Lenskart Solutions | BUY

Blockbuster Q3 print; leverage flywheel kicking in

Lenskart's Q3 print was robust with consolidated revenue growth of 37% primarily led by 40% growth in India and 33% revenue growth in the international business. Growth was led by strong SSSG growth rates with 28% in India. Management highlighted that a large part of the growth was volume driven, which was a function of increase in eye testing, enabling it to not only acquire new customers, but also increase market size. Store opening too remained robust with 372/48 stores added YTD in India/international markets, without cannibalising growth in the existing clusters; India SPSG of 36% is a testament to that. Operational performance was even more robust as India pre-Ind AS EBITDA became 2x YoY and the international segment turned profitable largely on the back of operating leverage. Lenskart continues to invest for the future without taking its eye off growth. It is using a combination of 1) affordability, 2) assortment, and 3) access to drive revenue growth. Integration of Meller in the portfolio proves the platform can take a brand and scale it globally at a fraction of the standalone cost. Q3 performance has only reinforced our confidence in Lenskart's operating model where growth and profitability are not trade-offs, but are compounding outcomes of the same AI-driven operating system now scaling globally. Given the strong Q3 print we increase our FY26-28E pre-Ind AS EBITDA estimates by 6-10% and revise our DCF-based TP to INR 565 (earlier INR 535), with a WACC of 12% and 6% terminal growth rate. Our TP implies 54x Dec'27E EV/EBITDA; retain BUY.

Strong consolidated performance driven by volume growth: Consolidated revenue grew 37% YoY to INR 23.1bn, driven primarily by volume expansion across geographies; eyewear units sold were up 29% YoY to 8.9mn units. EBITDA grew 90% YoY to INR4.6bn, with EBITDA margin expanding 560bps YoY to 20.1% for the first time led by 70bps YoY increase in gross margin and balance from operating leverage as employee cost and other expense reduced 220/270bps YoY. Pre-Ind AS margin expanded 680bps YoY to 11.6% as incremental rent accounted under Ind AS 116 reduced 120bps YoY. Reported PAT grew over 3x YoY to INR 1.3bn, as interest expense and depreciation grew at lower rate of only 31/21% YoY, a reflection of increase in operating leverage as the business scales up; there was a further benefit of 21% YoY increase in other income.

India eye test acceleration drives growth: India revenue grew 40% YoY, supported by 28/36% SSSG/SPSG and accelerated store additions (169 net adds in Q3; 372 YTD). Volume was the primary growth driver, with eyewear units sold up 32% YoY to 7.4mn and eye tests up 62% YoY to 5.5mn, of which 49% were first-time tests. ASP increased 7% YoY, led by change in mix on account of higher progressive and premium lens adoption, while no price increases were taken during the quarter. Pre-Ind AS EBITDA margin expanded 480bps YoY to 14.9% primarily led by operating leverage with gross margin increasing by 10bps YoY to 63.7% while employee cost/other expense / incremental rent decreased at higher rate of 110/310/40 bps YoY. Gross margin expansion was restricted primarily on account of currency impact on frame imports.

International-SSSG drives growth; strong margin expansion: International revenue grew 33% YoY (24% in constant currency), led by 21% YoY growth in eyewear units sold to 1.5mn units and 20% YoY growth in eye tests to 0.8mn. Store expansion was steady at 26 net adds in Q3 (48 YTD), indicating that growth was largely led by increase in SSSG. Segment turned pre-Ind AS positive with EBITDA margin expanding by 1,000bps YoY to 6.5% as gross margin expanded by 200bps YoY to 75.8%, and significant benefit of operating leverage on every line item as employee cost/other expense / incremental rent decreased sharply by 320/280/200 bps YoY.

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Recommendation and Price Target	
Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	565
Upside/(Downside)	20.9%
Previous Price Target	535
Change	5.7%

Key Data – LENSKART IN	
Current Market Price	INR468
Market cap (bn)	INR811.2/US$8.9
Free Float	36%
Shares in issue (mn)	1,734.9
Diluted share (mn)	1,734.9
3-mon avg daily val (mn)	INR2,711.1/US$29.9
52-week range	495/356
Sensex/Nifty	84,234/25,954
INR/US$	90.7

Price Performance

%	1M	6M	12M
Absolute	2.2	0.0	0.0
Relative*	1.4	0.0	0.0

** To the BSE Sensex*

Financial Summary (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	55,303	68,030	89,382	110,006	132,223
Sales Growth (%)	45.6	23.0	31.4	23.1	20.2
EBITDA	8,033	11,554	17,789	23,963	29,617
EBITDA Margin (%)	14.5	17.0	19.9	21.8	22.4
Adjusted Net Profit	68	2,197	4,928	7,466	9,741
Diluted EPS (INR)	0.1	1.4	2.8	4.3	5.6
Diluted EPS Growth (%)	0.0	1,720.5	107.8	51.5	30.5
ROIC (%)	0.1	5.0	9.9	13.7	17.0
ROE (%)	0.1	3.7	6.6	8.2	9.8
P/E (x)	6,232.8	342.4	164.8	108.8	83.4
P/B (x)	7.6	12.3	9.3	8.6	7.8
EV/EBITDA (x)	99.7	69.1	43.8	32.4	25.9
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 11/Feb/2026

Exhibit 1. Consolidated quarterly performance

INR mn	Quarterly			Chg (%)	Chg (%)	Reported		Chg (%)
	Q3FY25	Q2FY26	Q3FY26	YoY	QoQ	9MFY25	9MFY26	YoY
Eye tests performed (mn)	4.1	5.6	6.3	54	13	11.4	17.0	49
Store Count EOP	2,582	2,949	3,144	22	7	2,582	3,144	562
Quarterly Transacting Users (mn)	3.9	4.8	5.0	28	4	10.1	12.3	22
Eyewear sold (mn)	6.9	8.3	8.9	29	7	20.6	25.6	24
Net operating income	**16,791**	**21,466**	**23,077**	**37**	**8**	**50,132**	**64,865**	**29**
Material cost	(5,338)	(6,614)	(7,170)	34	8	(15,773)	(20,145)	28
Gross profit	**11,453**	**14,852**	**15,907**	**39**	**7**	**34,359**	**44,720**	**30**
Employee costs	(4,209)	(5,064)	(5,278)	25	4	(12,090)	(15,065)	25
Other Expenses	(4,802)	(5,518)	(5,988)	25	9	(14,047)	(17,101)	22
EBITDA	**2,442**	**4,270**	**4,641**	**90**	**9**	**8,222**	**12,554**	**53**
Pre Ind AS EBITDA	**801**	**2,387**	**2,666**	**233**	**12**	**3,535**	**6,896**	**95**
Other income	334	334	404	21	21	1,479	1,255	(15)
Interest expense	(373)	(445)	(487)	31	9	(1,075)	(1,348)	25
D&A	(2,195)	(2,539)	(2,703)	23	6	(6,474)	(7,623)	18
PBT	**208**	**1,620**	**1,855**	**792**	**14**	**2,152**	**4,838**	**106**
Provision for taxes	200	(476)	(470)	NM	(1)	(755)	(1,438)	90
Adj. PAT	**408**	**1,144**	**1,384**	**239**	**21**	**1,397**	**3,400**	**143**
Share of Profit and Loss from JVs	(16)	(11)	(17)	7	55	(26)	(21)	**(19)**
Exceptional Items	-	-	(40)			-	(111)	
PAT after Share of Profit and JVs and EO	**392**	**1,133**	**1,327**	**246**	**17**	**1,371**	**3,267**	**138**
% of net operating revenues								
Product margin (%)	**68.2**	**69.2**	**68.9**	**72 bps**	**-26 bps**	**68.5**	**68.9**	**40 bps**
EBITDA margin (%)	**14.5**	**19.9**	**20.1**	**556 bps**	**22 bps**	**16.4**	**19.4**	**295 bps**
Pre IndAS EBITDA margin (%)	**4.8**	**11.1**	**11.6**	**678 bps**	**43 bps**	**7.1**	**10.6**	**358 bps**
Material cost	31.8	30.8	31.1	-73 bps	25 bps	31.5	31.1	-41 bps
Employee cost	25.1	23.6	22.9	-220 bps	-73 bps	24.1	23.2	-90 bps
Other expenditure	28.6	25.7	25.9	-266 bps	24 bps	28.0	26.4	-166 bps
Income tax rate (% of PBT)	(96.2)	29.4	25.4	NM	-402 bps	35.1	29.7	-537 bps

Source: Company, JM Financial, Note: basis proforma financials

Exhibit 2. India quarterly performance

INR mn	Quarterly			Chg (%)	Chg (%)	Reported		Chg (%)
	Q3FY25	Q2FY26	Q3FY26	YoY	QoQ	9MFY25	9MFY26	YoY
Eye tests performed (mn)	3.4	4.9	5.5	62	12	9.5	14.8	56
Store Count EOP	1,936	2,270	2,439	503.00	169.00	1,936	2,439	26
Quarterly Transacting Users (mn)	3.2	3.9	4.1	28	5	7.8	9.7	24
Eyewear sold (mn)	5.6	6.8	7.4	32	9	16.5	20.9	27
Net operating income	**9,866**	**12,329**	**13,853**	**40**	**12**	**29,155**	**37,897**	**30**
Material cost	(3,591)	(4,507)	(5,025)	40	11	(10,668)	(13,820)	30
Gross profit	**6,275**	**7,822**	**8,828**	**41**	**13**	**18,487**	**24,077**	**30**
Employee costs	(1,914)	(2,383)	(2,530)	32	6	(5,529)	(7,002)	27
Other Expenses	(2,745)	(3,028)	(3,423)	25	13	(8,254)	(9,509)	15
EBITDA	**1,616**	**2,411**	**2,875**	**78**	**19**	**4,704**	**7,566**	**61**
Pre-IndAS EBITDA	999	1,659	2,067	107	25	2,938	5,289	**80**
% of net operating revenues								
Product margin (%)	**63.6**	**63.4**	**63.7**	**12 bps**	**28 bps**	**63.4**	**63.5**	**12 bps**
EBITDA margin (%)	**16.4**	**19.6**	**20.8**	**437 bps**	**119 bps**	**16.1**	**20.0**	**383 bps**
Pre-IndAS EBITDA margin (%)	**10.1**	**13.5**	**14.9**	**479 bps**	**146 bps**	**10.1**	**14.0**	**387 bps**
Material cost	36.4	36.6	36.3	-13 bps	-29 bps	36.6	36.5	-13 bps
Employee cost	19.4	19.3	18.3	-114 bps	-107 bps	19.0	18.5	-49 bps
Other Expenses	27.8	24.6	24.7	-312 bps	14 bps	28.3	25.1	-322 bps

Source: Company, JM Financial, Note: basis proforma financials

Exhibit 3. International quarterly performance

INR mn	Quarterly			Chg (%)	Chg (%)	Reported		Chg (%)
	Q3FY25	Q2FY26	Q3FY26	YoY	QoQ	9MFY25	9MFY26	YoY
Eye tests performed (mn)	0.7	0.7	0.8	14	14	1.9	2.2	16
Store Count EOP	646	679	705	59	26	646	705	9
Quarterly Transacting Users (mn)	0.8	1.0	0.9	13	(10)	2.4	2.6	8
Eyewear sold (mn)	1.2	1.6	1.5	25	(6)	4.0	4.8	20
Net operating income	**7,055**	**9,278**	**9,359**	**33**	**1**	**21,323**	**27,356**	**28**
Material cost	(1,854)	(2,276)	(2,268)	22	(0)	(5,447)	(6,642)	22
Gross profit	**5,201**	**7,002**	**7,091**	**36**	**1**	**15,876**	**20,714**	**30**
Employee costs	(2,295)	(2,681)	(2,748)	20	2	(6,561)	(8,063)	23
Other Expenses	(2,128)	(2,504)	(2,565)	21	2	(5,967)	(7,593)	27
EBITDA	**778**	**1,817**	**1,778**	**129**	**(2)**	**3,348**	**5,058**	**51**
Pre Ind AS EBITDA	(247)	684	611	NM	NM	426	1,673	**293**
% of net operating revenues								
Product margin (%)	**73.7**	**75.5**	**75.8**	**204 bps**	**29 bps**	**74.5**	**75.7**	**126 bps**
EBITDA margin (%)	**11.0**	**19.6**	**19.0**	**797 bps**	**-59 bps**	**15.7**	**18.5**	**278 bps**
Pre Ind AS EBITDA margin (%)	**(3.5)**	**7.4**	**6.5**	**1002 bps**	**-85 bps**	**2.0**	**6.1**	**411 bps**
Material cost	26.3	24.5	24.2	-205 bps	-30 bps	25.5	24.3	-127 bps
Employee cost	32.5	28.9	29.4	-317 bps	46 bps	30.8	29.5	-130 bps
Other Expenses	30.2	27.0	27.4	275 bps	-42 bps	28.0	27.8	-23 bps

Source: Company, JM Financial, Note: basis proforma financials

Exhibit 4. We increase our pre-Ind AS EBITDA estimates by 6-10% over FY26-28E

	FY26E			FY27E			FY28E		
	Revised	Earlier	Chg (%)	Revised	Earlier	Chg (%)	Revised	Earlier	Chg (%)
Net revenues	89,382	86,848	2.9	1,10,006	1,05,811	4.0	1,32,223	1,26,259	4.7
Gross Margin (%)	69.0	69.0	0 bps	69.1	69.1	(2) bps	69.2	69.4	(23) bps
EBITDA	17,789	16,852	5.6	23,963	22,921	4.5	29,617	28,141	5.2
EBITDA margin (%)	19.9	19.4	50 bps	21.8	21.7	12 bps	22.4	22.3	11 bps
Adj. PAT	4,928	4,629	6.5	7,466	7,726	(3.4)	9,641	9,984	(3.4)
EPS (INR/share)	2.8	2.7	6.5	4.3	4.5	(3.4)	5.6	5.8	(3.4)
Pre IND AS									
EBITDA	10,069	9,185	9.6	14,516	13,701	5.9	18,277	17,252	5.9
EBITDA margin (%)	11.3	10.6	69 bps	13.2	12.9	25 bps	13.8	13.7	16 bps
Adj. PAT	6,345	5,828	8.9	9,540	9,353	2.0	12,262	12,010	2.1
EPS (INR/share)	3.7	3.4	8.9	5.5	5.4	2.0	7.1	6.9	2.1

Source: Company, JM Financial

Q3FY26 conference call takeaways

Eye tests drive demand creation: The core growth driver in Q3FY26 was the acceleration in eye tests, which expanded 54% YoY globally to 6.3mn and 62% YoY in India to 5.5mn. Importantly, in India 49% of these were first-time eye exams, indicating continued expansion of the addressable market rather than mere market share gains. Remote optometry scaled from 168 stores in March'25 to 369 stores currently, and almost all new stores are now launched with remote optometry capabilities. Management highlighted that eye test throughput improved as the company reduced eye testing time and its technology-led assistance supported higher funnel conversion.

SSSG acceleration led by execution improvement: India delivered 28% SSSG in Q3; the acceleration was driven by improved store-level execution, including 1) queue redesign (segregation of eye test, repair and collection queues), 2) reduction in eye-test time, 3) deployment of face-scan technology (100k+ daily scans), and 4) AI-driven CRM personalisation. Record NPS of 80.9 reflects improvement in customer experience, which management considers a leading indicator of growth.

Leverage benefit accelerates in India: Marketing costs declined 70bps YoY as a % of sales despite being maintained steady at absolute levels (INR 100mn for Q3FY26). The margin expansion was driven by structural efficiencies across marketing, employee productivity, and supply chain integration rather than short-term cost cuts.

Currency impact drag on GM expansion: India GM did not expand meaningfully despite premiumisation and higher progressive lens adoption, due to 1) benefit being passed on to customers, 2) currency impact on frame imports, and 3) customer acquisition campaigns (for e.g., lens replacement). Management reiterated that structural levers are more relevant than quarterly GM fluctuations.

International business tracking ahead of India's historical curve: Management noted that margin ramp-up has been faster internationally as EBITDA margin in India was at only 0.3% in FY23 whereas store count was 2x (~1,400) of international store count.

Manufacturing localisation strategy: Hyderabad manufacturing expansion and ongoing localisation of frame production are expected to reduce currency exposure over time. The Thailand manufacturing initiative is a strategic supply-chain diversification move to de-risk China dependence while enabling ecosystem development.

Rapid store expansion with profitability continues: The company's location intelligence platform now also includes cannibalisation of nearby stores apart from mobility patterns, satellite imagery, cluster analytics, resulting in more discipline on return metrics. Management noted that stores are positioned as neighbourhood experience centres and Tier 2+ stores are currently the best-performing cohort, delivering average monthly revenue of ~INR 1.32mn for new stores. Revenue per new store is growing at 15% CAGR, indicating improving unit economics.

Cash flow sufficient to fund expansion: During 9MFY26, the company generated INR 4.85bn in cash flow from operations. This funded INR 2.88bn of store expansion and INR 2.67bn of manufacturing capex, including the Hyderabad facility. Excluding IPO proceeds and M&A, the company generated net cash of INR 70mn over the period. Closing cash balance stood at INR 39.8bn. This demonstrates that operating cash flows are now sufficient to fund growth capex.

Customer retention led by gold membership CRM initiatives: Gold membership crossed 8mn active members, with 37% of Q3 sales coming from members acquired in prior quarters. CRM has transitioned towards higher personalised engagement led by AI, leading to increase in customer engagement frequency. Management continues to invest in detractor handling and reducing churn, given eyewear is a service first category.

Building smart glasses ecosystem: The "B by Lenskart" smart glasses will see a soft launch in Q4. Management clarified that the initiative is positioned as a long-term ecosystem and data play and revenue contribution in the near term is expected to be immaterial and product development will be an iterative process. The strategic rationale centres on leveraging Lenskart's optometry infrastructure and distribution network of 3,000+ stores.

Frequency expansion: Management believes eyewear frequency can continue to rise as category perception shifts from necessity to fashion and 1) affordability, 2) assortment, and 3) access improves. It highlighted that the wedding collection went quickly out of stock after launch and the character-based launch Q3FY26 in Southeast Asia (Pop Mart) triggered non-discretionary purchase.

Exhibit 5. Key revenue assumptions

YE March		FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR % FY23-25	CAGR % FY25-28E
India business									
No of stores at the end of year		1,416	1,785	2,067	2,617	3,167	3,717	21	22
Net store additions			369	282	550	550	550		
Annual transacting users (mn)	A	6.3	8.1	9.9	12.3	15.3	18.4	26	23
Units/customer (x)	B	2.2	2.2	2.3	2.4	2.4	2.4		
Unit sold (mn)	C=A*B	14	18	23	29	36	44	29	24
Avg Realisation (INR)	D	1,638	1,761	1,719	1,788	1,815	1,842	2	2
Revenue (INR mn)	**E=C*D**	**22,418**	**31,086**	**39,390**	**52,156**	**66,190**	**80,962**	**33**	**27**
YoY growth %			*39*	*27*	*32*	*27*	*22*		
International business									
No of stores at the end of year		543	604	657	717	782	852	10	NA
Net store additions			61	53	60	65	70		
Annual transacting users (mn)	A	1.4	2.1	2.5	3.2	3.6	4.0	32	NA
Units/customer (x)	B	1.6	1.7	1.7	2.0	2.0	2.1		
Unit sold (mn)	C=A*B	2	4	4	6	7	8	38	NA
Avg Realisation (INR)	D	6,353	6,327	6,151	5,843	6,019	6,199	-2	NA
Revenue (INR mn)	**E=C*D**	**15,504**	**24,651**	**29,108**	**37,694**	**44,284**	**51,730**	**37**	**21**
YoY growth %			*59*	*18*	*29*	*17*	*17*		
Consolidated									
No of stores at the end of year		1,959	2,389	2,724	3,334	3,949	4,569	18	NA
Net store additions			430	335	610	615	620		
Annual transacting users (mn)	A	7.7	10.2	12.4	15.5	18.9	22.4	27	NA
Units/customer (x)	B	2.0	1.9	2.0	2.0	2.0	2.1		
Unit sold (mn)	C=A*B	15	19	25	31	39	46	27	NA
Avg Realisation (INR)	D	2,484	2,862	2,760	2,868	2,856	2,872	5	NA
Revenue (INR mn)	**E=C*D**	**37,993**	**55,303**	**68,030**	**89,382**	**1,10,006**	**1,32,223**	**34**	**25**
YoY growth %			*46*	*23*	*31*	*23*	*20*		

Source: Company, JM Financial

Exhibit 6. Key margin assumptions

YE March (INR mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR % FY23-25	CAGR % FY25-28E
India								
Gross Profit	13,264	19,155	25,041	33,038	42,214	52,040	37	28
EBITDA	1,647	3,917	6,281	10,170	14,363	17,974	95	42
Pre IndAS EBITDA	NA	2,041	3,851	7,037	10,123	12,547	NA	48
International								
Gross Profit	11,260	18,055	21,729	28,534	33,689	39,380	39	22
EBITDA	1,893	3,874	5,041	7,387	9,368	11,411	63	31
Pre IndAS EBITDA	NA	335	1,076	2,800	4,162	5,499	NA	72
Consolidated								
Gross Profit	24,314	37,239	46,856	61,658	75,989	91,506	39	25
EBITDA	3,203	8,033	11,554	17,789	23,963	29,617	90	37
Pre IndAS EBITDA	NA	2,618	5,159	10,069	14,516	18,277	NA	52
India								
Gross profit margin %	59.2	61.6	63.6	63.3	63.8	64.3		
EBITDA margin %	7.3	12.6	15.9	19.5	21.7	22.2		
Pre IndAS EBITDA margin %	NA	6.6	9.8	13.5	15.3	15.5		
International								
Gross profit margin %	72.6	73.2	74.6	75.7	76.1	76.1		
EBITDA margin %	12.2	15.7	17.3	19.6	21.2	22.1		
Pre IndAS EBITDA margin %	NA	1.4	3.7	7.4	9.4	10.6		
Consolidated								
Gross profit margin %	64.0	67.3	68.9	69.0	69.1	69.2		
EBITDA margin %	8.4	14.5	17.0	19.9	21.8	22.4		
Pre IndAS EBITDA margin %	NA	4.7	7.6	11.3	13.2	13.8		

Source: Company, JM Financial

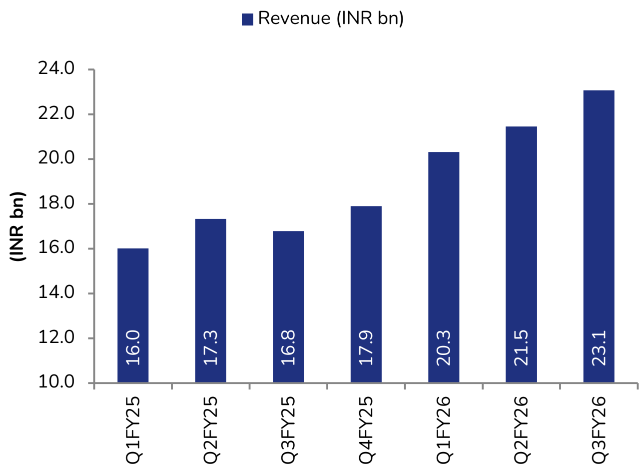
Exhibit 7. Consolidated pro-forma financials

Y/E March (INR mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profit & Loss						
Revenue from operations	37,993	55,303	68,030	89,382	1,10,006	1,32,223
Less: Cost of Materials	(13,679)	(18,064)	(21,174)	(27,724)	(34,017)	(40,718)
Gross Profit	**24,314**	**37,239**	**46,856**	**61,658**	**75,989**	**91,506**
Less: Expenses						
- Employee benefit expenses	(9,056)	(13,405)	(16,500)	(20,608)	(25,059)	(29,589)
- Other operating expenses	(12,055)	(15,801)	(18,802)	(23,261)	(26,967)	(32,300)
EBITDA	**3,203**	**8,033**	**11,554**	**17,789**	**23,963**	**29,617**
Less: Depreciation and amortization expense	(5,012)	(7,594)	(8,640)	(10,590)	(13,161)	(15,704)
Less: Finance Costs	(1,043)	(1,408)	(1,575)	(1,861)	(2,345)	(2,870)
Add: Other Income	1,433	1,854	1,925	1,672	1,975	2,266
PBT	**(1,419)**	**885**	**3,264**	**7,011**	**10,432**	**13,310**
Less: Taxes	330	(695)	(975)	(2,033)	(2,921)	(3,634)
Share of profit and loss JV	(60)	(120)	(62)	(50)	(50)	(50)
Minority Interest	(34)	(2)	(30)	-	5	15
Adj. PAT	**(1,182)**	**68**	**2,197**	**4,928**	**7,466**	**9,641**
Recurring EPS (INR)	**(7.3)**	**0.1**	**1.4**	**2.8**	**4.3**	**5.6**
Growth, YoY (%)						
Net revenues		45.6	23.0	31.4	23.1	20.2
EBITDA		150.8	43.8	54.0	34.7	23.6
PAT		(105.8)	3,108.6	124.3	51.5	29.1
Margin (%)						
Gross margin	64.0	67.3	68.9	69.0	69.1	69.2
EBITDA margin	8.4	14.5	17.0	19.9	21.8	22.4
PAT margin	(3.1)	0.1	3.2	5.5	6.8	7.3
Cost as % of revenues						
Cost of Materials	36.0	32.7	31.1	31.0	30.9	30.8
Employee benefit expenses	23.8	24.2	24.3	23.1	22.8	22.4
Other operating expenses	31.7	28.6	27.6	26.0	24.5	24.4
Effective tax rate (%)	23.3	78.5	29.9	29.0	28.0	27.3
Pre Ind AS						
EBITDA	811	2,618	5,159	10,069	14,516	18,277
Adj. PAT	(151)	(486)	2,986	6,345	9,540	12,262
EPS (INR)	(0.9)	(0.5)	1.9	3.7	5.5	7.1

Source: Company, JM Financial

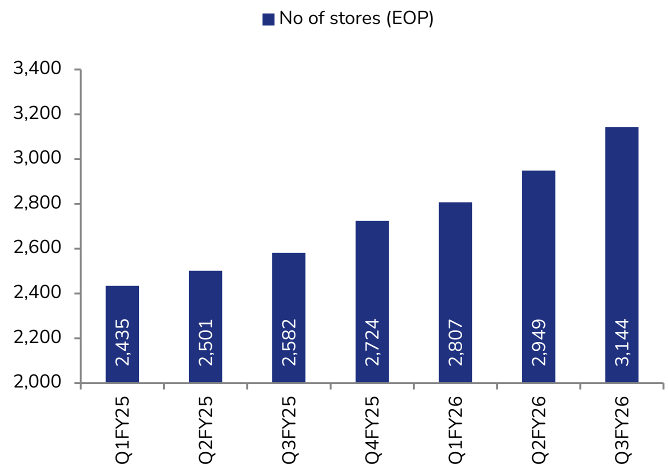
Consolidated business performance

Exhibit 8. Revenue grew 37% YoY to INR 23.1bn



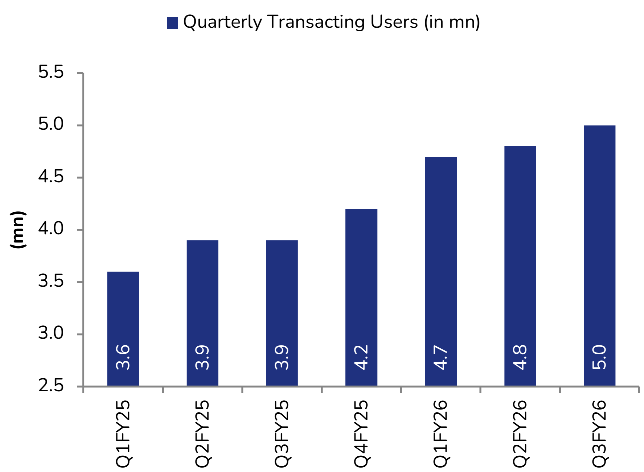
Source: Company, JM Financial

Exhibit 9. Added 195 stores during the quarter



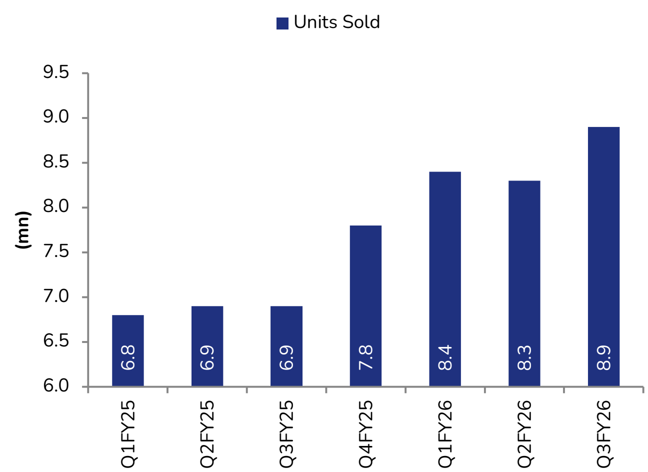
Source: Company, JM Financial

Exhibit 10. Quarterly transacting customers grew 28% YoY



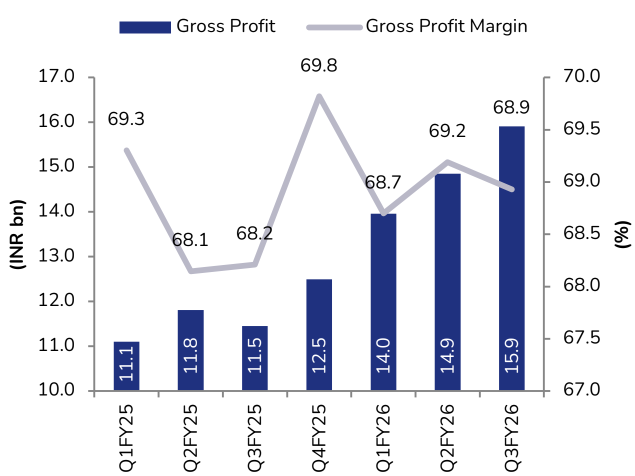
Source: Company, JM Financial

Exhibit 11. Units sold during the quarter grew 29% YoY



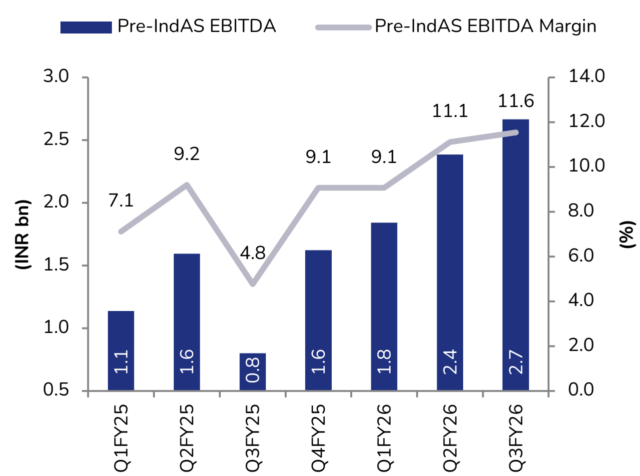
Source: Company, JM Financial

Exhibit 12. Gross margin improved 70bps YoY bps in the quarter



Source: Company, JM Financial

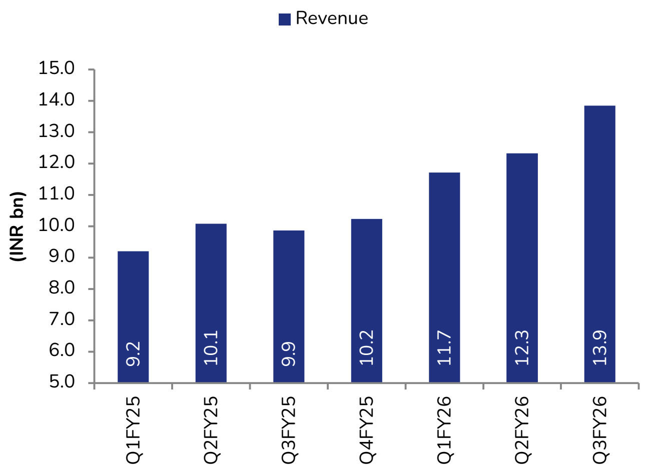
Exhibit 13. Pre-Ind AS EBITDA grew 680bps YoY



Source: Company, JM Financial

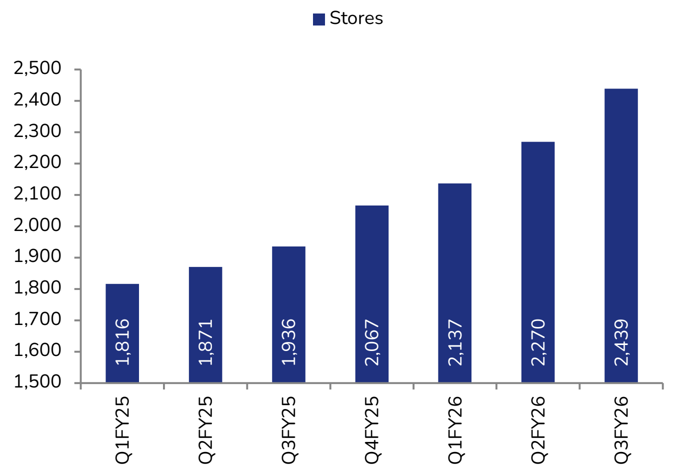
India business performance

Exhibit 14. Revenue grew 40% YoY to INR 13.9bn



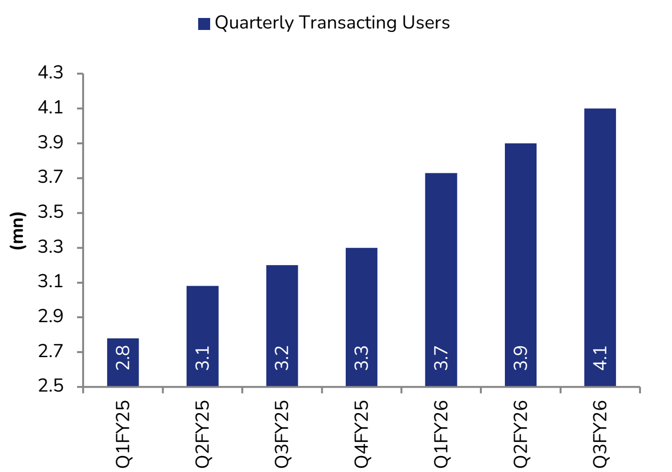
Source: Company, JM Financial

Exhibit 15. Added 169 stores in India during the quarter



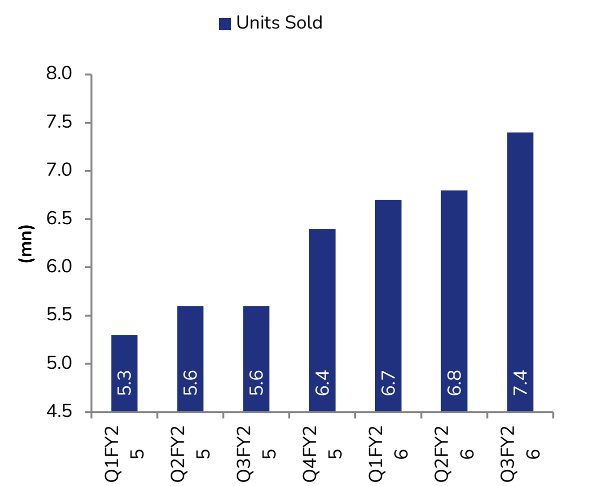
Source: Company, JM Financial

Exhibit 16. Quarterly transacting users grew 28% YoY



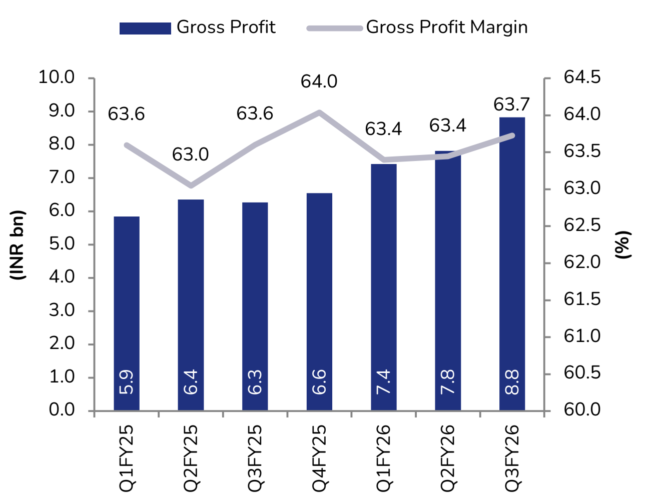
Source: Company, JM Financial

Exhibit 17. Units sold in quarter grew 32% YoY



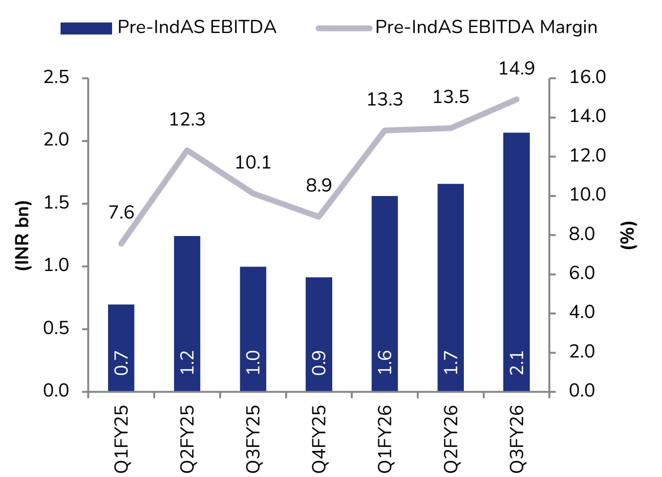
Source: Company, JM Financial

Exhibit 18. Gross margin improved 10bps to 63.7%



Source: Company, JM Financial

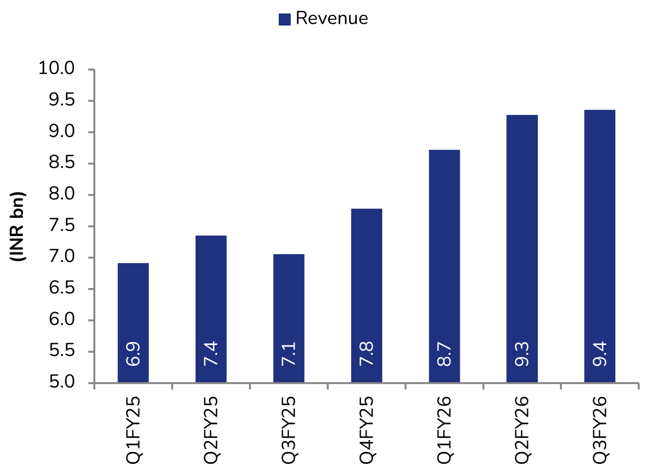
Exhibit 19. Pre-Ind AS margin grew 480bps to 14.9%



Source: Company, JM Financial

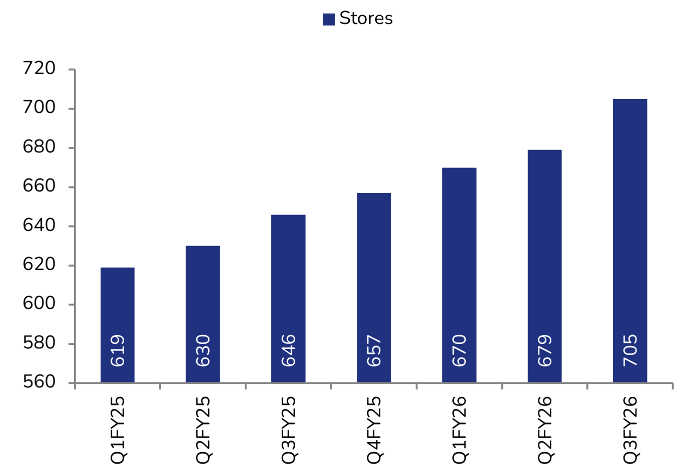
International performance charts

Exhibit 20. Revenue grew 33% YoY



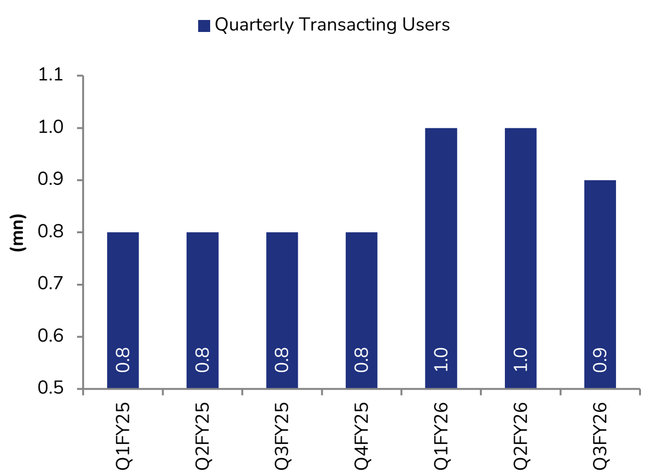
Source: Company, JM Financial

Exhibit 21. Added 26 stores during the quarter



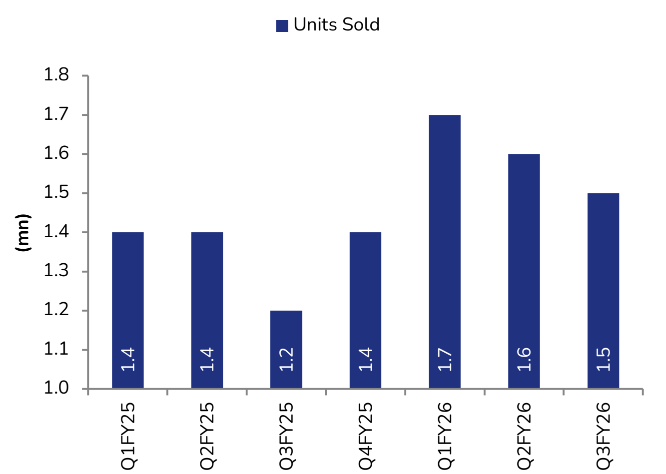
Source: Company, JM Financial

Exhibit 22. Quarterly transacting users grew 12.5% YoY



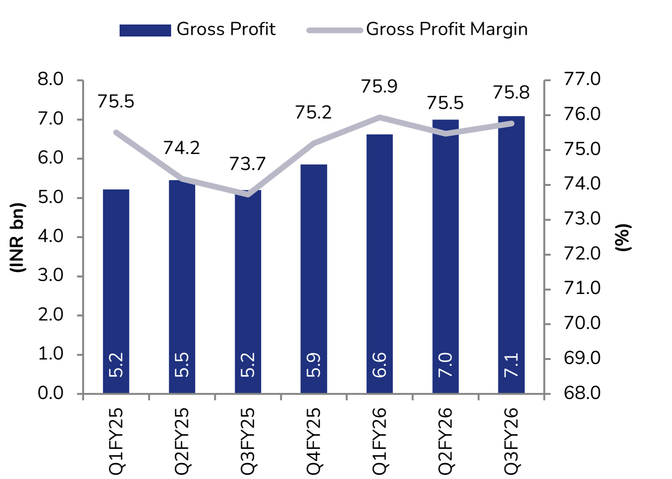
Source: Company, JM Financial

Exhibit 23. Units sold grew 21% YoY to 1.5mn units in Q3FY26



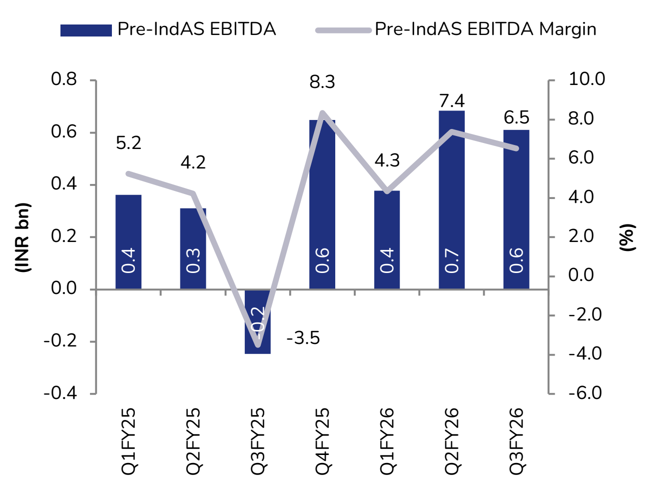
Source: Company, JM Financial

Exhibit 24. Gross margin grew 200bps YoY



Source: Company, JM Financial

Exhibit 25. Pre-Ind AS margin expanded 1,000bps YoY



Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	55,303	68,030	89,382	110,006	132,223
Sales Growth	*45.6%*	*23.0%*	*31.4%*	*23.1%*	*20.2%*
Other Operating Income	0	0	0	0	0
Total Revenue	**55,303**	**68,030**	**89,382**	**110,006**	**132,223**
Cost of Goods Sold/Op. Exp	18,064	21,174	27,724	34,017	40,718
Personnel Cost	13,405	16,500	20,608	25,059	29,589
Other Expenses	15,801	18,802	23,261	26,967	32,300
EBITDA	**8,033**	**11,554**	**17,789**	**23,963**	**29,617**
EBITDA Margin	*14.5%*	*17.0%*	*19.9%*	*21.8%*	*22.4%*
EBITDA Growth	*150.8%*	*43.8%*	*54.0%*	*34.7%*	*23.6%*
Depn. & Amort.	7,594	8,640	10,590	13,161	15,704
EBIT	440	2,914	7,199	10,802	13,913
Other Income	1,854	1,925	1,672	1,975	2,266
Finance Cost	1,408	1,575	1,861	2,345	2,870
PBT before Excep. & Forex	885	3,264	7,011	10,432	13,310
Excep. & Forex Inc./Loss(-)	-120	1,553	-104	0	0
PBT	765	4,817	6,907	10,432	13,310
Taxes	695	975	2,033	2,921	3,634
Extraordinary Inc./Loss(-)	-120	1,553	-104	0	0
Assoc. Profit/Min. Int.(-)	118	31	50	55	-35
Reported Net Profit	-52	3,750	4,824	7,466	9,741
Adjusted Net Profit	**68**	**2,197**	**4,928**	**7,466**	**9,741**
Net Margin	*0.1%*	*3.2%*	*5.5%*	*6.8%*	*7.4%*
Diluted Share Cap. (mn)	911.9	1,607.2	1,734.9	1,734.9	1,734.9
Diluted EPS (INR)	**0.1**	**1.4**	**2.8**	**4.3**	**5.6**
Diluted EPS Growth	*0.0%*	*1,720.5%*	*107.8%*	*51.5%*	*30.5%*
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial, Note: basis proforma financials

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	590	3,854	7,011	10,432	13,310
Depn. & Amort.	6,722	7,966	10,590	13,161	15,704
Net Interest Exp. / Inc. (-)	379	734	189	370	604
Inc (-) / Dec in WCap.	-1,656	3,084	-1,841	-1,512	-1,857
Others	-581	-2,274	0	5	15
Taxes Paid	-581	-1,057	-2,033	-2,921	-3,634
Operating Cash Flow	**4,874**	**12,306**	**13,915**	**19,535**	**24,141**
Capex	-4,253	-4,154	-10,368	-7,240	-7,727
Free Cash Flow	*621*	*8,152*	*3,547*	*12,295*	*16,414*
Inc (-) / Dec in Investments	4,983	1,032	5,400	0	0
Others	857	464	1,672	1,975	2,266
Investing Cash Flow	**1,587**	**-2,659**	**-3,296**	**-5,265**	**-5,460**
Inc / Dec (-) in Capital	2,244	1,598	21,545	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	-4,299	-833	0	0	0
Others	-5,163	-6,113	-7,975	-9,701	-11,594
Financing Cash Flow	**-7,218**	**-5,348**	**13,569**	**-9,701**	**-11,594**
Inc / Dec (-) in Cash	**-757**	**4,300**	**24,188**	**4,569**	**7,086**
Opening Cash Balance	3,778	2,242	6,542	30,731	35,299
Closing Cash Balance	3,021	6,542	30,731	35,299	42,385

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	56,493	60,987	87,459	94,925	104,566
Share Capital	1,824	3,214	3,470	3,470	3,470
Reserves & Surplus	54,669	57,773	83,990	91,455	101,097
Minority Interest	1,067	1,074	1,074	1,074	1,074
Total Loans	5,441	4,095	4,095	4,095	4,095
Lease Liabilities	16,787	22,268	29,786	38,011	46,831
Def. Tax Liab. / Assets (-)	1,066	700	700	700	700
Total - Equity & Liab.	**80,853**	**89,125**	**123,115**	**138,805**	**157,267**
Net Fixed Assets	46,054	63,382	76,742	86,352	95,870
Gross Fixed Assets	23,192	42,746	55,614	69,004	82,931
Intangible Assets	27,749	27,823	31,445	30,965	30,510
Less: Depn. & Amort.	5,595	8,256	10,886	14,187	18,140
Capital WIP	708	1,069	569	569	569
Investments	24,726	12,485	7,085	7,085	7,085
Current Assets	24,086	28,029	59,157	68,424	80,549
Inventories	6,881	10,814	14,693	17,782	21,373
Sundry Debtors	3,414	1,259	1,714	2,110	2,536
Cash & Bank Balances	3,021	6,542	30,731	35,299	42,385
Loans & Advances	4,287	2,799	3,310	3,666	3,966
Other Current Assets	6,482	6,614	8,709	9,567	10,288
Current Liab. & Prov.	14,013	14,770	19,869	23,055	26,237
Current Liabilities	9,586	9,165	13,158	15,573	18,084
Provisions & Others	4,427	5,606	6,711	7,482	8,152
Net Current Assets	10,073	13,259	39,288	45,368	54,312
Total – Assets	**80,853**	**89,125**	**123,115**	**138,805**	**157,267**

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	0.1%	3.2%	5.5%	6.8%	7.4%
Asset Turnover (x)	0.6	0.8	0.8	0.8	0.9
Leverage Factor (x)	1.6	1.5	1.5	1.5	1.5
RoE	0.1%	3.7%	6.6%	8.2%	9.8%

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	62.0	37.9	50.4	54.7	60.3
ROIC	0.1%	5.0%	9.9%	13.7%	17.0%
ROE	0.1%	3.7%	6.6%	8.2%	9.8%
Net Debt/Equity (x)	-0.2	-0.2	-0.4	-0.4	-0.4
P/E (x)	6,232.8	342.4	164.8	108.8	83.4
P/B (x)	7.6	12.3	9.3	8.6	7.8
EV/EBITDA (x)	99.7	69.1	43.8	32.4	25.9
EV/Sales (x)	14.5	11.7	8.7	7.0	5.8
Debtor days	23	7	7	7	7
Inventory days	45	58	60	59	59
Creditor days	34	40	40	40	40

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
10-Feb-26	Buy	535	

Recommendation History

APPENDIX I

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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Rating	**Meaning**
BUY	Expected return >= 15% over the next twelve months.
ADD	Expected return >= 5% and < 15% over the next twelve months.
REDUCE	Expected return >= -10% and < 5% over the next twelve months.
SELL	Expected return < -10% over the next twelve months.

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