Lenskart Solutions Ltd.

AVOID

BP WEALTH

IPO Note **30th October 2025**

Company Overview

Lenskart Solutions Ltd. is a technology-driven eyewear company with integrated operations spanning designing, manufacturing, branding, and retailing eyewear products. To build tech-enabled supply and distribution solutions that improve access to affordable, high-quality Eyewear for all, they primarily sell prescription eyeglasses, sunglasses, and other products, such as contact lenses and eyewear accessories. Leveraging its experience and capabilities in India, Lenskart has expanded into select international markets, including Japan, Southeast Asia, and the Middle East. It is India's largest and, in Asia, one of the 2nd-largest organised retailers of prescription eyeglasses in terms of B2C eyeglasses sales volumes during FY25. As of June 30, 2025, their mobile applications had over 10 crore cumulative downloads, and they operated their business through 2,806 stores globally (2,137 in India and 669 internationally). Lenskart provides remote optometry services across 266 stores in Japan and recently introduced them in Thailand. The company's brand architecture consists of Lenskart and Owndays brands and 23 other curated sub-brands, each designed to serve specific customer use cases. They offer products across a wide range of price points and age categories, catering to the requirements of an entire household. During the three months ended June 30, 2025, and in FY25, they launched 42 and 105 new in-house-designed and engineered collections globally, respectively. In FY25, Lenskart was awarded India's Most Trusted Eyewear Brand of 2025 by TRA Research. Lenskart owns and operates centralized manufacturing facilities in India (Bhiwadi, Rajasthan and Gurugram, Haryana), Singapore, and the United Arab Emirates. It also operates a facility in China for manufacturing frames through a joint venture with Baofeng Framekart Technology Ltd. In terms of manufacturing capacity for FY25, its Bhiwadi facility in India is amongst the top two vertically integrated centralized manufacturing facilities for prescription eyeglasses globally.

Objects of the issue

The net proceeds from the fresh issue will be used towards the following purposes:

- ⇒ Capital expenditure towards set-up of new CoCo stores in India;
- ⇒ Expenditure for lease/rent/license agreements related payments for our CoCo stores operated by our Company in India;
- ⇒ Investing in technology and cloud infrastructure;
- ⇒ Brand marketing and business promotion expenses for enhancing brand awareness; and
- ⇒ Unidentified inorganic acquisitions and general corporate purposes.

Investment Rationale

In-house manufacturing capabilities and a differentiated product portfolio underpinning growth

The company has strategically developed in-house capabilities for frame manufacturing, enabling significant advancements in materials, processes, and design. This vertical integration allows the organization to tailor styles to evolving customer trends and preferences while maintaining tighter control over quality and cost. Manufacturing operations began in 2017 through Baofeng Framekart Technology Limited, a joint venture in the People's Republic of China. Subsequent facilities were established in Gurugram, Haryana, in 2021, followed by Bhiwadi, Rajasthan. These facilities support the production of a diverse range of frame designs and materials, all developed internally. The company's proprietary mould design and frame manufacturing capabilities have accelerated the launch of new collections, incorporating innovative features, improving quality, and reducing production costs. The success of products like the Lenskart AIR series exemplifies the company's ability to combine lightweight design with durability and affordability. Additionally, the company manufactures complex lens types in-house, including progressive, bifocal, and, selectively, single vision lenses. This approach facilitates innovation in lens materials, coatings, and processes, resulting in enhanced product quality, shorter lead times, and greater cost efficiency than third-party sourcing. The organization continues to invest in lens research and development to address diverse customer needs across global markets, strengthening its commitment to product excellence and operational agility.

Issue Details	
Offer Period	31st Oct, 2025 - 04th Nov, 2025
Price Band	Rs. 382 to Rs. 402
Bid Lot	37
Listing	BSE, NSE
Issue Size (no. of shares in Mn.)	181
Issue Size (Rs. in Bn.)	72.8
Face Value (Rs.)	2

Issue Structure	
QIB	75%
NIB	15%
Retail	10%
BRLM	Kotak Mahindra Capital Company Ltd., Morgan Stanley India Company Pvt. Ltd., Avendus Capital Pvt. Ltd., Citigroup Global Markets India Pvt. Ltd., Axis Capital Ltd., Intensive Fiscal Services Pvt.
Registrar	MUFG Intime India Private Limited .

Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	19.9%	11.9%
Public	80.1%	88.1%
Total	**100.00**	**100.00**

(Assuming issue subscribed at higher band)

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Lenskart Solutions Ltd.

Integrated D2C framework enhancing cost efficiency, product innovation, and execution scalability

The company operates a direct-to-consumer model that streamlines the traditional prescription eyeglasses supply chain by eliminating multiple layers of intermediaries. This approach enables the organization to offer products at affordable prices with next-day delivery, while maintaining complete control over quality and reducing manufacturing lead times. In FY25, the company ranked third among leading large organized retailers globally in the manufacture of prescription eyeglasses, according to Redseer. Traditionally, the eyewear supply chain involves several intermediaries from manufacturers to importers or brand owners, wholesalers, distributors, and finally retailers before reaching the end customer. In contrast, the company's earlier D2C model consolidated these roles by sourcing frames and lenses from select manufacturers through long-term partnerships and serving as the sole point of contact for both suppliers and customers. The organization is now transitioning to a manufacturer-to-consumer model, leveraging its in-house capabilities to produce both frames and lenses. This evolution further enhances operational efficiency, product innovation, and customer responsiveness by integrating manufacturing and retail under one roof. Additionally, the company has also cultivated comprehensive design and merchandising capabilities, encompassing in-house designs, structural configurations, and proprietary frame moulds. These resources support its in-house frame manufacturing operations and empower greater design innovation tailored to customer preferences, ultimately driving increased purchasing frequency. In FY25, the company significantly expanded its new product development efforts, launching 105 in-house-designed and engineered collections across its markets, up from a previously limited number of annual releases. Overall, these capabilities position the company as a fully integrated eyewear player with superior control over cost, design, and customer experience, driving sustainable growth and long-term competitive advantage.

Valuation

Lenskart Solutions Ltd. is a technology-driven eyewear company with integrated operations spanning designing, manufacturing, branding, and retailing eyewear products. India is its largest market, and is the largest seller of prescription eyeglasses by volume in FY25. Leveraging its experience and capabilities in India, Lenskart has expanded into select international markets, including Japan, Southeast Asia, and the Middle East. It is India's largest and, in Asia, amongst the two largest organized retailers of prescription eyeglasses in terms of B2C eyeglasses sales volumes during FY25. To provide a satisfactory customer experience, Lenskart has strategically chosen to centralize and control the entire prescription eyeglasses supply chain, comprising lens manufacturing, lens edging, lens design, frame design, frame manufacturing, and delivery. The company also aims to increase penetration in existing markets, enter new markets and geographies, and expand customer access through new initiatives. On the financial front, the company has demonstrated healthy topline growth of 32.5% CAGR between FY23 and FY25, driven by store expansion and digital penetration; however, profitability remains modest. Although the company's in-house manufacturing transition and focus on innovation enhance long-term scalability, near-term profitability pressures from store expansion, international investments, and marketing costs remain a concern. Additionally, intense competition from both organized and emerging online players could constrain margin expansion. **At the upper end of the price band, the issue is valued at a P/E of 227x based on FY25 earnings, which seems expensive relative to fundamentals, a low profitability base, and execution risks in scaling international operations, warranting a cautious stance despite strong growth prospects. We, thus, recommend a "Avoid" rating for this issue.**

Key Risks

⇒ The company relies on third-party suppliers for key raw materials such as lenses, frames, and packaging, which exposes the company to supply chain disruptions, input cost volatility, and quality inconsistencies. Any delay or vendor price escalation could impact production schedules, product availability, and margins, thereby affecting overall profitability.

⇒ Manufacturing operations and sourcing of raw materials from China expose the company to geopolitical, regulatory, and trade-related risks. Any disruption in supply or logistics in the region could adversely affect production continuity, potentially impacting business operations, financial

⇒ The company's inability to maintain optimal capacity utilization across its manufacturing facilities could lead to operational inefficiencies, higher per-unit costs, and underutilization of resources, thereby adversely impacting profitability, financial performance, and cash flows.

Lenskart Solutions Ltd.

Income Statement (Rs. in millions)

Particulars	FY23	FY24	FY25	Q1FY26
Revenue				
Revenue from operations	37,880	54,277	66,525	18,945
Total revenue	**37,880**	**54,277**	**66,525**	**18,945**
Expenses				
Cost of raw materials and components consumed	11,328	14,829	17,603	5,123
Purchase of stock in trade	2,674	3,474	4,573	1,006
Changes in inventory of traded and finished goods	-321	-542	-833	-89
Employee benefits expense	7,176	10,865	13,788	4,656
Other expenses	14,386	18,917	21,639	4,888
Total operating expenses	**35,242**	**47,544**	**56,770**	**15,584**
EBITDA	**2,638**	**6,733**	**9,755**	**3,360**
Depreciation & amortization expenses	4,176	6,722	7,966	2,371
EBIT	**-1,538**	**11**	**1,789**	**989**
Finance costs	833	1,230	1,459	410
Other Income	1,399	1,822	3,568	516
Exceptional item	0	0	0	104
PBT and share of profit/(loss) of associates and joint ventures	**-971**	**603**	**3,898**	**991**
Share of profit/ (loss) of associates and joint ventures	-41	-12	-44	**6**
PBT	**-1,012**	**590**	**3,854**	**997**
Tax expense	**-374**	**692**	**880**	**385**
Net Profit	**-638**	**-102**	**2,973**	**612**
Diluted EPS	**-0.4**	**-0.1**	**1.8**	**0.4**

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in millions)

Particulars	FY23	FY24	FY25	Q1FY26
Cash Flow from operating activities	947	4,874	12,306	2,833
Cash flow from investing activities	-29,765	1,587	-2,659	-1,664
Cash flow from financing activities	27,767	-7,218	-5,348	-1,938
Net increase/(decrease) in cash and cash equivalents	-1,050	-757	4,300	-768
Cash and cash equivalents at the beginning of the period	64	2,918	2,200	6,542
Cash and cash equivalents at the end of the period	2,918	2,200	6,542	6,048

Source: RHP, BP Equities Research

Lenskart Solutions Ltd.

Balance Sheet (Rs. in millions)

Particulars	FY23	FY24	FY25	Q1FY26
ASSETS				
Non-current Assets				
Property, plant and equipment	7,212	9,453	13,405	13,743
Capital work in progress	1,337	708	1,069	1,189
Investment properties	6,790	9,663	0	0
Goodwill	18,623	18,674	18,756	18,756
Other Intangible assets	9,739	9,075	9,067	9,055
Intangible assets under development	2	0	0	0
Right-of-use assets	8,310	8,144	21,085	22,676
Investments accounted for using the equity method	236	266	313	228
Financial assets				
(i) Investments	130	151	187	187
(ii) Other financial assets	2,172	3,609	2,504	3,096
Deferred tax asset (net)	660	445	815	938
Non current tax assets (net)	315	315	706	590
Other non-current assets	623	435	503	1,077
Total Non-Current Assets	**56,149**	**60,937**	**68,410**	**71,534**
Current Assets				
Inventories	6,112	6,881	10,814	11,576
Financial assets				
(i) Investments	7,514	9,616	9,878	10,437
(ii) Trade receivables	2,811	3,414	1,259	1,389
(iii) Cash and cash equivalent	3,344	3,021	6,542	6,050
(iv) Bank balances other than cash and cash equivalent	6,523	5,031	2,107	3,270
(v) Other financial assets	10,745	4,287	2,799	1,245
Other current assets	2,086	2,123	2,901	2,957
Total Current Assets	**39,133**	**34,373**	**36,300**	**36,923**
Total Assets	**95,283**	**95,310**	**1,04,710**	**1,08,457**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	153	154	1,543	1,543
Instruments entirely equity in nature	172	1,670	1,671	1,671
Other equity	54,413	54,669	57,773	58,944
Equity attributable to owners of Holding Company	**54,738**	**56,493**	**60,987**	**62,158**
Non-controlling interest	960	1,067	1,074	1,077
Total Equity	**55,698**	**57,560**	**62,062**	**63,235**
Liabilities				
Non-Current Liabilities				
Financial liabilities				
(i) Borrowings	5,738	2,681	2,115	1,992
(ii) Lease liabilities	10,876	12,906	17,012	18,238
(iii) Other financial liabilities	4,404	4,424	1,765	1,796
Provisions	623	659	920	946
Other non-current liabilities	433	469	636	602
Deferred tax liabilities (net)	1,630	1,510	1,515	1,514
Total Non-Current Liabilities	**23,705**	**22,650**	**23,963**	**25,087**
Current Liabilities				
Financial liabilities				
(i) Borrowings	3,434	2,290	1,344	1,363
(ii) Lease liabilities	3,536	3,880	5,256	5,761
(iii) Trade payables	5,772	5,162	7,400	7,897
(iv) Other financial liabilities	952	1,020	929	1,294
Other current liabilities	1,459	1,919	2,725	2,442
Provisions	425	515	762	804
Current tax liabilities (net)	303	314	270	574
Total Current Liabilities	**15,880**	**15,100**	**18,685**	**20,135**
Total Liabilities	**39,585**	**37,751**	**42,648**	**45,222**
Total Equity and Liabilities	**95,283**	**95,310**	**1,04,710**	**1,08,457**

Source: RHP, BP Equities Research

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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