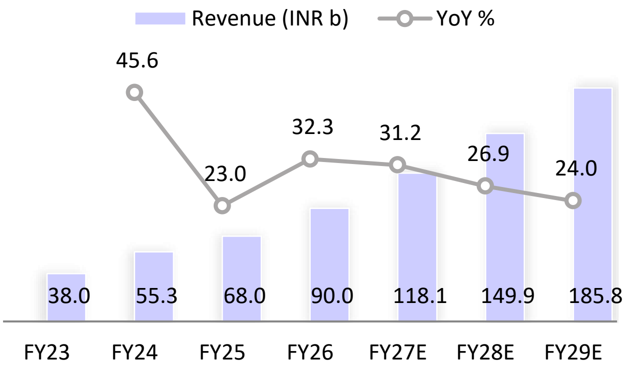
Exhibit 31: Pre-IND AS margin to expand ~645bp over FY26-29, driving ~55% pre-IND AS EBITDA CAGR over FY26-29



Source: Company, MOFSL

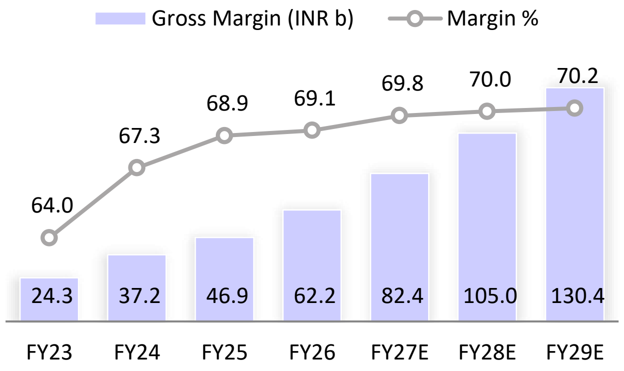
Consolidated

Exhibit 32: Expect ~27% CAGR in consolidated revenue over FY26-29



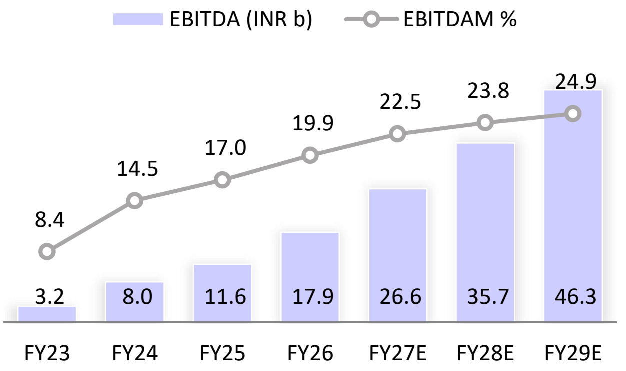
Source: Company, MOFSL

Exhibit 33: Product margin to expand ~105bp over FY26-29



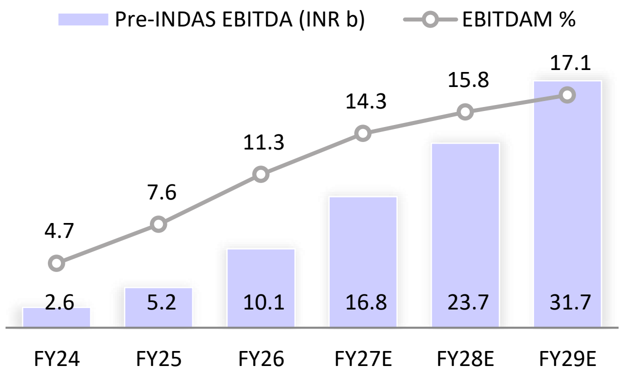
Source: Company, MOFSL

Exhibit 34: Reported EBITDA to register ~37% CAGR as margin is expected to expand ~500bp over FY26-29



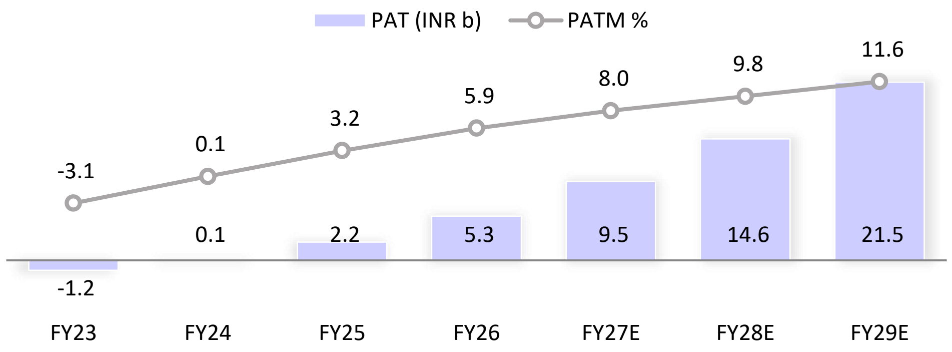
Source: Company, MOFSL

Exhibit 35: Pre-IND AS margin to expand ~580bp over FY26-29, driving ~46% pre-IND AS EBITDA CAGR over FY26-29



Source: Company, MOFSL

Exhibit 36: Adjusted PAT to post ~59% CAGR over FY26-29



Source: MOFSL, Company

Financials and valuations

Consolidated - Income Statement							(INR m)
Y/E March	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Total Income from Operations	**37,993**	**55,303**	**68,030**	**90,023**	**1,18,069**	**1,49,861**	**1,85,847**
Change (%)	NA	45.6	23.0	32.3	31.2	26.9	24.0
Raw Materials	13,679	18,064	21,174	27,791	35,621	44,904	55,401
Gross Profit	**24,314**	**37,239**	**46,857**	**62,232**	**82,448**	**1,04,958**	**1,30,446**
Margin (%)	64.0	67.3	68.9	69.1	69.8	70.0	70.2
Employees Cost	9,056	13,405	16,500	20,541	25,431	31,060	37,477
Other Expenses	12,055	15,801	18,802	23,753	30,451	38,192	46,675
Total Expenditure	**34,790**	**47,270**	**56,477**	**72,085**	**91,503**	**1,14,155**	**1,39,553**
% of Sales	91.6	85.5	83.0	80.1	77.5	76.2	75.1
EBITDA	**3,203**	**8,033**	**11,554**	**17,938**	**26,566**	**35,706**	**46,294**
Margin (%)	8.4	14.5	17.0	19.9	22.5	23.8	24.9
Depreciation	5,012	7,594	8,640	10,499	13,131	15,631	18,115
EBIT	**-1,809**	**440**	**2,914**	**7,439**	**13,435**	**20,075**	**28,179**
Int. and Finance Charges	1,043	1,408	1,575	1,785	2,102	2,490	2,931
Other Income	1,433	1,854	1,925	1,745	1,847	2,429	3,861
PBT bef. EO Exp.	**-1,419**	**885**	**3,264**	**7,398**	**13,180**	**20,014**	**29,109**
EO Items/JV share/Minority	-221	-242	1,461	-322	-255	-265	-265
PBT after EO Exp.	**-1,639**	**643**	**4,725**	**7,077**	**12,925**	**19,749**	**28,844**
Total Tax	-330	695	975	1,898	3,426	5,100	7,365
Tax Rate (%)	20.1	108.0	20.6	26.8	26.5	25.8	25.5
Reported PAT	**-1,309**	**-52**	**3,750**	**5,178**	**9,500**	**14,650**	**21,479**
Adjusted PAT	**-1,182**	**68**	**2,197**	**5,336**	**9,500**	**14,650**	**21,479**
Change (%)	NA	-105.8	3,108.6	142.9	78.0	54.2	46.6
Margin (%)	-3.1	0.1	3.2	5.9	8.0	9.8	11.6

Balance Sheet							(INR m)
Y/E March	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Equity Share Capital	153	154	1,543	3,473	3,473	3,473	3,473
Equity instruments	172	1,670	1,671	0	0	0	0
Non-Controlling Interest	960	1,067	1,074	1,132	1,382	1,632	1,882
Other equity	54,413	54,669	57,773	83,912	93,412	1,08,062	1,29,541
Net Worth	**55,698**	**57,560**	**62,062**	**88,517**	**98,267**	**1,13,167**	**1,34,896**
Total Loans	23,584	21,758	25,728	30,966	35,958	41,572	48,772
of which lease	14,412	16,787	22,268	28,770	35,185	41,800	49,250
Net Deferred Tax Liabilities/ (Asset)	970	1,066	700	41	41	41	41
Capital Employed	**80,251**	**80,384**	**88,490**	**1,19,524**	**1,34,266**	**1,54,780**	**1,83,709**
Net Fixed Assets	**25,261**	**26,672**	**43,557**	**55,421**	**65,639**	**72,094**	**78,918**
Goodwill on Consol	18,623	18,674	18,756	21,977	21,977	21,977	21,977
Capital WIP	1,339	708	1,069	1,119	1,119	1,119	1,119
Total Investments	**14,671**	**19,695**	**10,378**	**5,711**	**5,711**	**5,711**	**5,711**
Curr. Assets, Loans&Adv.	**34,729**	**29,116**	**30,135**	**58,220**	**66,161**	**83,704**	**1,09,752**
Inventory	6,112	6,881	10,814	10,370	14,556	18,476	22,913
Account Receivables	2,811	3,414	1,259	1,747	2,264	2,874	3,564
Cash and Bank Balance	3,344	3,021	6,542	9,733	12,971	25,984	46,906
Other Current Assets	11,718	11,513	8,721	15,342	15,342	15,342	15,342
Loans and Advances	10,745	4,287	2,799	21,028	21,028	21,028	21,028
Curr. Liability & Prov.	**14,371**	**14,482**	**15,406**	**22,923**	**26,341**	**29,825**	**33,769**
Account Payables	5,772	5,162	7,400	9,521	12,939	16,423	20,367
Other Current Liabilities	7,551	8,146	6,324	11,325	11,325	11,325	11,325
Provisions	1,048	1,174	1,682	2,077	2,077	2,077	2,077
Net Current Assets	**20,358**	**14,634**	**14,730**	**35,296**	**39,820**	**53,878**	**75,984**
Appl. of Funds	**80,251**	**80,384**	**88,490**	**1,19,524**	**1,34,266**	**1,54,780**	**1,83,709**

Financials and valuations

Ratios

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Basic (INR)							
EPS	**-0.7**	**0.0**	**1.3**	**3.1**	**5.5**	**8.4**	**12.4**
Cash EPS	2.2	4.4	6.2	9.1	13.0	17.5	22.8
BV/Share	32.1	33.2	35.8	51.0	56.7	65.2	77.8
Valuation (x)							
P/E	NA	NA	546.3	225.0	126.3	81.9	55.9
Cash P/E	313.4	156.7	110.8	75.8	53.0	39.6	30.3
P/BV	21.5	20.9	19.3	13.6	12.2	10.6	8.9
EV/Sales	32.1	22.0	17.9	13.6	10.4	8.1	6.5
EV/EBITDA	381.1	151.7	105.5	68.1	46.0	34.1	26.0
Dividend Yield (%)	-	-	-	-	-	-	-
FCF per share	-3.6	-2.4	1.2	0.4	1.7	6.7	10.0
Return Ratios (%)							
RoE	-2.1	0.1	3.7	7.1	10.2	13.9	17.3
RoCE	NA	-0.0	2.8	5.3	7.8	10.3	12.4
RoIC	NA	-0.1	3.7	6.4	9.2	12.8	16.9
Working Capital Ratios							
Fixed Asset Turnover (x)	1.5	2.1	1.6	1.6	1.8	2.1	2.4
Asset Turnover (x)	0.5	0.7	0.8	0.8	0.9	1.0	1.0
Inventory (Days)	58.7	45.4	58.0	42.0	45.0	45.0	45.0
Debtor (Days)	27.0	22.5	6.8	7.1	7.0	7.0	7.0
Creditor (Days)	55.5	34.1	39.7	38.6	40.0	40.0	40.0
Net WC days	30.3	33.9	25.1	10.5	12.0	12.0	12.0
Leverage Ratio (x)							
Current Ratio	2.4	2.0	2.0	2.5	2.5	2.8	3.3
Interest Cover Ratio	-1.7	0.3	1.9	4.2	6.4	8.1	9.6
Net Debt/Equity	0.1	-0.0	0.1	0.2	0.2	0.1	-0.0

Cash Flow Statement (INR m)

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
OP/(Loss) before Tax	-1,012	590	3,854	6,803	13,175	19,999	29,094
Depreciation	4,176	6,722	7,966	10,484	13,131	15,631	18,115
Interest & Finance Charges	833	1,230	1,459	1,785	2,102	2,490	2,931
Direct Taxes Paid	-237	-581	-1,057	-2,473	-3,426	-5,100	-7,365
(Inc)/Dec in WC	-1,622	-1,656	3,084	983	-1,286	-1,045	-1,183
CF from Operations	**2,139**	**6,305**	**15,305**	**17,581**	**23,696**	**31,975**	**41,592**
Leases and interest paid	-3,009	-4,773	-5,934	-7,829	-9,730	-11,972	-14,552
Others	-1,191	-1,431	-2,999	-885	-1,847	-2,429	-3,861
CF from Operating incl EO	**-2,061**	**101**	**6,373**	**8,867**	**12,120**	**17,574**	**23,178**
(Inc)/Dec in FA	-4,123	-4,324	-4,257	-8,231	-9,246	-5,965	-5,863
Free Cash Flow	**-6,184**	**-4,223**	**2,115**	**636**	**2,873**	**11,609**	**17,316**
(Pur)/Sale of Investments	-25,951	4,874	958	-19,601	-	-	-
Others	310	1,037	640	584	1,847	2,429	3,861
CF from Investments	**-29,765**	**1,587**	**-2,659**	**-27,248**	**-7,399**	**-3,536**	**-2,002**
Issue of Shares	25,586	2,152	1,557	21,217	-	-	-
Inc/(Dec) in Debt	5,530	-4,299	-833	-1,285	-1,423	-1,000	-250
Interest Paid	-341	-297	-138	-97	-60	-25	-5
CF from Fin. Activity	**30,776**	**-2,444**	**586**	**19,835**	**-1,483**	**-1,025**	**-255**
Inc/Dec of Cash	**-1,050**	**-757**	**4,300**	**1,453**	**3,238**	**13,013**	**20,922**
Opening Balance	3,969	2,957	2,242	8,280	9,733	12,971	25,984
Closing Balance	**2,918**	**2,200**	**6,542**	**9,733**	**12,971**	**25,984**	**46,906**

NOTES

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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