

FSN E-Commerce Ventures



Beauty, Fashion, and a Full Valuation

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Investment thesis



Beauty, Fashion, and a Full Valuation

- ❖ FSN E-Commerce Ventures (Nykaa) is a leading specialty platform for beauty and personal care (BPC) products, bringing brands, consumers and discovery together in one focused ecosystem. With a ~27% share in India's online BPC market, Nykaa operates as a category specialist in a segment where product authenticity, brand trust and guided discovery drive purchase decisions more often than aggressive discounting or assortment.
- ❖ While generalist e-commerce platforms compete on logistics and discounting, Nykaa operates on a platform where content, influence and brand trust drive consumer behavior. Its inventory-led model for beauty products, direct brand relationships and omni-channel presence continue to differentiate it in a market plagued by counterfeits and commoditization.
- ❖ We value Nykaa on the SoTP basis. For the BPC business, we ascribe a 50x EV/EBITDA multiple, reflecting its category leadership, higher margins vs. horizontals, and better earnings visibility from owned brands, implying a per-share value of INR255. For the fashion business, we use the DCF approach, implying a per-share value of INR31. Adjusting for net debt, we arrive at a target price of INR280, implying 11% upside. Following the strong share price performance over the past year, the risk-reward appears balanced, limiting near-term upside; accordingly, we initiate coverage on Nykaa with a NEUTRAL rating.

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Financials and valuations

FSN E-Commerce Ventures

BSE SENSEX

85,567

S&P CNX

26,172

NYKAA

Stock Info

Bloomberg	NYKAA IN
Equity Shares (m)	2861
M.Cap.(INRb)/(USD\$)	726 / 8.1
52-Week Range (INR)	273 / 155
1,6,12 Rel. Per (%)	-6/41/36
12M Avg Val (INR M)	1782

Financials & Valuations (INR b)

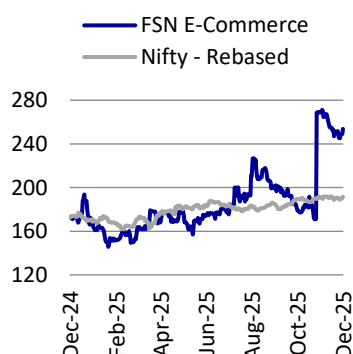
Y/E March	FY26E	FY27E	FY28E
BPC GMV (INR)	149.9	190.5	236.4
Net Sales (INR)	101.1	130.5	163.4
Change (%)	27.2	29.0	25.2
EBITDA	7.3	11.3	15.5
EBITDA margin (%)	7.2	8.6	9.5
Adj. PAT	2.0	4.3	7.2
PAT margin (%)	2.0	3.3	4.4
RoE (%)	14.2	24.2	30.7
RoCE (%)	19.2	28.6	35.8
EPS	0.7	1.5	2.5
EV/ Sales	7.2	5.6	4.5
Price/ Earnings	353.9	170.3	101.3
Price/ Book	46.9	36.7	27.0

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	52.1	52.1	52.2
DII	25.0	23.6	21.8
FII	12.5	11.6	10.1
Others	10.4	12.6	15.8

FII Includes depository receipts

Stock performance (one-year)



CMP: INR254

TP: INR280 (+11%)

Neutral

Beauty, Fashion, and a Full Valuation

- FSN E-Commerce Ventures (Nykaa) is a leading specialty platform for beauty and personal care (BPC) products, bringing brands, consumers and discovery together in one focused ecosystem. With a ~27% share in India's online BPC market, Nykaa operates as a category specialist in a segment where product authenticity, brand trust and guided discovery drive purchase decisions more often than aggressive discounting or assortment.
- While generalist e-commerce platforms compete on logistics and discounting, Nykaa operates on a platform where content, influence and brand trust drive consumer behavior. Its inventory-led model for beauty products, direct brand relationships and omni-channel presence continue to differentiate it in a market plagued by counterfeits and commoditization.
- India's BPC market is at a structural inflection point. With online penetration set to rise from ~22% in FY25 to ~35% by FY30, the premium beauty product segment growing faster than the mass segment, and D2C brands proliferating, Nykaa sits at the convergence of all three tailwinds. Unlike generalist platforms and quick commerce players, Nykaa's growth is aligned with premium skincare, cosmetics, fragrances and discovery-led consumption.
- We see Nykaa as a beneficiary of India's shift from offline to online retail and from unorganized to organized formats, particularly in the BPC segment. With a leading position in the online BPC market, the company is well placed to scale up as the category matures.
- We estimate Nykaa to deliver a CAGR of 26% in BPC gross merchandise value (GMV) over FY25-30E and 22% over FY25-37E, driven by continued online adoption and a rising premium mix. BPC EBITDA is estimated to clock a CAGR of 35% over FY25-30E, supported by operating leverage and increasing contribution from owned brands under House of Nykaa. While we remain positive on the long-term fundamentals of both the BPC and Fashion businesses, we believe much of this growth trajectory is already reflected in current valuations.
- We value Nykaa on the SoTP basis. For the BPC business, we ascribe a 50x EV/EBITDA multiple, reflecting its category leadership, higher margins vs. horizontals, and better earnings visibility from owned brands, implying a per-share value of INR255. For the fashion business, we use the DCF approach, implying a per-share value of INR31. Adjusting for net debt, we arrive at a target price of INR280, implying 11% upside. Following the strong share price performance over the past year, the risk-reward appears balanced, limiting near-term upside; accordingly, we initiate coverage on Nykaa with a NEUTRAL rating.

Why Nykaa wins in beauty: Penetration, premiumization and D2C - Nykaa rides all three

- India's BPC market is entering its strongest decade of value creation. The market size is expected to reach USD40-45b by FY30 at a 12% CAGR. Consumption is transitioning from utility to routine-driven segments (skin, hair, wellness), leading to structurally higher ticket sizes and frequency resilience.

Online BPC market is expected to grow ~2x faster than the overall BPC market.

GDP per capita is expected to reach crucial threshold of USD4-4.5k by FY30



- Online BPC market is expected to grow ~2x faster than the overall BPC market, supported by rising internet penetration, digital influence, and formalization of retail.
- Premium categories are driving a disproportionate share of incremental value. Nykaa's portfolio is structurally skewed to skincare, cosmetics and fragrances – the categories that scale up faster as income rises.
- D2C acts as a flywheel - Nykaa gains trust, authenticity and exclusivity, while brands gain discovery and scale. Nykaa's owned BPC brands now contribute 18% of BPC GMV, providing a structural margin tailwind and better unit economics.
- Premium beauty categories such as cosmetics and fragrance are expanding at 13-15% CAGR, outpacing mass personal care, reflecting rising willingness to pay.

House of Nykaa: Private labels as the margin compounding engine

- House of Nykaa has built a repeatable brand creation playbook, spotting whitespaces, incubating digitally, and scaling up via omni-channel.
- House of Nykaa has an annual GMV rate of ~INR29b as of 2QFY26, led by Dot & Key, Kay Beauty, and Nykaa Cosmetics.
- House of Nykaa has evolved from an experimentation layer into a meaningful profit engine, with owned/co-created brands now contributing ~14%/~11% of Nykaa's FY25 GMV and scaling up faster than the platform average.
- Unlike pure marketplaces, Nykaa's private labels structurally improve gross margins, reduce customer acquisition costs (CAC), and improve lifetime value (LTV) through higher repeat engagement.
- A higher owned-brand mix structurally improves gross margins and LTV/CAC ratio, supporting long-term operating leverage.
- As D2C brands mature and competition for attention rises, we believe Nykaa's platform will increasingly become the distribution partner of choice, creating a virtuous cycle: platform scale attracts brands -> brand exclusivity drives traffic.
- We believe House of Nykaa is becoming an increasingly meaningful contributor to BPC, supporting a higher blended margin profile over time.

Vertical specialist vs. Horizontals vs. Quick commerce: Nykaa in sweet spot

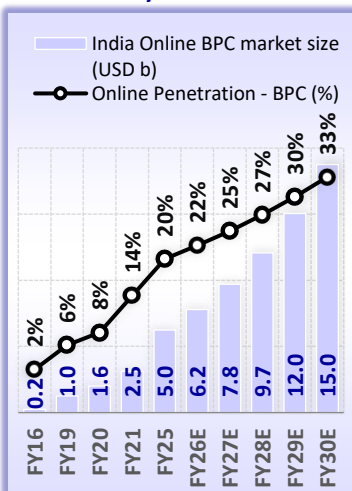
- In our view, BPC is fundamentally a discovery-led category rather than a convenience-led one. While quick commerce is structurally well-suited for replenishment, it does not address the influence, exploration and trust that drive beauty product purchases.
- Beauty product consumption is shaped by shade matching, routines, content-led education and brand storytelling capabilities that neither horizontals nor QC platforms are structurally designed to deliver at scale. Generalist platforms optimize for logistics and price comparison, while QC optimizes for speed. Neither is optimized for authenticity and persuasion.
- Nykaa's omni-channel strategy strengthens this further. Beauty is one of the few categories where offline discovery converts into online replenishment.
- We believe Nykaa is structurally positioned between offline inefficiency and online commoditization, owning the premium digital middle.

Fashion: Strategic adjacency, not core valuation driver

- Nykaa Fashion operates in a structurally different category from beauty, with lower customer loyalty, higher return rates, and greater pricing fragmentation, which inherently compress margins and elongate the path to profitability.

Nykaa Fashion is a premium, niche platform rather than a mass-market competitor.

Online is becoming the primary channel of BPC growth, with digital penetration expected to reach 33% by FY30



- While the average order value (AOV) remains among the highest in online fashion, sustained profitability is structurally harder to achieve due to returns, discounting cycles, and competitive intensity.
- We believe Fashion remains an optional growth vector rather than a core thesis driver. Management's focus on tightening curation, improving repeat rates and reducing return intensity is directionally right, but the category lacks the predictability of the beauty segment.
- Nykaa's defensibility in fashion lies in narrow, high-intent consumer cohorts – affluent, brand-conscious shoppers in Tier 1 and emerging urban markets. Access to differentiated labels, fresher collections and a higher-quality user base positions Nykaa Fashion as a premium niche platform rather than a mass-market competitor.
- We expect Fashion to move toward breakeven over FY26-27E but do not assume material margin contribution in our valuation.

Valuation and view: Initiate with NEUTRAL

- Nykaa stands to benefit from the growing influx of digital native consumers as India's retail landscape continues to shift from offline to online and from unorganized to organized formats.
- With a leading share in the beauty segment, a portfolio of premium and exclusive brand partnerships, continued momentum in the House of Nykaa portfolio, and improving unit economics within Nykaa Fashion, the company has built a differentiated platform across BPC and Fashion.
- **For Nykaa's BPC segment** (~90% of revenue), the company continues to deepen its presence across pockets of affluence. With ~18m transacting customers, it recorded customer additions of 18.1%/27.4% in FY24/FY25, and we estimate Nykaa to sustain a healthy customer addition of 25.2%/22.5% in FY27/FY28. We estimate GMV to compound at 26% during FY25-30E and 22% during FY25-37E.
- On profitability, EBITDA is estimated to grow at a CAGR of ~35% over FY25-30E, supported by robust gross margins and operating leverage. In addition, the rising contribution of owned brands under the House of Nykaa portfolio is expected to support medium-term margin expansion.
- **For Nykaa Fashion**, GMV is estimated to grow at 26.0% over FY25-30E. While the Fashion business remains at an early stage of profitability, but its unique and differentiated product listings and fresher assortments keep Nykaa's competitive advantage relevant.
- The marketplace-led model limits inventory intensity and working capital requirements. The Fashion segment is expected to achieve EBITDA breakeven by end-FY26, with margins gradually expanding to low single digits over FY25-37E.
- We value Nykaa on the SoTP basis. For the BPC business, we ascribe a 50x EV/EBITDA multiple, implying a per-share value of INR255, reflecting Nykaa's leadership in online BPC, superior gross margins versus horizontal platforms, and visibility on medium-term growth driven by premiumization and owned brands.
- We value the Fashion business using a DCF framework, assuming a GMV CAGR of 20% over FY25-37E and gradual EBITDA margin expansion over the same period (per share contribution of INR31). Our WACC and terminal growth assumptions stand at ~11% and 5.5%, respectively. Adjusting for net debt, we arrive at a **TP of INR280 per share** (implying 11% upside).

- While we remain positive on the long-term fundamentals of both the BPC and Fashion businesses, we believe current valuations already reflect much of the prevailing growth expectations. Following the strong share price performance over the past year, the risk-reward appears balanced, limiting near-term upside. Accordingly, we **initiate coverage on Nykaa with a NEUTRAL** rating.
- **Key downside risks:** 1) failure to continuously refresh assortments in a fast-evolving beauty landscape, 2) demand slowdowns in discretionary consumption, 3) escalation in customer acquisition costs, and 4) slower-than-expected profitability in Fashion. Additional risks stem from intense competition across platforms and D2C brands, and any lapse in product authenticity could materially impair customer trust and platform equity.

Exhibit 1: SoTP-based valuation

Segment	Methodology	Methodology description	Valuation toward NYKAA (INR b)	Contribution (INR per share)
BPC	Multiples	❖ 50x FY28E EV/EBITDA	730	255
Fashion	DCF	❖ Estimate 20% GMV CAGR and gradual improvement in EBITDA margin over FY25-37E. Our WACC/terminal growth estimates stand at ~11%/5.5%.	88	31
Less : Net debt			8	3
Total (Rounded)				280

Source: MOFSL

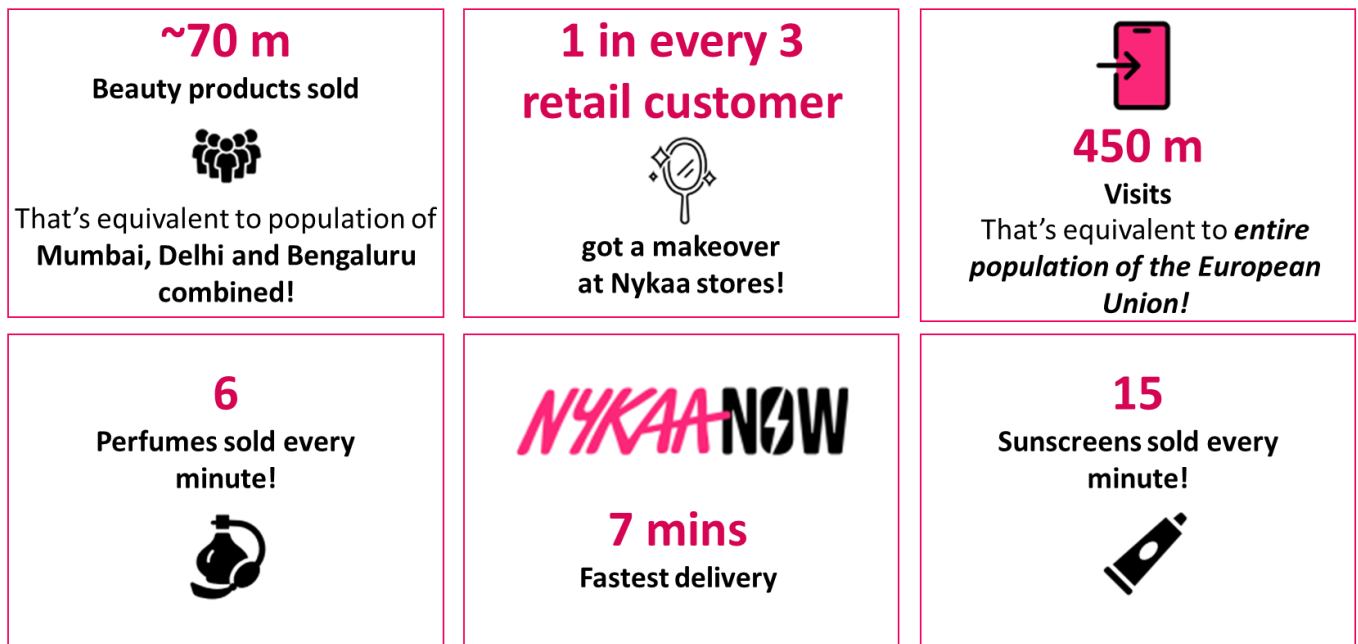
Exhibit 2: Valuation comparison across global BPC companies and Indian internet peers

Company Name	M-cap (USD bn)	EV (USD bn)	EV/Revenue				Revenue CAGR % FY25-28E	EV/EBITDA				EBITDA CAGR % FY25-28E	P/E				PAT CAGR % FY25-28E
			FY25/ CY24	FY26E/ CY25E	FY27E/ CY26E	FY28E/ CY27E		FY25/ CY24	FY26E/ CY25E	FY27E/ CY26E	FY28E/ CY27E		FY25/ CY24	FY26E/ CY25E	FY27E/ CY26E	FY28E/ CY27E	
Nykaa	8.1	8.2	9.3	7.4	5.9	4.8	25	156	103	71	51	46	779	354	169	105	119
India BPC																	
Honasa	1.0	0.9	4.0	3.6	3.2	2.8	13	121	45	35	27	64	104	56	44	35	51
Global BPC																	
Ulta Beauty	26.5	28.9	2.6	2.6	2.4	2.2	5	13	16	16	15	-5	19	25	23	21	-1
Zalando	7.8	8.1	0.7	0.6	0.5	0.5	12	9	7	6	6	19	33	21	16	13	24
THG PLC	0.9	1.6	0.7	0.7	0.6	0.6	3	-15	15	12	9	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Lyko Group	0.2	0.3	0.8	0.7	0.7	0.6	12	10	9	7	6	21	71	40	21	15	87
Revolve Group	2.1	1.8	1.6	1.5	1.4	1.3	7	27	21	19	17	17	46	38	34	29	13
Shiseido Co	6.0	7.7	1.2	1.2	1.2	1.2	1	14	14	10	9	18	N.A.	N.A.	25	21	N.A.
L'Oréal S.A.	230.7	235.4	4.6	4.5	4.3	4.1	4	20	19	18	17	6	29	29	27	25	7
Bath and Body works	4.1	8.8	1.2	1.2	1.2	1.3	-2	5	6	7	7	N.A.	13	6	7	7	N.A.
Unilever PLC	141.9	175.7	2.5	2.6	2.7	2.6	-2	13	12	12	12	5	24	18	17	16	10
Natura & Co	1.8	2.7	0.7	0.6	0.6	0.5	8	6	5	5	4	15	11	18	9	7	24
India Internet																	
Firstcry	1.7	1.8	2.2	1.9	1.6	1.4	16	72	62	28	18	60	N.A.	N.A.	180	56	N.A.
Eternal	30.9	30.7	13.6	5.5	3.0	2.1	87	432	264	75	41	119	336	514	118	58	104
Swiggy	12.5	12.1	7.1	4.8	3.7	2.9	34	-39	-36	-101	104	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Cartrade	1.5	1.5	20.7	16.6	13.7	11.6	21	88	54	40	32	40	58	66	51	41	39
PolicyBazar	9.7	9.6	17.3	12.9	9.9	7.6	32	917	142	73	41	183	205	135	80	52	66
Dellhivery	3.4	3.4	3.4	2.9	2.5	2.2	16	81	48	28	20	59	116	134	52	37	74
Info Edge	9.7	9.8	30.8	28.0	24.2	21.1	14	89	73	60	N.A.	N.A.	97	79	62	56	16
Indiamart	1.5	1.2	7.6	6.8	6.0	5.3	13	20	20	18	16	8	23	26	23	20	6
JustDial	0.7	0.1	0.7	0.7	0.6	0.6	7	2	2	2	2	6	12	11	11	11	2
Tbo Tek	2.0	1.9	9.9	6.7	4.9	4.3	32	57	44	31	25	32	55	68	46	35	32
Ixigo	1.3	1.3	12.3	8.8	6.8	5.4	32	139	117	64	42	49	91	153	78	51	56
Yatraa	0.3	0.3	3.8	2.6	2.3	2.0	24	63	30	23	19	49	37	42	29	23	49
Affle	2.7	2.6	10.2	8.5	7.0	5.9	20	53	38	30	25	29	59	51	40	32	25
Route Mobile	0.5	0.4	0.8	0.8	0.7	0.7	5	7	7	6	6	4	18	13	12	11	9

Source: Bloomberg

Story in charts

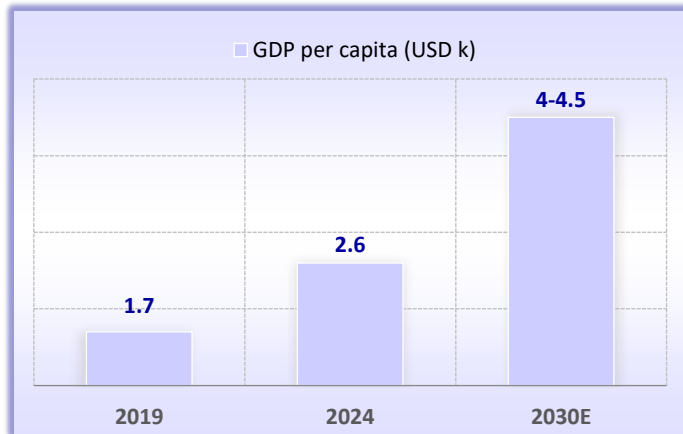
Nykaa continues to catalyze beauty revolution in India



Nykaa's prominent owned brand across BPC and Fashion

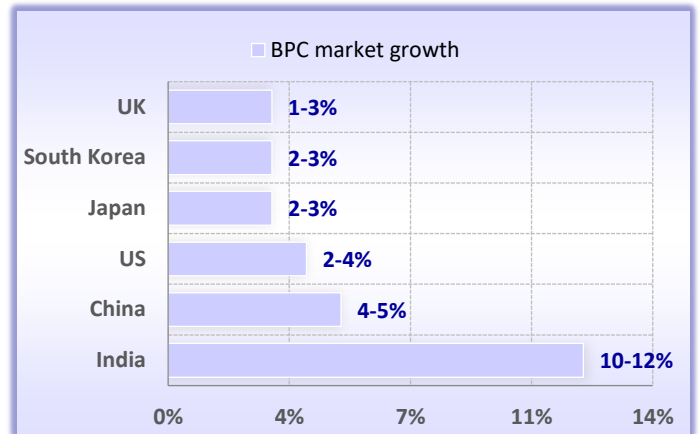


GDP per capita is expected to reach crucial threshold of USD4-4.5k by FY30



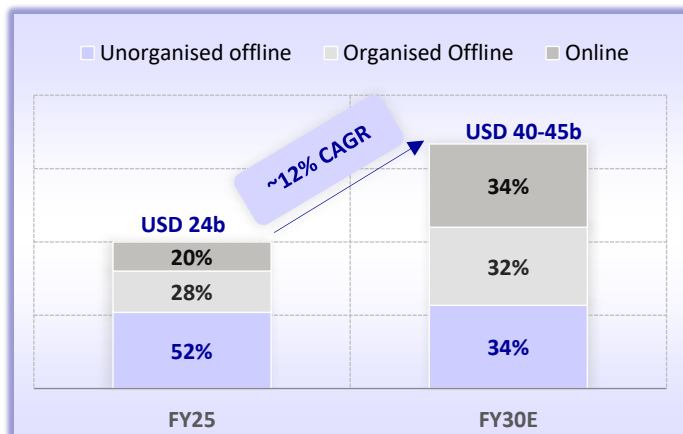
Source: Redseer, MOFSL

Over FY25-30, India's BPC market is expected to clock a 10-12% CAGR



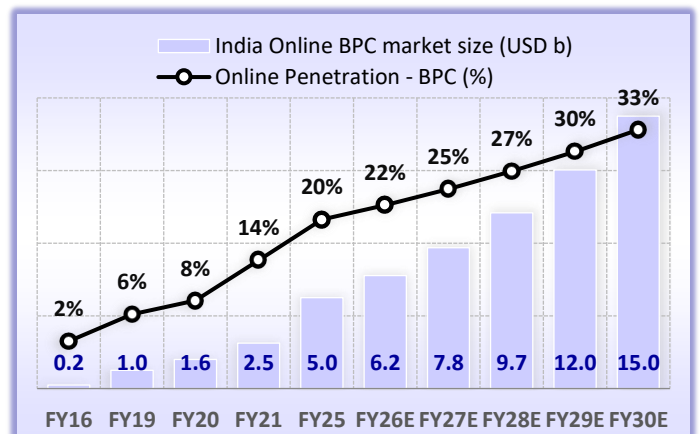
Source: Redseer, MOFSL

Indian BPC market is expected to clock ~12% CAGR to reach USD40-45b, with online BPC accounting for 34%



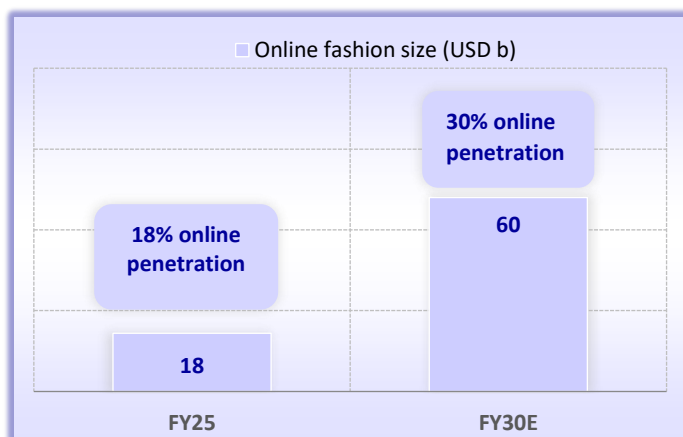
Source: Redseer, MOFSL

Online is becoming the primary channel of BPC growth, with digital penetration expected to reach 33% by FY30



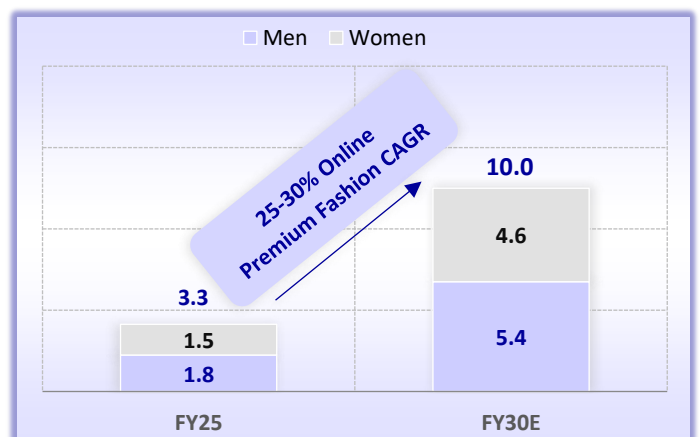
Source: Redseer, MOFSL

Online Fashion is expected to record 22-25% CAGR over FY25-30



Source: Redseer, MOFSL

Premium fashion market in India is expected to grow 3x by 2030 (USD b)



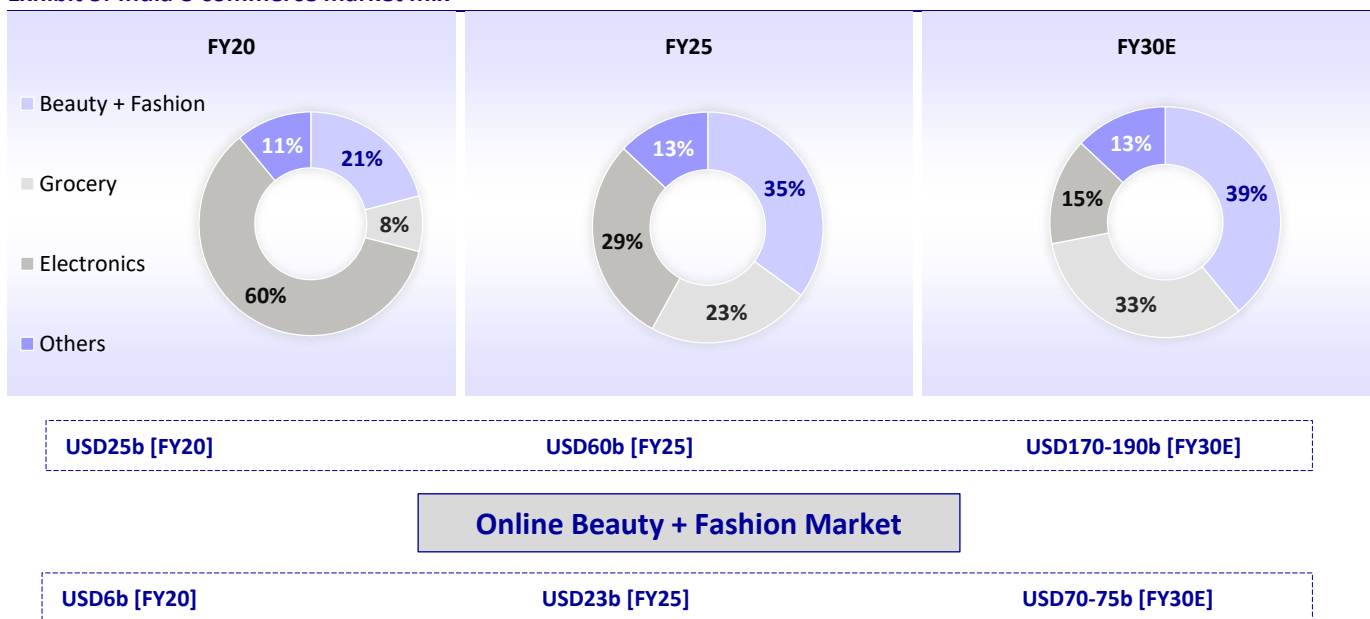
Source: Redseer, MOFSL

Online BPC + Fashion penetration – the structural growth anchor

India's e-commerce penetration remains low at 6-7%, compared with 25-30% in other Asian counterparts Callout

- India's e-retail market reached USD60b in FY25, with 270-280m online shoppers, making it the second-largest digital consumer base globally. The market is projected to expand to USD 170–190bn by FY30, implying a healthy CAGR of 18% (see Exhibit 3).
- We believe several structural tailwinds will keep this momentum intact: (i) favorable demographics with a low median age; (ii) rising urbanization and expansion of middle-income households; (iii) low penetration in many categories with potential for premiumization in highly penetrated categories; and (iv) changes in distribution channels, among others. We think these drivers will collectively shape the next phase of online consumption.
- **India's e-commerce penetration remains low at 6-7%, compared with 25-30% in other Asian counterparts.** This gap provides meaningful headroom for expansion, as we expect digital adoption to deepen and more consumers to move online for both BPC and fashion markets.

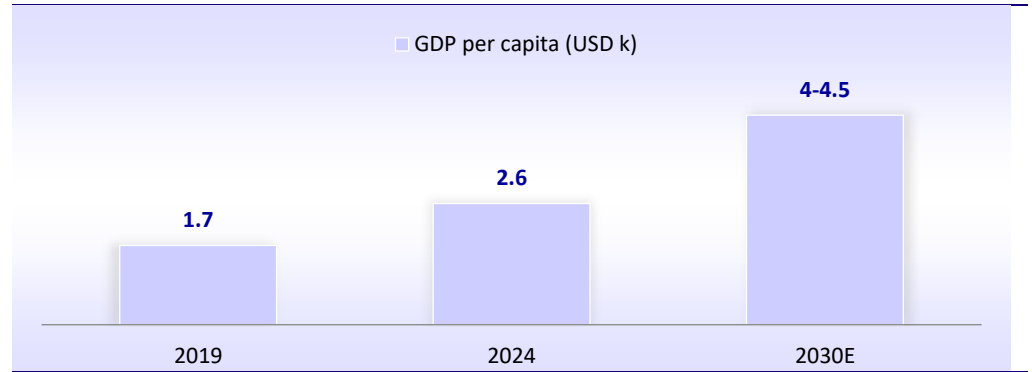
Exhibit 3: India e-commerce market mix



Source: Redseer, MOFSL

- That being said, growth moderated to 10-12% in FY25 due to macroeconomic challenges. After Covid, retail market growth was 8.5% over 2022-24 vs. 11% during 2017-19. However, we think the e-retail market's long-term growth prospects remain robust on the back of rising internet penetration, premiumization, and growing influence of social media and digital content, which are now key drivers of the beauty industry.
- **By 2030, India's GDP per capita is expected to cross the crucial USD3,500-4,000 threshold, a key tipping point historically associated with a sharp uptick in e-retail consumption globally (see exhibit 4).** We believe this is already visible in states like Maharashtra, Gujarat, Delhi, and Tamil Nadu (each with GDP per capita of more than USD3,500), which are showing noticeably higher e-commerce penetration than the rest of India.

Exhibit 4: GDP per capita is expected to reach crucial threshold of USD4-4.5k by FY30



Source: Redseer, MOFSL

- India's e-commerce shopper base is projected to expand at a 20% CAGR to 400m+ shoppers by FY30.

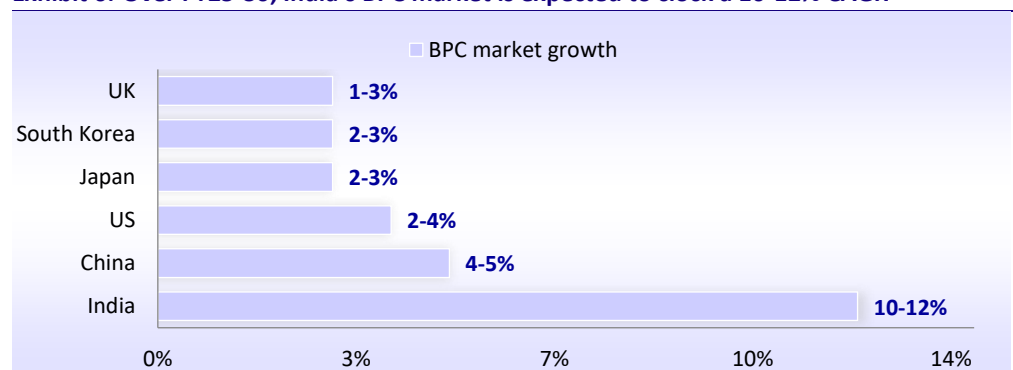
Exhibit 5: E-commerce shopper base in FY25; Over FY20-25, India's e-com shopper base grew by 20%, whereas that of US/China grew by 6%/8%



Source: Redseer, MOFSL

- India's beauty industry is rapidly expanding, with projections showing it will reach USD40-45b by FY30 at a CAGR of ~12%.
- We think this shows how the market is shifting from basic utility to more sophisticated, personalized and experiential offerings, with segments like skincare, makeup, fragrances and haircare seeing broader engagement.

Exhibit 6: Over FY25-30, India's BPC market is expected to clock a 10-12% CAGR

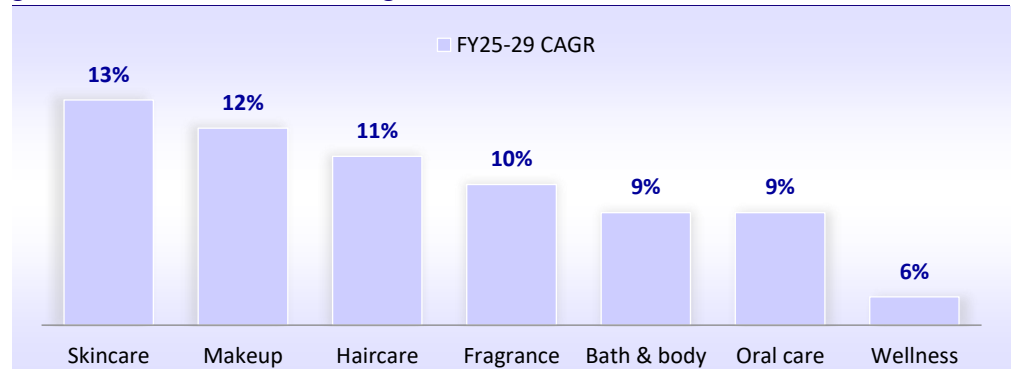


Source: Redseer, MOFSL

While personal care retains a significant market share, beauty-led segments are experiencing the fastest growth.

- While personal care retains a significant market share, beauty-led segments are experiencing the fastest growth, especially those emphasizing multi-functionality and clean formulations.
- Key beauty categories, such as skincare, cosmetics and fragrances, are expected to deliver a CAGR of 13%/12%/10% vs. 9% for other categories.

Exhibit 7: Key beauty categories, such as skincare, cosmetics and fragrances, will likely grow much faster than other categories

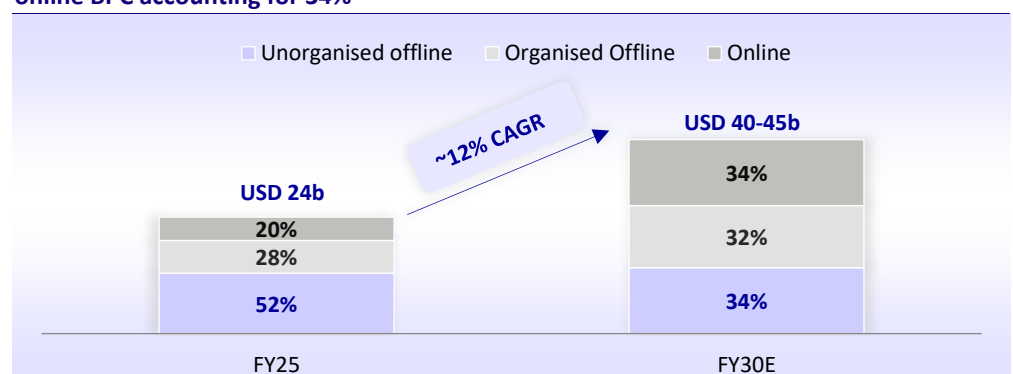


Source: Redseer, MOFSL

The online BPC market, which accounts for 20% of the total BPC market in India as of FY25, is expected to grow to 34% of the total BPC market by FY30.

- **We expect the online BPC market to emerge as an even bigger growth driver:** India's online BPC market is expected to achieve GMV of USD14-15b by FY30 (vs. USD5b in FY25) at a CAGR of 23-25%.
- The online BPC market, which accounts for 20% of the total BPC market in India as of FY25, is expected to grow to 34% of the total BPC market by FY30.
- **Online platforms have proven to be a robust medium for brand discovery, visibility and availability in the BPC sector.** The growing trend of online shopping is enabling BPC brands to establish a credible presence and effectively complement traditional retail channels.

Exhibit 8: Indian BPC market is expected to clock ~12% CAGR to reach USD40-45b, with online BPC accounting for 34%

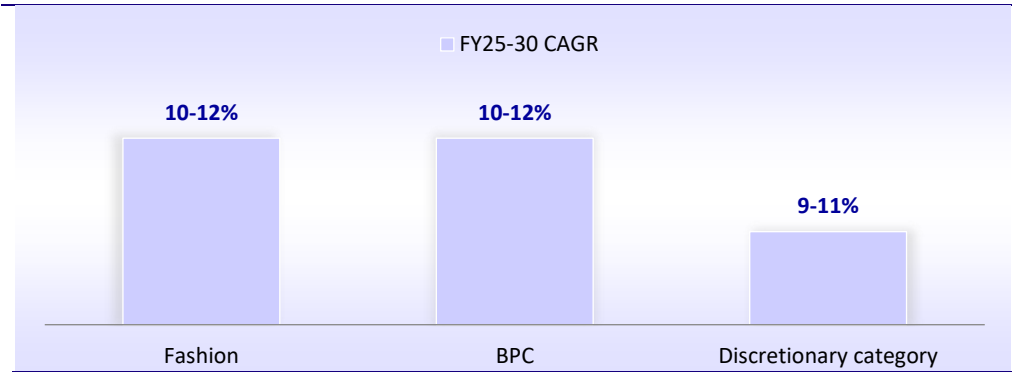


Source: Redseer, MOFSL

Fashion market:

- Fashion also remains one of the largest consumer categories in the discretionary basket in India. With a market size of USD100b in FY25, it is expected to reach USD185-200b in FY30 at a 10-12% CAGR.
- **We believe the key growth driver would be the expansion of India's middle class.** It is creating a large consumption base for aspirational fashion.

Exhibit 9: Fashion is expected to deliver 10-12% CAGR over FY25-30

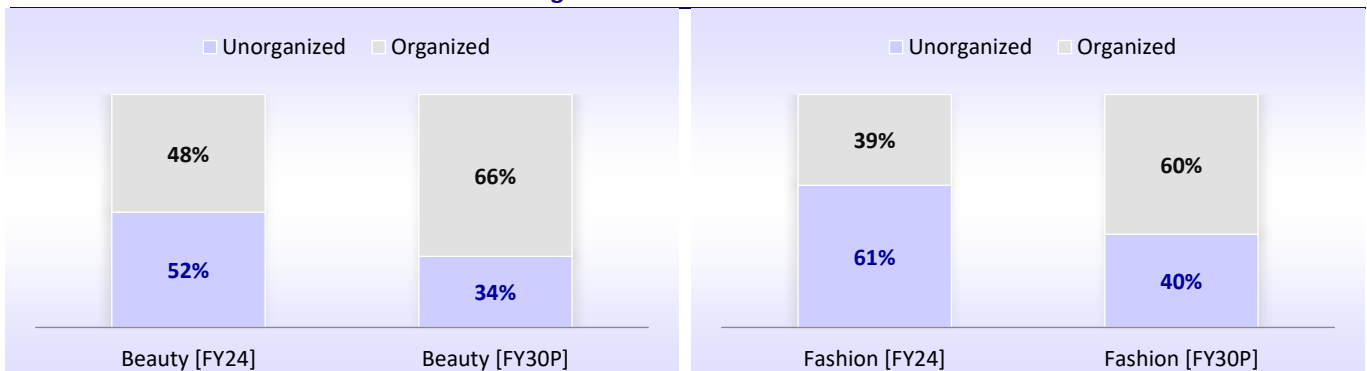


Source: Redseer, MOFSL

India's online fashion market is poised for substantial growth, projected to reach ~USD55-60b by FY30 from around USD18b currently, implying a 22-25% CAGR.

- There is a large opportunity to formalize the fashion market as more than 60% of the market is dominated by unorganized or unbranded players. The surge in D2C brand launches, growing awareness about branded products, and channel disruption through e-commerce and modern retail are accelerating this shift.

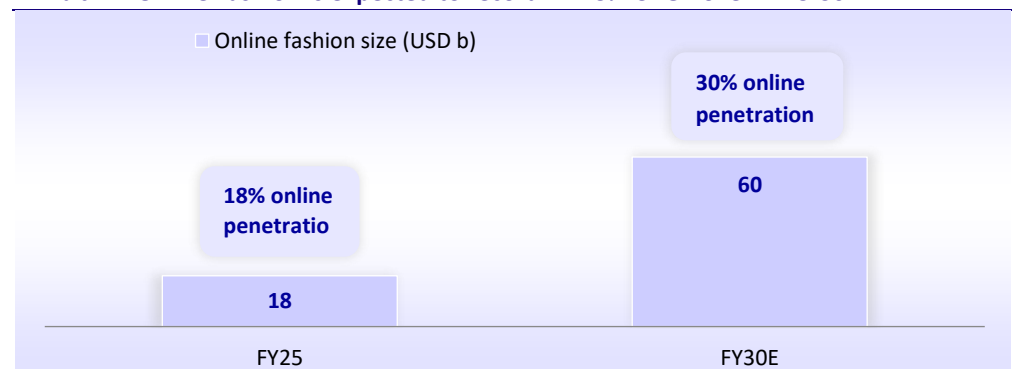
Exhibit 10: 60%+ of fashion market remains unorganized with unbranded market



Source: Redseer, MOFSL

- India's online fashion market is poised for substantial growth, projected to reach ~USD55-60b by FY30 from around USD18b currently, implying a 22-25% CAGR.
- We believe online fashion penetration will increase meaningfully, driven by digital adoption in non-metro cities, the rise of new-age and niche fashion brands, and the growing influence of social media in shaping consumer choices.

Exhibit 11: Online Fashion is expected to record 22-25% CAGR over FY25-30



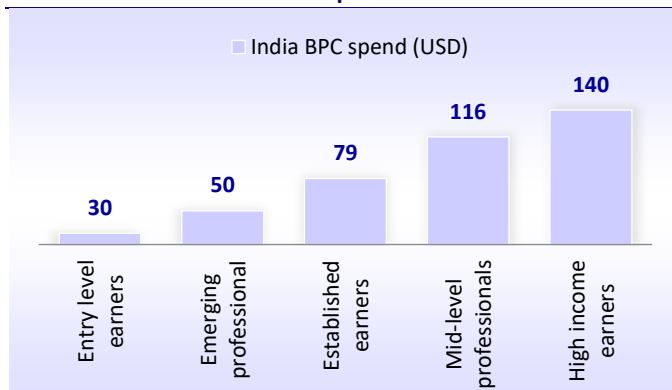
Source: Redseer, MOFSL

Premiumization: Next catalyst of growth

The average spends vary 5x in BPC and 3x in fashion between an entry-level earner (<USD3k p.a.) and a high-income earner (>USD15k p.a.).

- We discussed in the earlier section that growth in the online BPC and Fashion markets was initially propelled by rising platform penetration, which unlocked a large pool of unsatiated demand.
- While penetration continues to expand as demand remains robust, we believe the next wave of growth in online BPC and Fashion markets will be led by premiumization. India's consumer affluence and propensity to spend have been increasing due to factors such as higher incomes, easier credit access, urban migration and preference for convenience.
- This gets reflected in spends done by high-income earners vs. entry-level earners. The average spends vary 5x in BPC and 3x in fashion between an entry-level earner (<USD3k p.a.) and a high-income earner (>USD15k p.a.).

Exhibit 12: India BPC annual spend across income levels



Source: MOFSL, Company

Exhibit 13: India Fashion annual spend across income levels

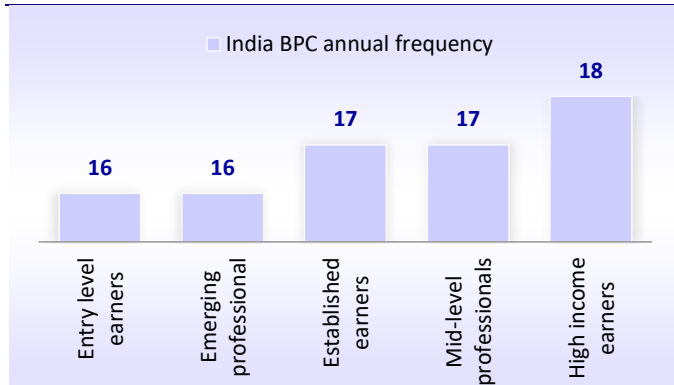


Source: MOFSL, Company

We believe that purchase frequency does not necessarily decline with rising income levels; instead, consumers often maintain similar buying intervals while moving up to more premium, value-conscious products.

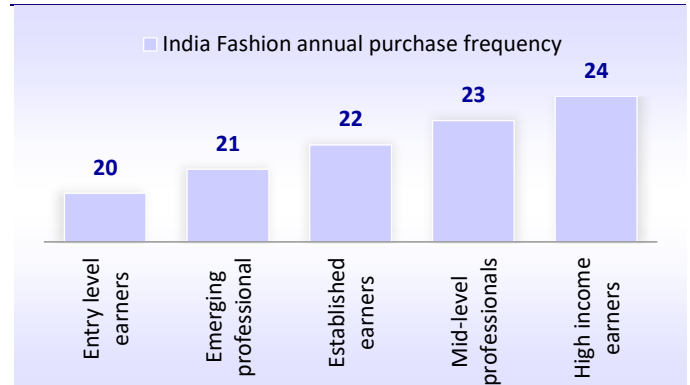
- However, despite the difference in consumption propensity across the income levels, the frequency to consume remains high. This demonstrates that premiumization not only increases value but also keeps the buying ability unchanged.
- We believe that purchase frequency does not necessarily decline with rising income levels; instead, consumers often maintain similar buying intervals while moving up to more premium, value-conscious products (see Exhibit 14 and 15).
- That means premiumization, particularly in discretionary categories like BPC, can expand revenue per unit without materially impacting underlying purchase occasions.
- We believe this indicates that **as consumers enter higher-income cohorts, companies with a premium portfolio can drive value-led growth without a proportionate drop-off in volume.**

Exhibit 14: India BPC annual purchase frequency



Source: MOFSL, Company

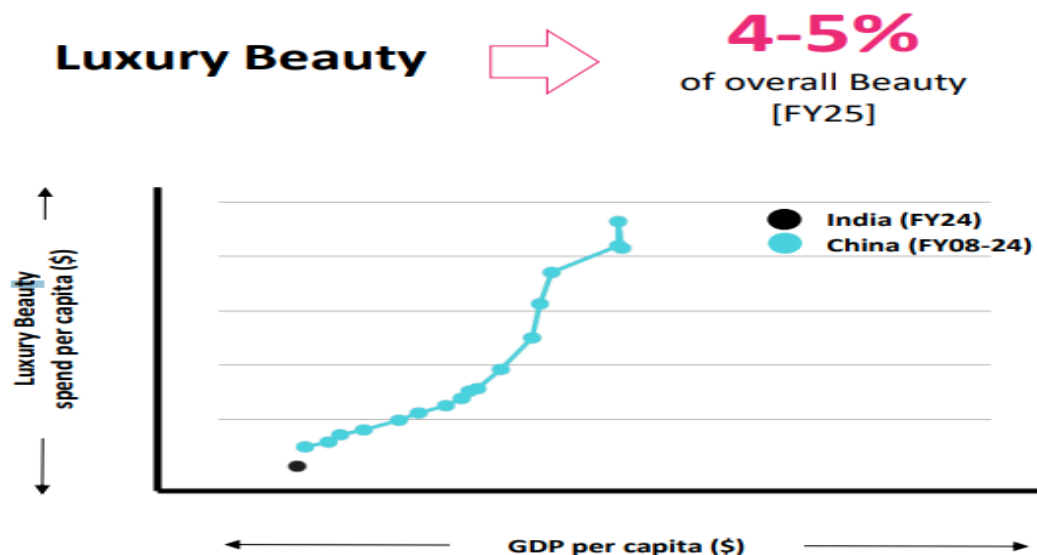
Exhibit 15: India Fashion annual purchase frequency



Source: MOFSL, Company

- We expect premiumization in the Indian BPC space to be a major growth driver, with consumers preferring more sophisticated beauty products delivered by global brands entering the country and a higher focus on education driven by beauty players to uplift consumer choice and awareness.

Exhibit 16: Premiumization – a key theme in beauty

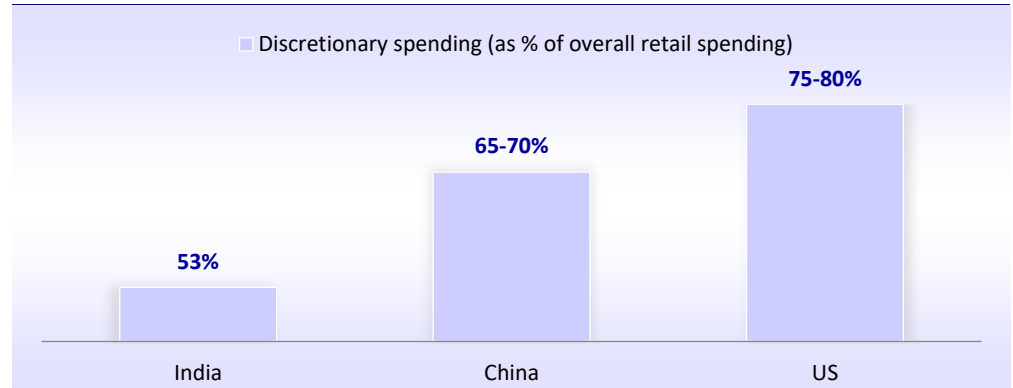


Source: Redseer, MOFSL

As India gets closer to the threshold of USD4-4.5k GDP per capita, it is likely to follow trends seen in developed markets like the US and China.

- As India gets closer to the threshold of USD4-4.5k GDP per capita, it is likely to follow trends seen in developed markets like the US and China, with discretionary spending taking a larger share of retail shopping. **Nearly 53% of India's overall retail spending comes from discretionary categories, compared to 65-70% in China and 75-80% in the US.** Thus, we believe there is significant headroom for discretionary spending to grow, supported by lifestyle categories such as BPC and Fashion.

Exhibit 17: Discretionary spending (as % of overall retail spending) in FY25

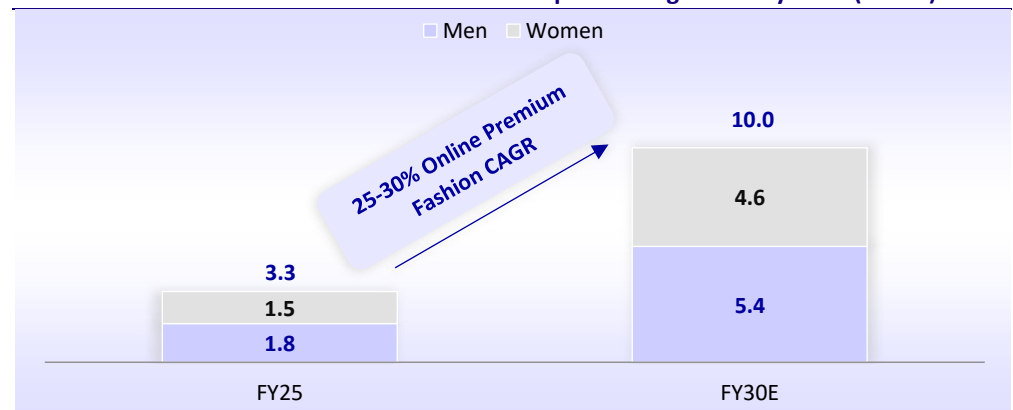


Source: Redseer, MOFSL

India's online premium fashion market is expected to grow at a strong 25-30% CAGR over FY25-30E.

- We believe the Indian fashion industry remains a dynamic consumer market, driven by an increasingly affluent middle class, growing digital access, and evolving consumer preferences. India's online premium fashion market is expected to grow at a strong 25-30% CAGR over FY25-30E, and we think this momentum will be supported by rising brand aspiration, broader assortment availability online, and deeper adoption in non-metro markets.

Exhibit 18: Premium fashion market in India is expected to grow 3x by 2030 (USD b)



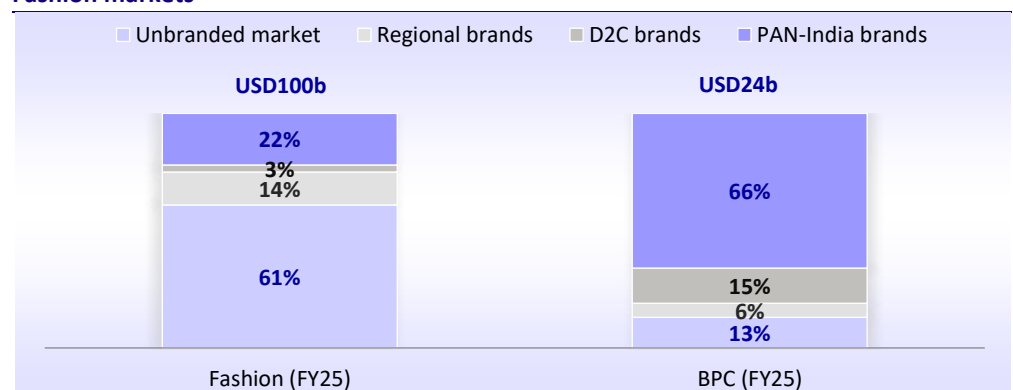
Source: Redseer, MOFSL

Penetration is still at an early stage. D2C forms only ~15% of India's BPC market, and around 3% of fashion.

D2C: What's in the website?

- More than 800+ D2C BPC brands have been launched since 2020 in India, and we think this growth is driven by new-age consumers looking for niche ingredients, specific benefits, and product formats that large FMCG players did not traditionally focus on.
- **D2C brands often target gaps that mass-market FMCG companies leave open** such as natural ingredients, cruelty-free, science-led, or specialized formulations, or even mid-premium price points. These gaps are now meaningful because online discovery has grown, and consumers are willing to try new brands if the value proposition is clear.
- E-commerce has also lowered the barriers to starting a brand. D2C brands can scale up faster because they do not need the heavy distribution network investments that legacy FMCG companies depend on. Brands can launch through their own websites, advertise digitally, and use marketplace platforms to scale up.
- Penetration is still at an early stage. **D2C forms only ~15% of India's BPC market, and around 3% of fashion (see Exhibit 19).** In more mature online markets, D2C penetration ranges above >25%, which suggests that India has room to catch up as digital shopping becomes more mainstream.
- Online BPC penetration is expected to rise from ~20% to ~34% by FY30, and online fashion from ~18% to ~28-30%, which should naturally expand the D2C opportunity.

Exhibit 19: Surge in D2C brand launches can provide opportunity to formalize both BPC and Fashion markets



Source: Redseer, MOFSL

We think fashion D2C brands are likely to follow a trajectory similar to BPC, driven by stronger digital discovery, growing consumer comfort with online shopping, and the emergence of niche, online-first labels.

- However, **D2C penetration in fashion remains relatively lower than in BPC, largely due to the higher complexity of the fashion market.** Fashion involves frequent style changes, high return rates, and greater fit-related uncertainty, making it structurally harder for new brands to scale up. In contrast, BPC is a comparatively easier category for brand creation, supported by higher repeat rates and more predictable consumer behavior.
- That said, the rise of social media and influencer-led discovery is gradually narrowing this gap. We think fashion D2C brands are likely to follow a trajectory similar to BPC, driven by stronger digital discovery, growing consumer comfort with online shopping, and the emergence of niche, online-first labels.

- More homegrown D2C brands are entering the market, global players are expanding their direct channels, and established fashion companies are either acquiring D2C labels or building their own digital-first brands.

Exhibit 20: Some of prominent D2C brands in India in BPC market

Personal Care			Cosmetics	
Natural, Organic, Vegan, Ayurveda 			Personalized 	
			Niche 	
			Women's Hygiene 	
			Men's Grooming 	

Source: Avendus, MOFSL

Exhibit 21: Some of prominent D2C brands in India in Fashion market

Western wear			Ethnic wear		
Economy brands	Mass-premium brands			Economy brands	Masstige brands
Bewakoof*	   				 
Premium brands	  			Premium brands	 
	  				
Specialized segments					
Eyewear	Activewear / athleisure	Innerwear	Footwear	Accessories	Kids
   	    	    	   	   	  

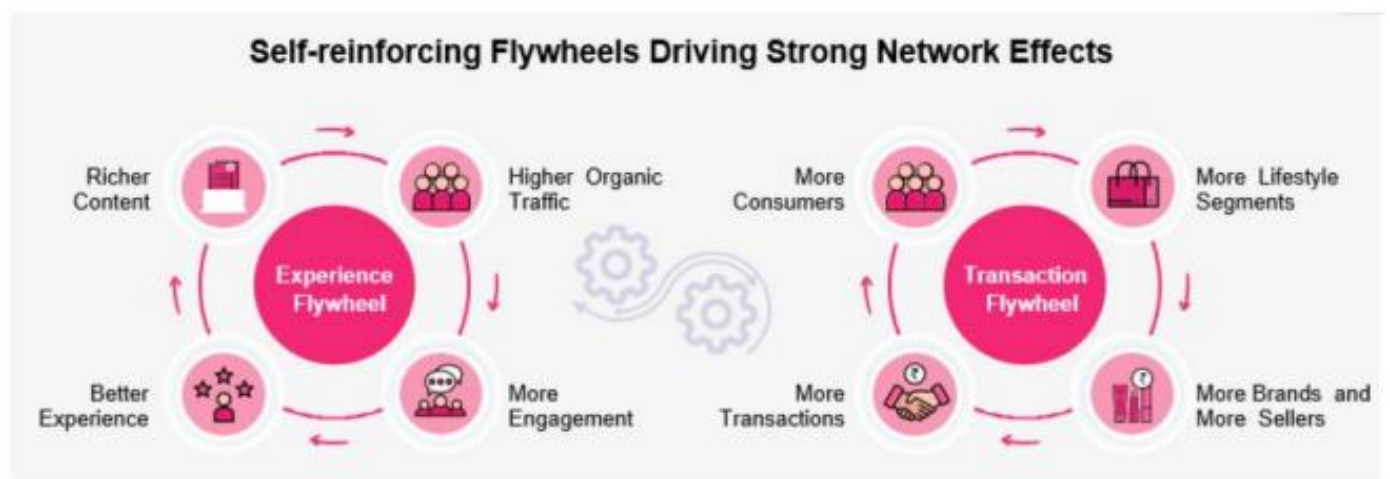
Source: Avendus, MOFSL

Nykaa's growth has been supported by a strong content-to-commerce model, blending tutorials, reviews, and influencer collaborations to drive traffic and engagement.

Company overview

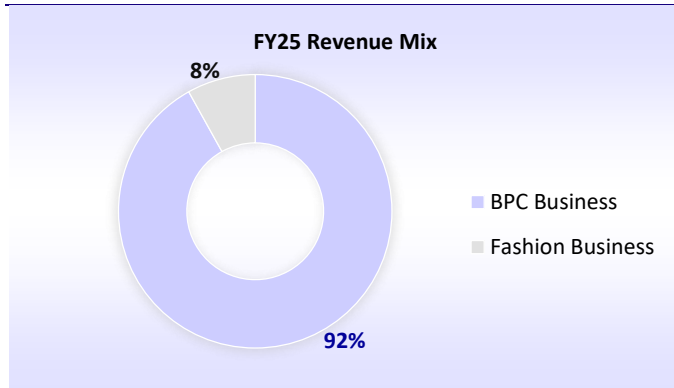
- Nykaa, founded in 2012 by Ms. Falguni Nayar, is one of India's leading online lifestyle retailers with a presence in BPC and a growing foothold in Fashion. The company has built its beauty retail business in India through an inventory-led model, solving long-standing issues of product authenticity and limited access to global brands.
- Nykaa's growth has been supported by a strong content-to-commerce model, blending tutorials, reviews, and influencer collaborations to drive traffic and engagement. This strategy has helped the platform convert discovery into purchase, resulting in rising conversion rates and a growing repeat customer base across both BPC and Fashion.
- The BPC segment (76% of GMV) remains Nykaa's core growth and profit driver, supported by exclusive brand tie-ups, premium merchandising, and curated consumer experience. The business continues to benefit from India's rising BPC spend, increased online adoption, and operating leverage, with EBITDA margins expected to expand steadily over the medium term.
- While the beauty segment continues to be Nykaa's main business, its fashion segment is growing fast. Nykaa is taking a different approach here (entering a much larger market approx. ~3.5x beauty), focusing on premiumization, curated assortment, and a managed marketplace model instead of discount-led growth.
- Despite being a late entrant, the segment is scaling up rapidly and is expected to deliver strong growth with improving unit economics and breakeven visibility.
- Nykaa continues to evolve into a holistic lifestyle ecosystem, expanding offline through 265 stores across 90 cities, strengthening its private-label portfolio, and launching new growth vectors like the Nykaa Superstore (B2B) initiative.

Exhibit 22: Nykaa's feedback loop



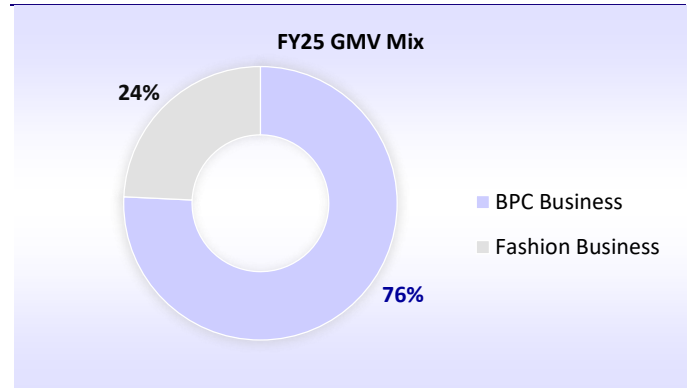
Source: Company, MOFSL

Exhibit 23: FY25 revenue composition



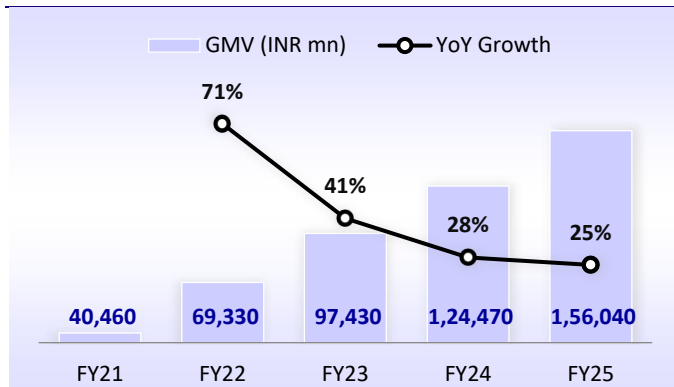
Source: Company, MOFSL

Exhibit 24: FY25 GMV composition



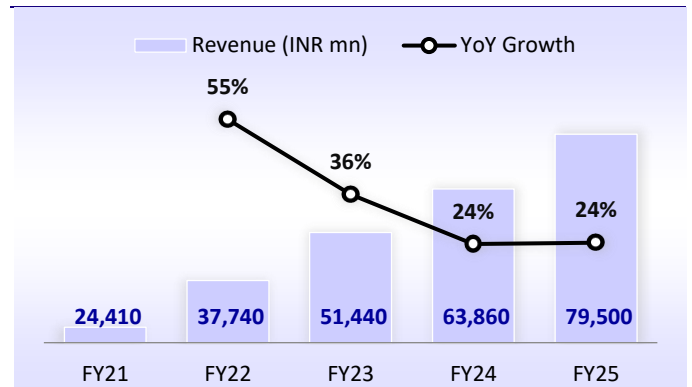
Source: Company, MOFSL

Exhibit 25: One Nykaa GMV clocked 40% CAGR over FY21-25 to INR156b in FY25



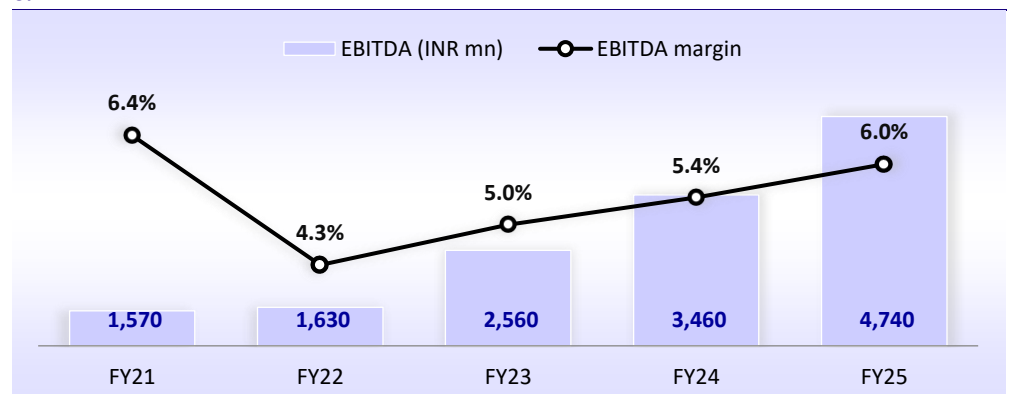
Source: Company, MOFSL

Exhibit 26: One Nykaa revenue posted 34% CAGR over FY21-25 to INR79.5b in FY25



Source: Company, MOFSL

Exhibit 27: One Nykaa EBITDA recorded 32% CAGR over FY21-25; EBITDA margin reached 6%



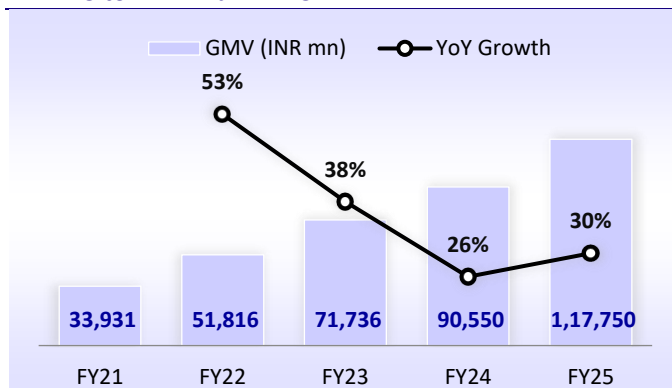
Source: Company, MOFSL

Nykaa BPC

The beauty business primarily follows an inventory-led model, sourcing directly from brands or authorized distributors. This approach ensures product authenticity

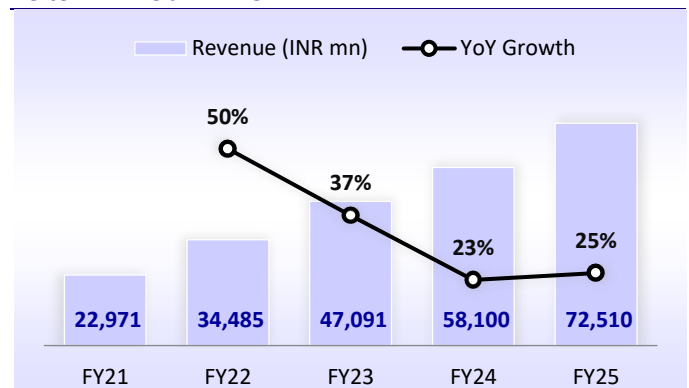
- Nykaa's BPC business includes its online beauty platform, the House of Nykaa (own beauty brands), offline retail stores, Superstore (B2B) by Nykaa, and the Nykaa Man BPC business. The beauty vertical contributed ~86% of consolidated net sales value (NSV) in FY25, up 24% YoY, and continues to be the company's core growth and profit engine.
- Beauty accounted for ~91% of total revenue in both FY24 and FY25, underscoring its dominant role in Nykaa's overall business mix.
- Nykaa has an extensive BPC portfolio, featuring over 4,200 brands and 400,000+ SKUs across make-up, skincare, haircare, bath & body, fragrances, grooming appliances, personal care, and wellness categories.
- Recognizing the importance of 'touch, feel, and try' experiences in certain BPC categories, Nykaa continues to strengthen its offline presence. Its omni-channel strategy enables brands to reach a broader audience, catering to diverse preferences across digital and physical retail formats.
- The beauty business primarily follows an inventory-led model, sourcing directly from brands or authorized distributors. This approach ensures product authenticity, availability, and timely fulfillment, which are critical differentiators in India's fragmented beauty retail market.
- Through its House of Nykaa beauty portfolio, including brands such as *Nykaa Cosmetics*, *Nykaa Naturals*, *Kay Beauty*, *Dot & Key*, *Wanderlust*, *Earth Rhythm*, and *Nykaa Perfumery*, Nykaa addresses Indian skin tones and consumer needs with locally relevant offerings. GMV from owned beauty brands rose 55% YoY in FY25, contributing 14.4% to the beauty vertical's GMV, up from 12.1% in FY24.

Exhibit 28: Mainstay BPC GMV reported 36% CAGR over FY21-25 to INR117b in FY25



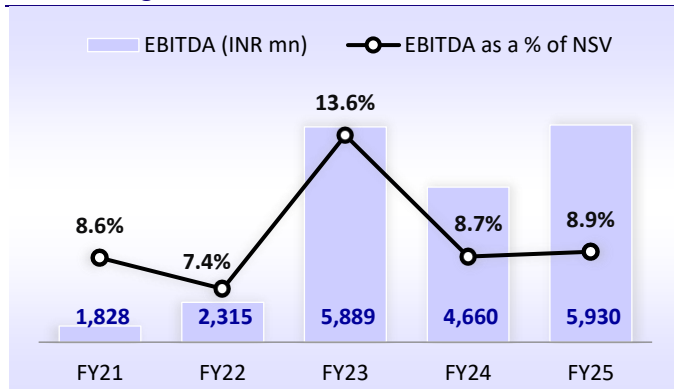
Source: Company, MOFSL

Exhibit 29: BPC revenue increased by 33% CAGR over FY21-25 to INR72.5b in FY25



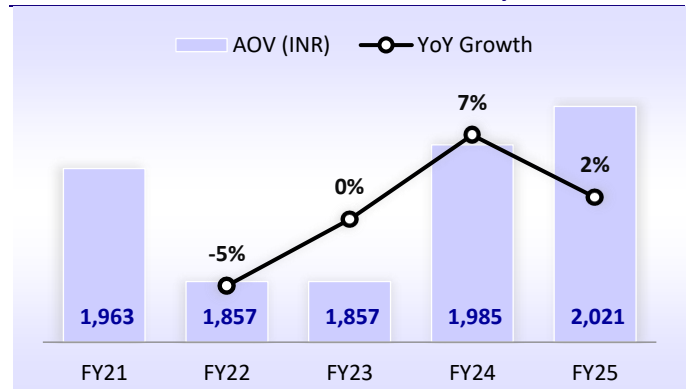
Source: Company, MOFSL

Exhibit 30: BPC EBITDA clocked 34% CAGR over FY21-25 and EBITDA margin reached 8.9%



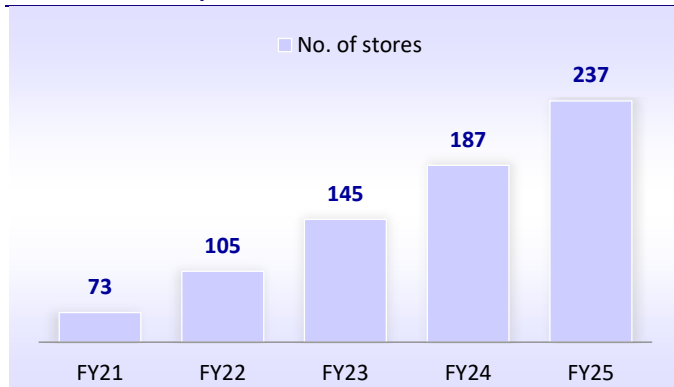
Source: Company, MOFSL

Exhibit 31: BPC's AOV at INR2,021 with two-year CAGR of 4%



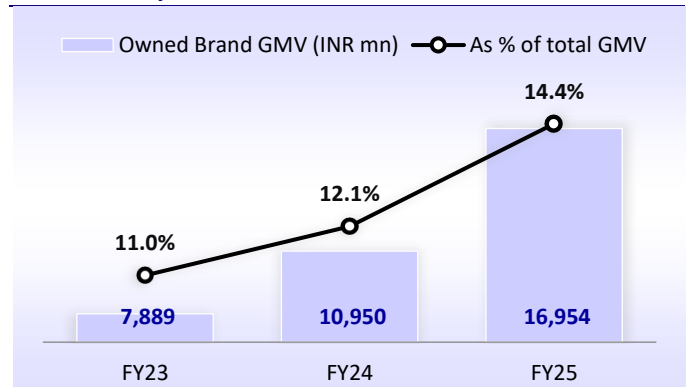
Source: Company, MOFSL

Exhibit 32: Total store count stood at 237 in FY25 covering on area of 2.7 lacs sq. ft.



Source: Company, MOFSL

Exhibit 33: Nykaa's Owned brand GMV is 14% of BPC GMV



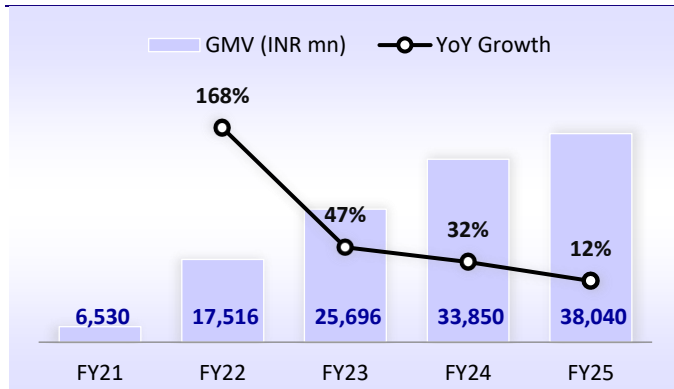
Source: Company, MOFSL

AOV stood at INR4,651 in 2QFY26, among the highest in India's online fashion space, reflecting Nykaa's premium and curated offerings rather than a discount-driven approach.

Nykaa Fashion

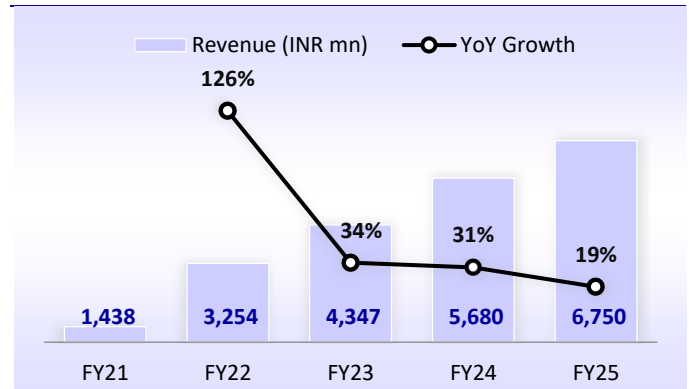
- Launched in 2018, Nykaa Fashion was created to offer consumers a curated, inspiration-led platform for fashion and lifestyle. The segment comprises *Nykaa Fashion*, *House of Nykaa – Fashion brands*, *LBB* (a content-led discovery platform), *Nykaa Man – Lifestyle*, and new businesses such as *Nysaa*, Nykaa's international beauty omni-channel venture in the GCC region.
- As of 31st Mar'25, Nykaa Fashion's platform hosted 5,000 brands and over 12m SKUs, covering women, men, kids, and home categories and establishing itself as one of India's most diverse premium fashion marketplaces.
- The vertical contributed ~14% of consolidated NSV in FY25, up 14% YoY. Fashion operates largely under a managed marketplace model, which is capital-efficient compared to the inventory-based BPC business. Working capital requirements are lower, with own brands accounting for ~14% of Fashion GMV.
- GMV from existing customers stood at 57% in Fashion vs. 76% in Beauty, reflecting the relative nascency of the business.
- AOV stood at INR4,651 in 2QFY26, among the highest in India's online fashion space, reflecting Nykaa's premium and curated offerings rather than a discount-driven approach.
- The New Businesses vertical, led by the international beauty operations in the GCC, has seen strong traction, supported by offline and online retail expansion through partnerships with the Apparel Group.

Exhibit 34: Emerging Fashion GMV recorded 55% CAGR over FY21-25 to INR38b in FY25



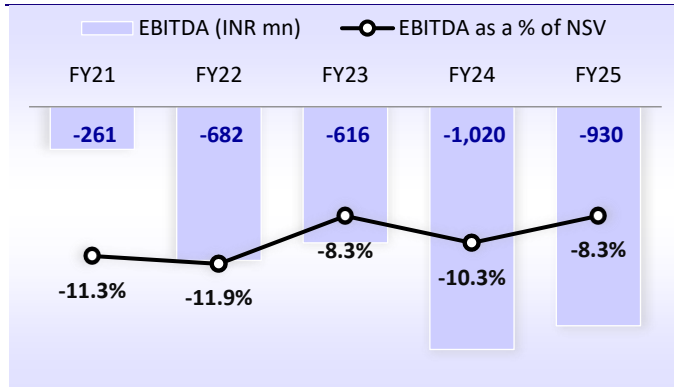
Source: Company, MOFSL

Exhibit 35: Fashion revenue saw 47% CAGR over FY21-25 to INR6.7b in FY25



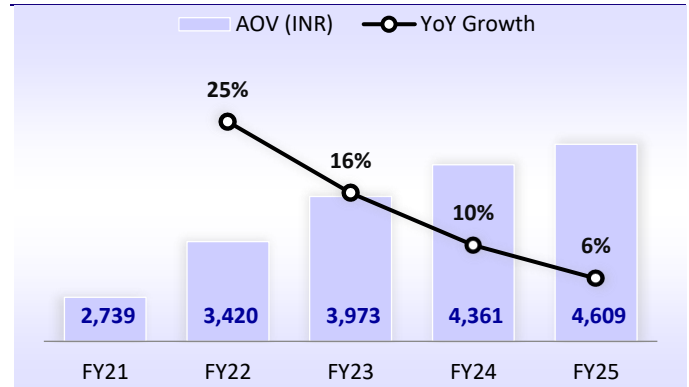
Source: Company, MOFSL

Exhibit 36: Fashion EBITDA margin improved to -8.3% in FY25 from -11.3% in FY21



Source: Company, MOFSL

Exhibit 37: Fashion's AOV at INR 4,609 with two-year CAGR of 8%



Source: Company, MOFSL

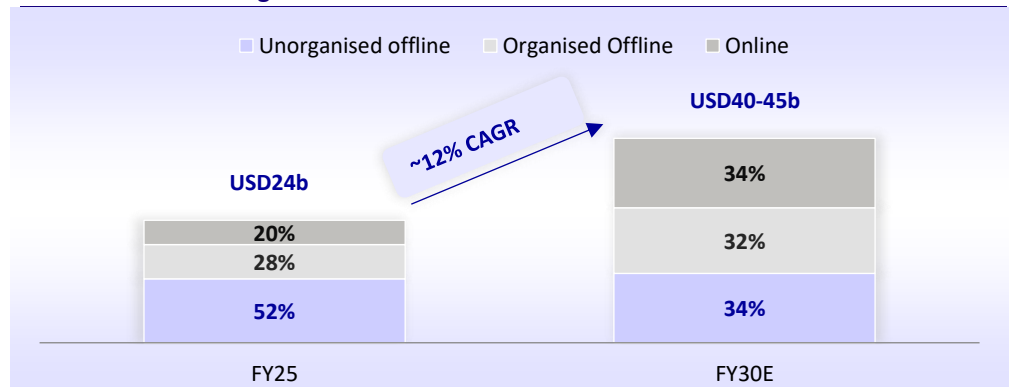
Investment thesis

a) Nykaa's BPC franchise is aligned with three long-duration industry tailwinds: penetration, premiumization, and D2C adoption

- India's beauty and personal care market has expanded meaningfully over the past decade, supported by rising online penetration and the formalization of discovery and distribution.
- Overall, the Indian BPC market is expected to reach USD40-45b by FY30, implying a CAGR of ~12%, with beauty-led categories (skin care, cosmetics and fragrances) growing faster than personal care. Further, growth is increasingly being driven by premium segments rather than entry-level consumption.
- Online is becoming the dominant channel shaping BPC growth. Online BPC penetration has risen from low-single digits in FY15 to ~22% by FY25 and is expected to approach 34-35% by FY30 (exhibit 38).

Online is becoming the dominant channel shaping BPC growth. Online BPC penetration has risen from low-single digits in FY15 to ~22% by FY25 and is expected to approach 34-35% by FY30.

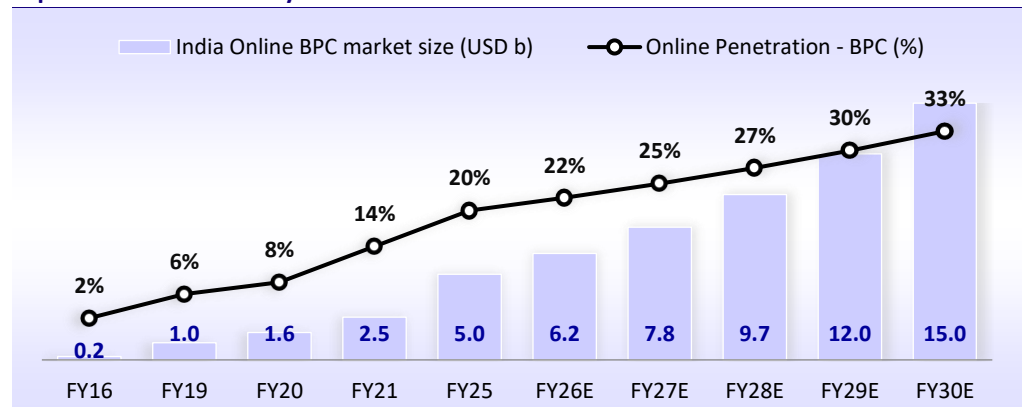
Exhibit 38: Indian BPC market is expected to see ~12% CAGR to reach USD40-45b, with online BPC accounting for 34%



Source: Redseer, MOFSL

- In absolute terms, online BPC GMV is projected to expand from ~USD5b in FY25 to USD14-15b by FY30 at a 23-25% CAGR. This structural shift reflects a deeper change in consumer behavior from price-led purchasing to discovery-led consumption enabled through content, reviews, influencers and digital-first launches.

Exhibit 39: Online is becoming the primary channel of BPC growth, with digital penetration expected to reach 33% by FY30

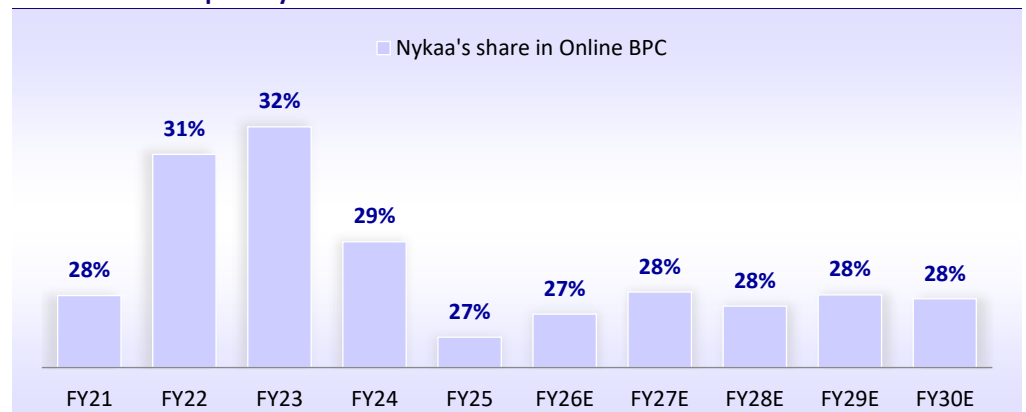


Source: Redseer, MOFSL

As India crosses the USD3,500-4,000 GDP per capita threshold, discretionary categories such as beauty tend to scale up faster than headline consumption.

- Nykaa has been a primary beneficiary of this shift. Within the BPC universe, beauty contributes a disproportionately higher share of Nykaa's GMV relative to the industry mix, reflecting its positioning as a premium-led beauty platform rather than a mass personal care marketplace.
- Its ~27-28% share in India's online BPC market has stabilized after Covid as the category normalized and competition intensified, but Nykaa's strategic advantage lies in premium beauty, D2C onboarding, and omni-channel discovery – the categories that are rapidly growing.

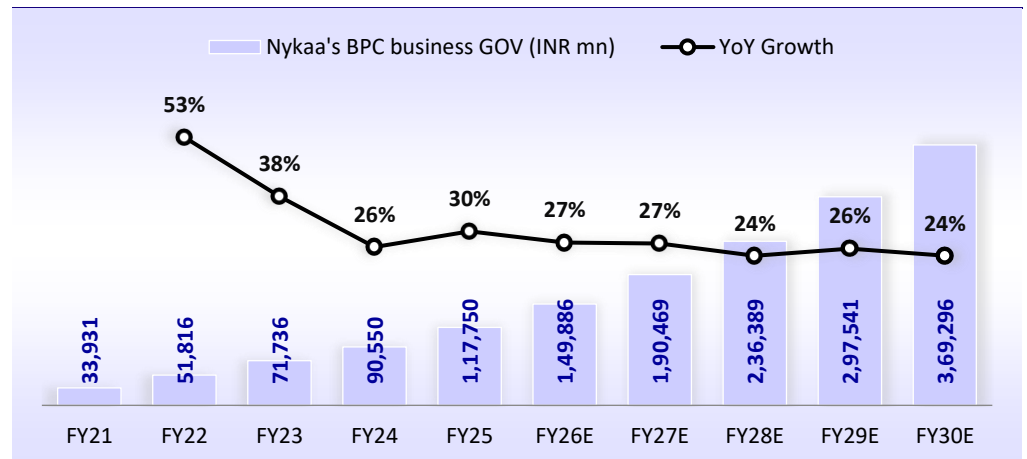
Exhibit 40: We expect Nykaa's online BPC market share to stabilize around 27-28%



Source: Redseer, MOFSL

- The next phase of growth will be driven by (a) further online penetration beyond metros, (b) a continued consumer shift toward premium categories, and (c) increasing adoption of new-age D2C brands. Collectively, these trends provide a multi-year runway for Nykaa's BPC business even as the market matures.
- As India crosses the USD3,500-4,000 GDP per capita threshold, discretionary categories such as beauty tend to scale up faster than headline consumption.
- With online BPC growing 2x faster than the underlying industry and Nykaa structurally aligned to premium and discovery-led consumption, we believe Nykaa's BPC business can compound at ~25% CAGR over the medium term.

Exhibit 41: We expect BPC business GMV to grow at 26% CAGR over FY25-30E to reach INR369b



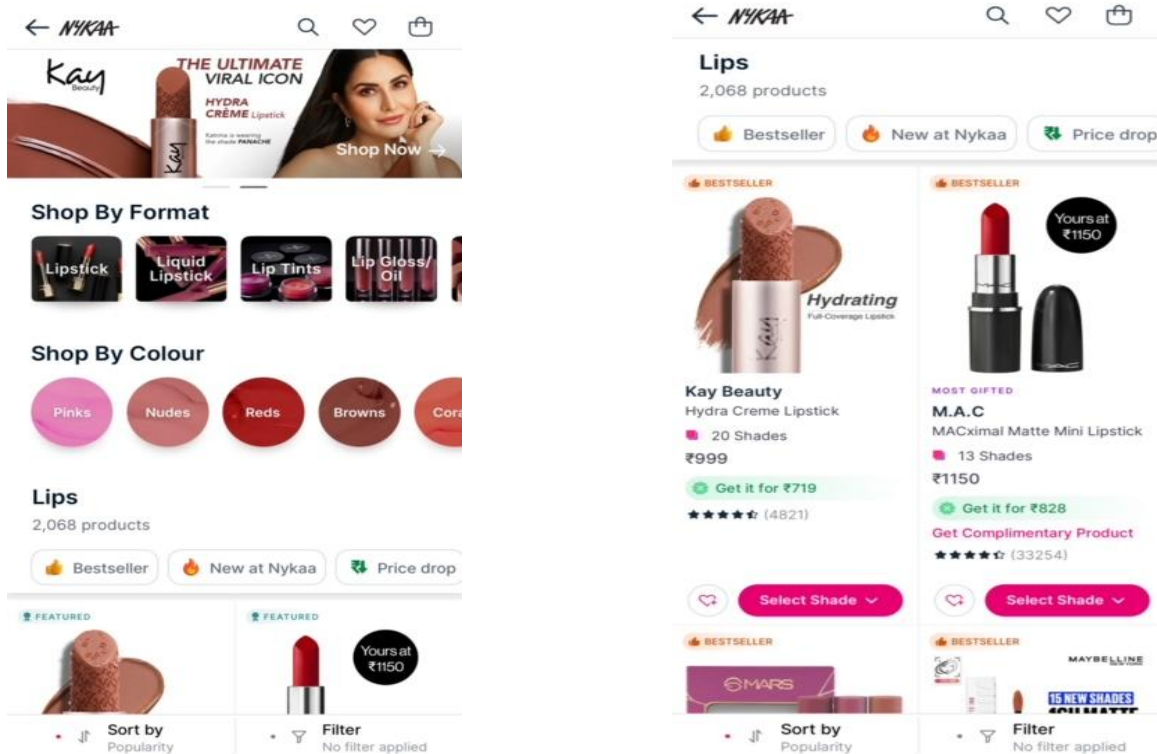
Source: Company, MOFSL

Authenticity also plays an important role in BPC, given the prevalence of counterfeits and consumer sensitivity to product safety. Vertical specialists with tighter control over sourcing have, therefore, built stronger trust and higher repeat behavior.

b) Specialized BPC vs. Horizontal e-commerce vs. Quick commerce: Why Nykaa is in a sweet spot

- **In our view, BPC is structurally suited to a verticalized, omni-channel platform rather than horizontals or quick commerce.** The category is unusually dependent on influence, curation and product education, with discovery often driven by creators, tutorials and concern-led storytelling rather than price.
- This creates a need for depth rather than breadth: shade ranges, undertones, formats and skin-type routines require a level of navigation, sampling and guidance that generalist platforms are not optimized to provide. Authenticity also plays an important role in BPC, given the prevalence of counterfeits and consumer sensitivity to product safety. Vertical specialists with direct brand relationships and tighter control over sourcing have, therefore, built stronger trust and higher repeat behavior.
- Omnichannel capability strengthens this further. Beauty is a category where trial materially influences purchase, and in-store consultation often becomes the entry point for online replenishment.
- Platforms combining offline experience with online assortment and fulfilment tend to capture a larger share of wallet over time. In contrast, quick commerce works well for replenishment of known products but does not solve the broader discovery and curation journey, limiting its relevance to narrow sub-categories. Horizontals, meanwhile, are optimized for price comparison and logistics efficiency, not for the high-touch discovery that underpins premium beauty.

Exhibit 42: Nykaa stands out with its style, curation and user experience...

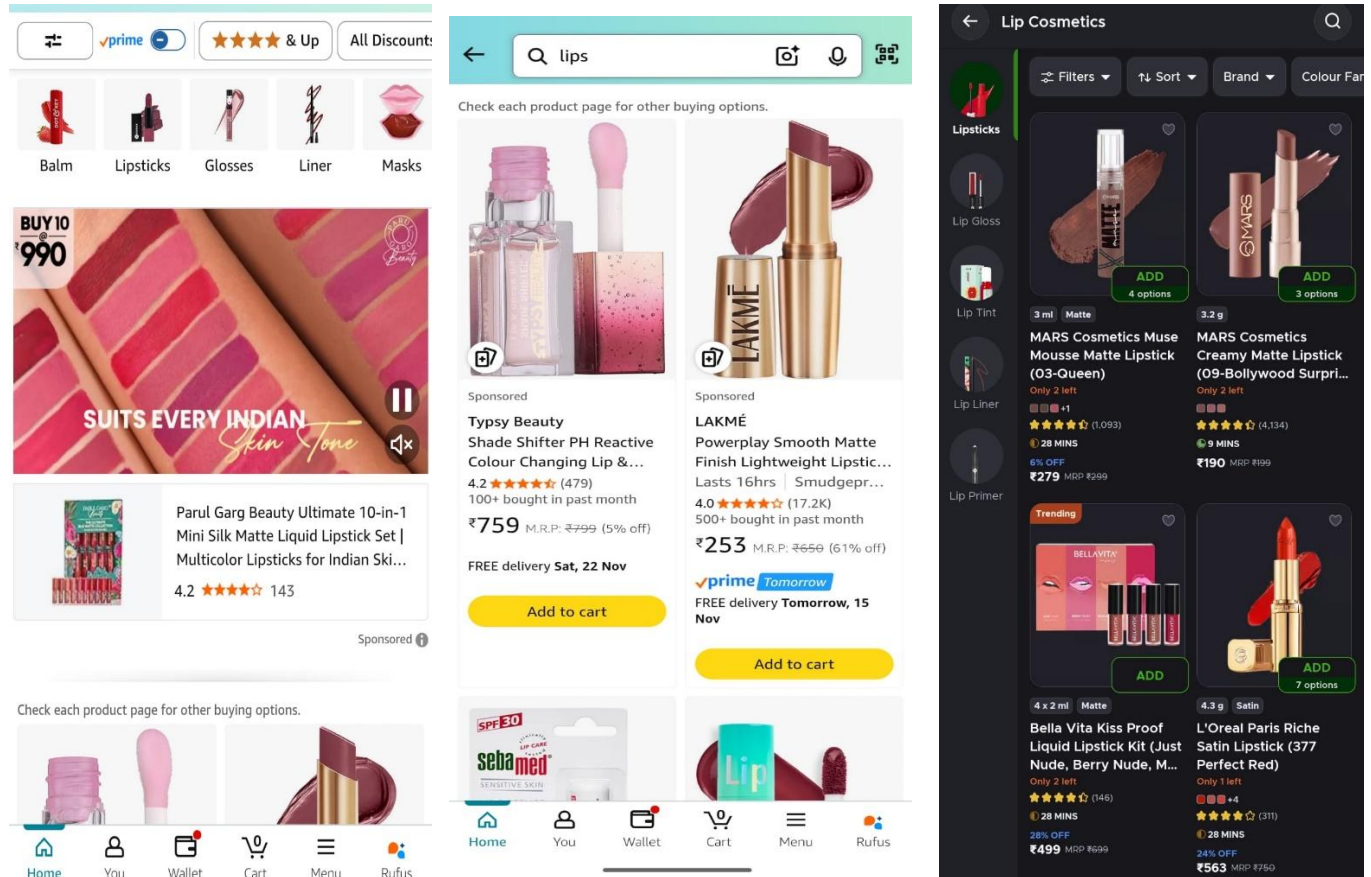


Source: MOFSL

Nykaa's foray into fashion fits partially into this logic as well, in our view. Fashion, like beauty, is a highly visual and discovery-led category where curation, brand identity and aesthetic signaling matter as much as price.

- Our category-platform mapping reinforces these conclusions. Different retail verticals are shaped by distinct shopper priorities - speed in grocery, price transparency in electronics, trust in jewelry and curated discovery in fashion and home.
- When mapped to the available online formats, it becomes clear that BPC aligns most closely with vertical specialists that can deliver depth, authenticity and experiential engagement.
- The framework highlights that platform fit is not incidental but dictated by the underlying behavior of the category, and BPC's combination of complexity, influence-driven discovery and need for trial positions verticalized, omni-channel platforms as the natural winners.
- Nykaa's foray into fashion fits partially into this logic as well, in our view. Fashion, like beauty, is a highly visual and discovery-led category where curation, brand identity and aesthetic signaling matter as much as price. This makes it more suited to vertical platforms than horizontals.

Exhibit 43: ...while platforms such as Amazon, Blinkit compete on pricing, discounts and convenience



Source: MOFSL

But what about fashion? Nykaa's right-to-win isn't proven yet

- However, the limitations of a pure online fashion model are more pronounced: sizing inconsistency, high return rates, fabric feel, and the need for tactile validation constrain the margin structure and elongate the path to profitability. Unlike beauty – where replenishment dominates and returns are low – fashion is structurally more complex and more sensitive to fit, seasonality and trend volatility.
- Nykaa's push for premium, brand-led, fashion-first labels partially mitigates these constraints, but the category inherently lacks the steady-state margin characteristics of BPC and will likely require scale, tighter curation and more controlled assortments before operating leverage becomes visible.
- That said, Nykaa's moat here is the right to win in a niche market – pockets of affluence across Tier 1 and emerging urban markets. The platform caters to a digitally native consumer in both cohorts. Its unique assortments, differentiated and premium brands, access to fresher collections, and a higher-value customer base collectively position Nykaa Fashion as a distinctive proposition.
- Nykaa continues to focus on site efficiency and conversion improvements, supporting the potential for steady-state EBITDA margins to reach low single digits. Moreover, the platform model enables multi-brand aggregation at structurally lower CACs relative to standalone brand-owned EBOs, reinforcing a more scalable path to profitability.
- Fast fashion remains a competitive challenger, but we do not view it as materially disruptive, given consumers' propensity to buy value across price points. Also, the shift on Indian fashion market from unorganized to organized can help deliver industry and Nykaa as well double-digit growth in near future.

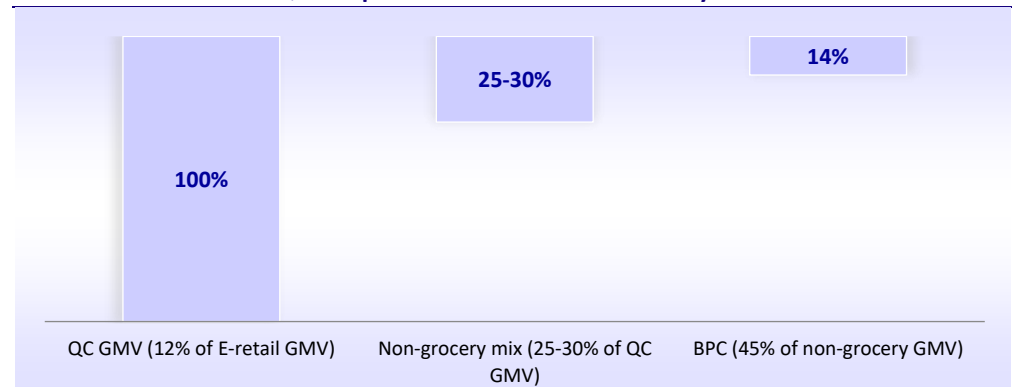
Nykaa continues to focus on site efficiency and conversion improvements, supporting the potential for steady-state EBITDA margins to reach low single digits.

Within non-grocery, BPC has emerged as the dominant growth driver, forming 40-45% of the non-grocery mix (10% of total).

Quick commerce could wrestle away some market share in personal care

- Personal care assortments are more standardized and FMCG driven – the customer here is more price-sensitive.
- Quick commerce has been a disruptive force in India's e-retail landscape for the past few years. It already accounts for nearly 10-12% of retail GMV and is poised to capture ~50% of incremental e-retail GMV growth, implying a robust CAGR of ~40% through FY30.
- This accelerating penetration is underpinned by an expanding SKU universe, deeper geographical reach, and widening appeal across customer cohorts. The competitive intensity is also rising meaningfully as new players continue to crowd the space.
- Within non-grocery, BPC has emerged as the dominant growth driver, forming 40-45% of the non-grocery mix.
- Fresh produce and grocery have been the revenue engines for QC, contributing 70-80% of GMV.
- However, growth beyond grocery is emerging as a critical lever for the next phase of QC evolution. Non-grocery segments such as BPC, electronics and general merchandise are steadily expanding their share in the QC basket. The mix has improved from sub-10% levels to nearly 25-30% today. Leading platforms are also ramping up SKU depth in these non-grocery categories.
- With the QC market expected to scale up to USD26-28b by FY30, the implied GMV for BPC, based on current category shares, stands at ~USD3-3.3b.

Exhibit 44: BPC GMV in QC is expected to reach ~ USD3-3.3b by FY28



Source: MOFSL

Exhibit 45: How shopper needs shape platform winners across categories

Category	What the Shopper Wants	Dominant Platform Type	Why This Platform Wins
BPC (Beauty & Personal Care)	❖ Influence, curation, authenticity	❖ Verticalized Online + Omnichannel (Nykaa)	❖ High SKU depth, subjective category, influencer-driven
Grocery	❖ Speed, replenishment	❖ Quick Commerce	❖ Perishability + frequency + urgency
Fashion & Apparel	❖ Aesthetics, discovery	❖ Verticalized Online (Myntra, Nykaa Fashion)	❖ Curated, trend-led, non-price-led
Electronics	❖ Price transparency, trust, specs comparison	❖ Horizontal E-commerce	❖ Standardized SKUs, price-sensitive
Jewelry	❖ Trust, certification	❖ Omnichannel Verticals (Tanishq, Bluestone)	❖ High trust category
Pharmacy / OTC	❖ Authenticity, availability	❖ Verticals + Quick Commerce	❖ Speed + trust requirements
Home & Living	❖ Aesthetics, touch & feel (furniture), variety	❖ Verticalized Online + Omnichannel (Pepperfry, Ikea)	❖ Need for curation + offline experience
Health & Wellness / Nutraceuticals	❖ Trust, authenticity, safety	❖ Verticals + Quick Commerce (HealthKart, Blinkit)	❖ High trust + frequent replenishment
Home Appliances (Small & Large) (added)	❖ Price transparency, installation support	❖ Horizontal E-commerce + Offline Chains (Amazon, Croma)	❖ High-ticket + delivery + installation needs

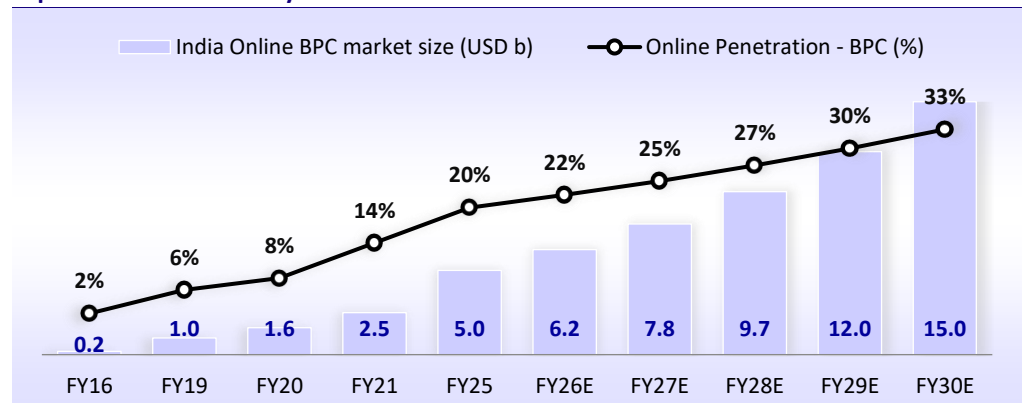
Source: MOFSL

- We believe, however, that the use case for Q-commerce is centered more on personal care rather than beauty.
- Nykaa's core resides firmly within beauty products, spanning skincare, cosmetics and fragrances. These categories are the company's primary growth engines and remain central to its strategic focus. This is reflected in its owned-brand portfolio under the House of Nykaa, which includes beauty-led brands such as Dot & Key, Kay Beauty and Nykaa Cosmetics.
- Nykaa's private-label offerings extend across skincare to perfumery, and QC platforms further amplify the company's reach by hosting these products. While personal care carries a higher replenishment rate for Nykaa, it largely serves as a cart filler rather than a value driver.

c) Penetration – strong gains behind us, but a meaningful runway ahead

- Online BPC penetration has increased sharply over FY15-25, rising from low single digits in FY15 to ~22% by FY25, and we expect it to increase further to ~35% by FY30 as e-commerce increasingly becomes the default channel for beauty and personal care purchases in urban India.
- Over the next five years, penetration is expected to rise further as the number of emerging affluent households expands, male grooming accelerates, and newer sub-categories scale up.

Exhibit 46: Online is becoming the primary channel of BPC growth, with digital penetration expected to reach 33% by FY30

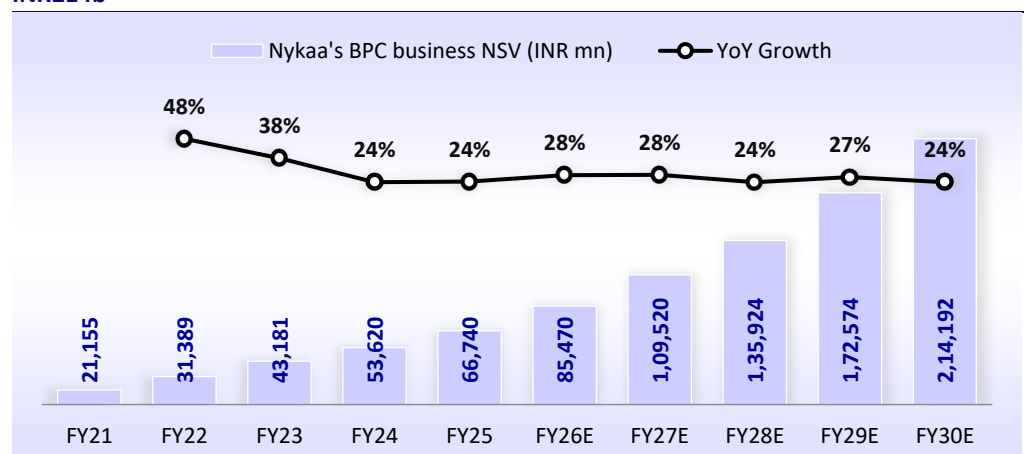


Source: Redseer, MOFSL

In our view, Nykaa has effectively transitioned from a pandemic-led volume surge to a more durable growth model anchored to brand partnerships, content-led discovery, and supply-side curation.

- Nykaa's share in the online BPC market has remained stable, supported by its curated portfolio, strong recall, and content-led engagement.
- After peaking during the post-pandemic acceleration phase, market share has normalized and stabilized at around 27-29%, suggesting that competitive intensity has increased but without materially diluting Nykaa's positioning. While the early phase of explosive penetration is behind the industry, the remaining headroom is still meaningful and should support healthy medium-term growth.
- In our view, Nykaa has effectively transitioned from a pandemic-led volume surge to a more durable growth model anchored to brand partnerships, content-led discovery, and supply-side curation.

Exhibit 47: We expect BPC business' NSV to grow at 26% CAGR over FY25-30E to reach INR214b



Source: Company, MOFSL

- As the category matures, we expect customer lifetime value, premiumization and execution to play a larger role than penetration alone; therefore, we expect Nykaa's BPC business to compound at a steady mid-20% rate through FY30E even as overall industry growth becomes more measured.

Nykaa's exclusive brand partnerships and omnichannel footprint place it advantageously to capture this mix shift.

d) Premiumization – a structural mix shift where Nykaa is well positioned

- Premium and prestige beauty segments have grown substantially faster than mass and mastige segments, driven by rising willingness to pay, stronger global brand availability, and the emergence of discovery-driven shoppers. Nykaa's exclusive brand partnerships and omnichannel footprint place it advantageously to capture this mix shift.
- Spending frequency in premium beauty categories has remained resilient even during periods of discretionary slowdown, offering an additional layer of stability to the growth outlook.

Exhibit 48: Launches of luxury/prestige brands on Nykaa

Quarter	Brand(s)
4QFY23	❖ Lancôme; Farmacy; SimplyNam; Nyveda; Nudge Wellness
1QFY24	❖ Elemis; Virtue
2QFY24	❖ Redken; Uriage; Natasha Moor; Formula 10.0.6 etc.
3QFY24	❖ CeraVe; Urban Decay; Dr. Barbara Sturm; ColourPop; Footlocker partnership
4QFY24	❖ Fenty Beauty
3QFY25	❖ Kérastase; ghd; NARS; Eucerin; TIRTIR; Numbuzin; AXIS-Y; Laura Mercier; OUAL
4QFY25	❖ YSL; OBAGI; Dr. Jart; Victoria's Secret; Stitch; Hopscotch
1QFY26	❖ Chanel; Armani Beauty; Supergoop; Aestura; Nexus; Lovet

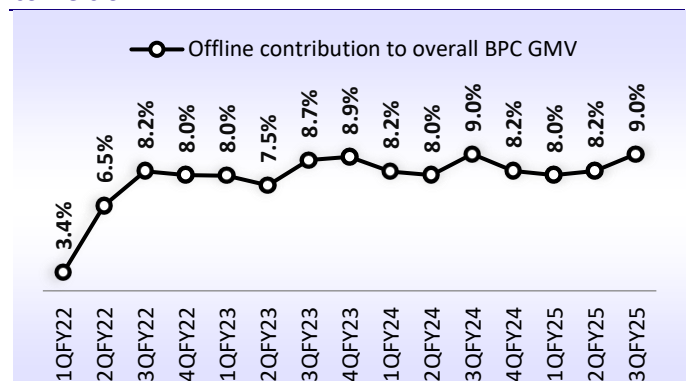
Source: Company, MOFSL

Exhibit 49: Offline store count scales up to 265 by 1HFY26 and we expect to reach ~360 by FY28



Source: MOFSL, Company

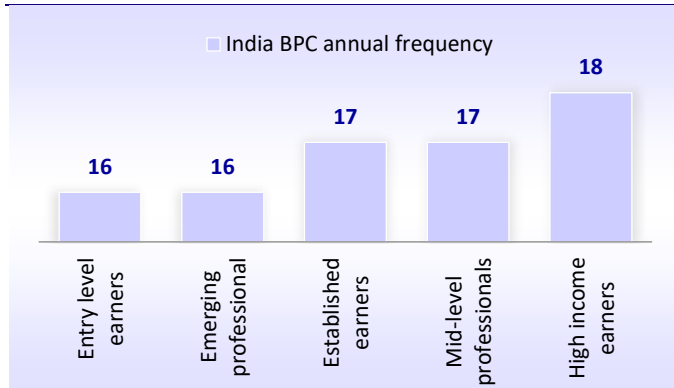
Exhibit 50: Offline channel supports premium discovery and conversion



Source: MOFSL, Company; Note: Company stopped disclosing post 3QFY25.

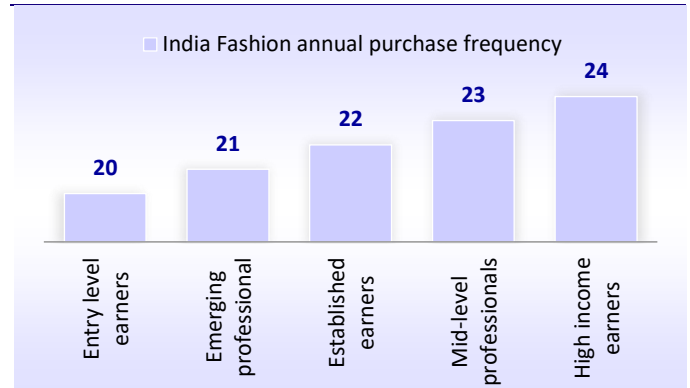
- As penetration continues to rise and underlying demand remains robust, we believe the next wave of growth in both online BPC and Fashion will be led by premiumization. India's rising affluence, driven by higher disposable incomes, easier access to credit, rapid urbanization, and a growing preference for convenience, is expanding the base of consumers willing to spend more on brands, formats and experiences.
- This shift is already visible in the widening spending gap across income cohorts. High-income earners (>USD15k p.a.) spend nearly 5x more on BPC and 3x more on Fashion than entry-level earners (<USD3k p.a.). **We believe this clearly indicates that as consumers graduate into higher income brackets, platforms with a strong premium portfolio can deliver value-led growth without relying solely on volume expansion.**

Exhibit 51: India BPC annual purchase frequency



Source: MOFSL, Company

Exhibit 52: India Fashion annual purchase frequency



Source: MOFSL, Company

About two-thirds of store GMV comes from premium brands, positioning Nykaa as the preferred destination for prestige beauty.

- Nykaa is well-positioned to capture this trend. Its offline footprint has expanded rapidly from **73 stores in FY21 to 265 in 1HFY26 in 90 cities**, reflecting consistent investment in premium beauty retailing. About **two-thirds of store GMV comes from premium brands**, positioning Nykaa as the preferred destination for prestige beauty.
- Further, the steady rise in offline contribution to overall BPC GMV (from 3.4% in 1QFY22 to 9.0% by 3QFY25) highlights how Nykaa's omnichannel strategy is gaining traction – an important enabler of premium brand discovery and conversion.
- In addition to that, the consistent launch of luxury (see exhibit 53) and prestige brands (Chanel, Armani Beauty, Dr. Barbara Sturm, NARS, Kérastase, Victoria's Secret, ColourPop, etc.) strengthens Nykaa's premium portfolio, aligning with the premiumization-led growth framework.

Exhibit 53: Nykaa-Only + Nykaa-Exclusive International Brands help Nykaa strengthen its advantage, with brand partners often choosing Nykaa as their initial or exclusive India entry point; giving the platform an early-mover advantage

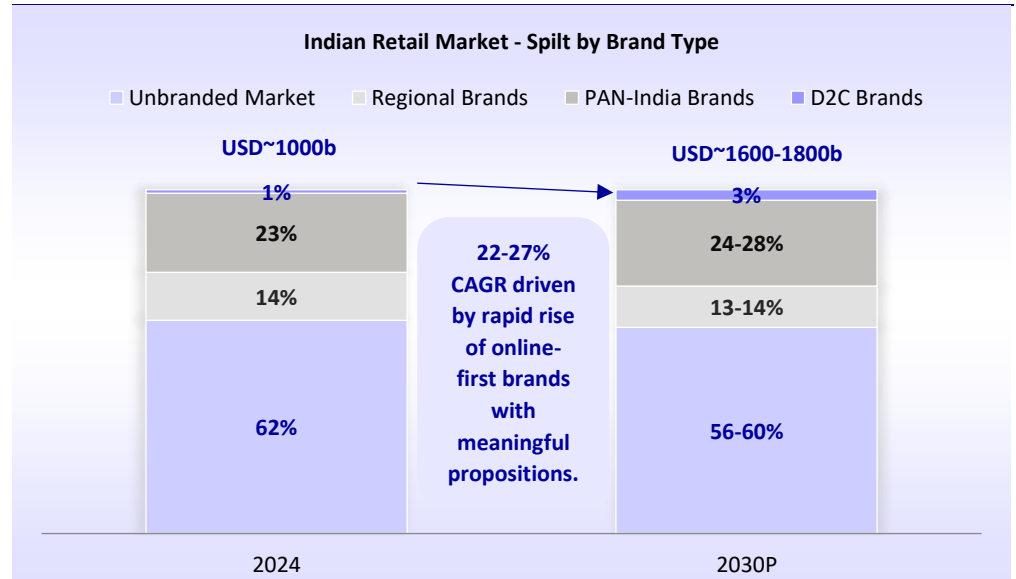
Brand Name	Category	Type
1) Nykaa-Owned / Only-on-Nykaa Brands		
Nykaa Cosmetics	Makeup	In-house
Nykaa Naturals	Skincare / Bodycare	In-house
Kay Beauty	Makeup	Co-created
Dot & Key	Skincare	Acquired
Twenty Dresses	Western Fashion	Acquired
Nykda by Nykaa	Lingerie / Athleisure	In-house
Pipa Bella	Jewelry	Acquired
RSVP	Western Wear	In-house
Gajra Gang	Ethnic Wear	In-house
Likha	Ethnic Wear	In-house
IYKYK	Accessories	In-house
KICA	Activewear	Acquired
Earth Rhythm	Clean Beauty	Acquired stake
Nudge Wellness	Nutricosmetics	Acquired
Lola & Mae	Fashion Accessories	In-house
2) International Brands with Nykaa-Exclusive Launch / Distribution		
Charlotte Tilbury	Luxury Makeup	
Fenty Beauty	Premium Makeup	
Urban Decay	Makeup	
Dr. Barbara Sturm	Luxury Skincare	
IT Cosmetics	Makeup / Hybrid	
La Prairie	Ultra-luxury Skincare	
Maison Margiela (Fragrance)	Prestige Perfume	
YSL (Yves Saint Laurent)	Luxury Makeup / Skincare	
Eucerin	Dermatological Skincare	
Chanel (Beauty & Fragrance)	Ultra-Luxury Makeup / Perfume	
Armani Beauty	Luxury Makeup / Skincare	
Elemis	Skincare	
Coloured Raine	Makeup (high-pigment, colorful)	
Suva Beauty	Makeup (bright eye palettes)	
Natasha Moor	Makeup	
The Camel Soap Factory	Bath / Body / Clean Beauty	
Huda Beauty	Makeup	
Pur Cosmetics	Skincare / Mineral Makeup	
Butter London	Nail / Clean Beauty	
Erno Laszlo	Luxury Skincare	
Rahua	Haircare / Clean Beauty	
Rodial	Luxury Skincare / Makeup	

Source: Website, MOFSL

e) D2C: expanding rapidly and improving the margin profile

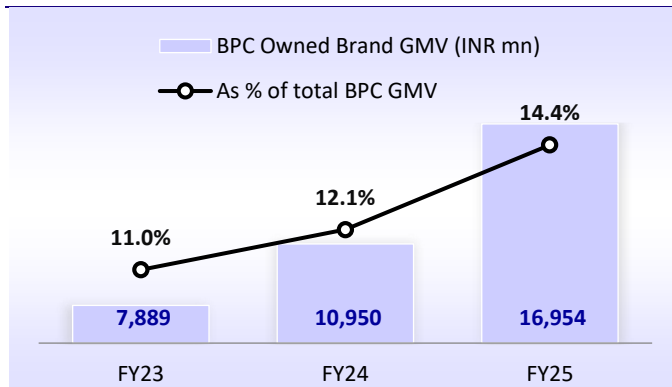
- D2C brands continue to gain relevance, supported by faster innovation cycles and stronger product-market fit among younger consumers. Nykaa acts as a scaled distribution and discovery partner for these brands while simultaneously building its own portfolio of in-house offerings. The in-house portfolio has scaled meaningfully over the last several years and is a key lever to improve blended gross margins through a higher mix of owned and exclusive products. As D2C penetration increases, the contribution of these higher-margin brands is expected to rise steadily.

Exhibit 54: D2C brands are expected to grow at 22-27% CAGR over 2024-2030



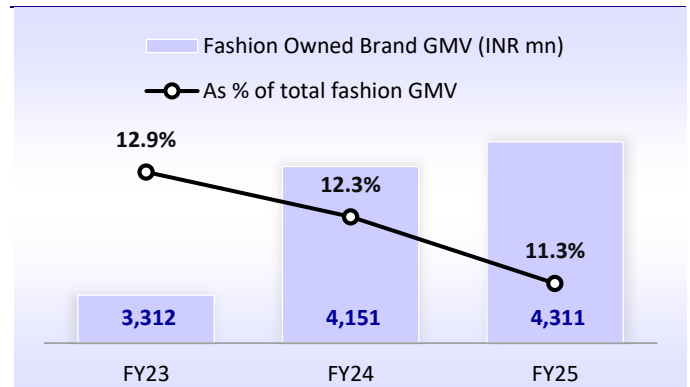
Source: Redseer, MOFSL

Exhibit 55: House of Nykaa BPC brands account for 14% of BPC GMV



Source: MOFSL, Company

Exhibit 56: Owned fashion brands account for 11% of Fashion GMV



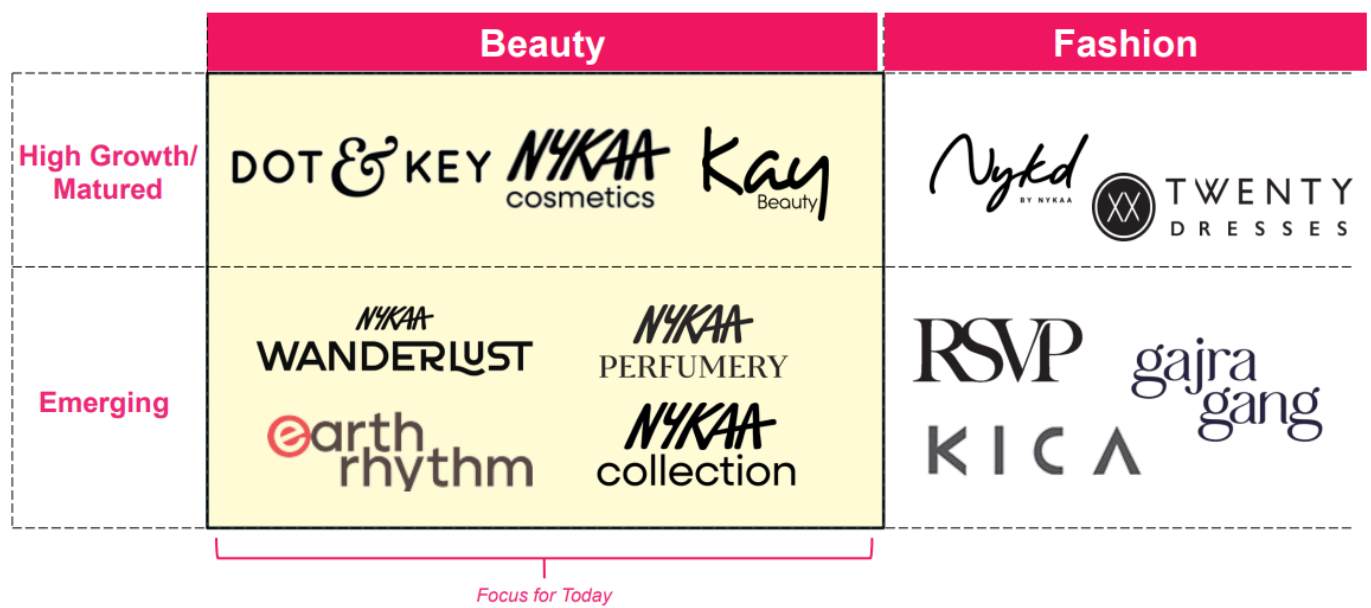
Source: MOFSL, Company

By FY25, Nykaa has scaled five owned brands to INR1b+ GMV (Dot & Key, Nykaa Cosmetics, Kay Beauty, Nykd and Twenty Dresses), which we think indicates Nykaa's ability to repeatedly build, scale and operationalize consumer brands.

House of Nykaa: A growing moat

- House of Nykaa has an annual GMV rate of ~INR2,900 crore as of 2QFY26. Within this, we note that owned BPC/Fashion brands contributed ~14%/~11% of Nykaa's FY25 GMV. The portfolio spans both BPC and Fashion, including Dot & Key, Kay Beauty, Nykaa Cosmetics, Perfumery, Nykd and Twenty Dresses.
- As highlighted in Exhibit 57, we observe that Nykaa's brand portfolio is a mix of acquired-and-scaled brands (e.g., Dot & Key, Twenty Dresses) and in-house incubated brands (e.g., Nykaa Cosmetics, Nykd). These brands are present across Nykaa.com, physical stores, kiosks and select external channels. We believe several of these brands now enjoy independent recall beyond the Nykaa ecosystem.
- By FY25, Nykaa has scaled five owned brands to INR1b+ GMV (Dot & Key, Nykaa Cosmetics, Kay Beauty, Nykd and Twenty Dresses), which we think indicates Nykaa's ability to repeatedly build, scale and operationalize consumer brands.

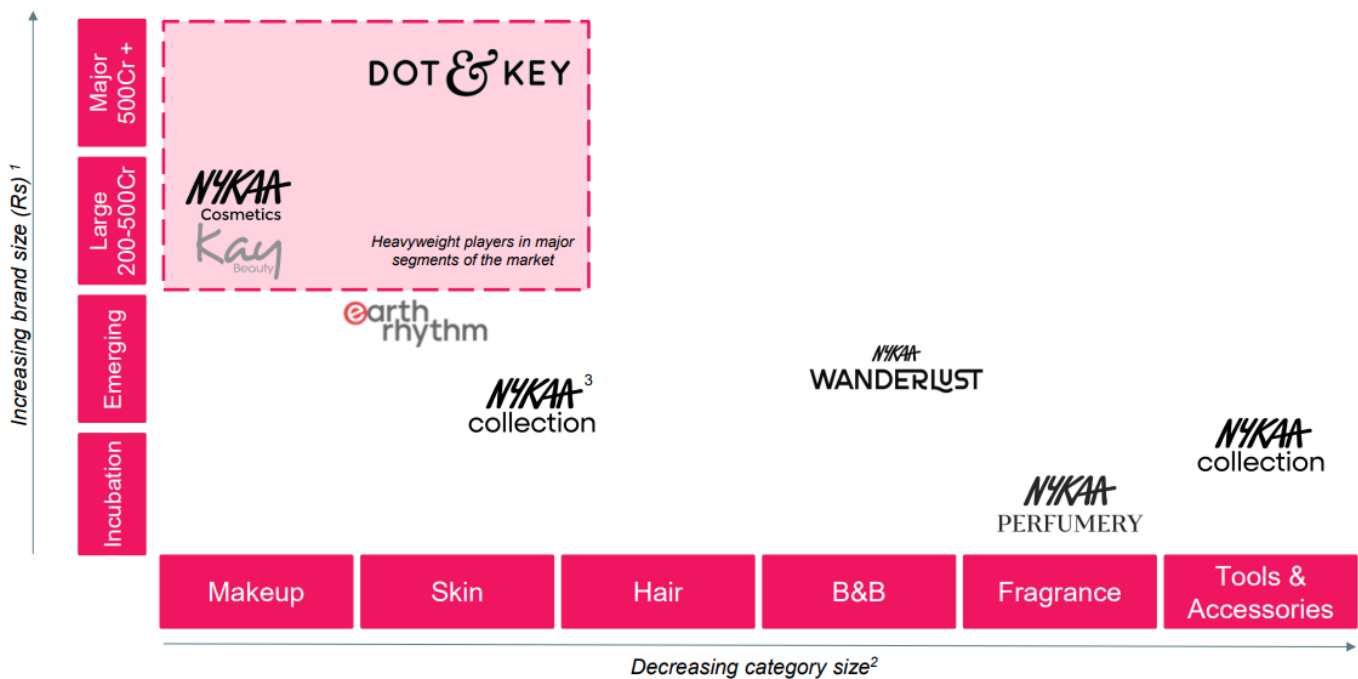
Exhibit 57: Nykaa's prominent owned brand across BPC and Fashion



Source: Company, MOFSL

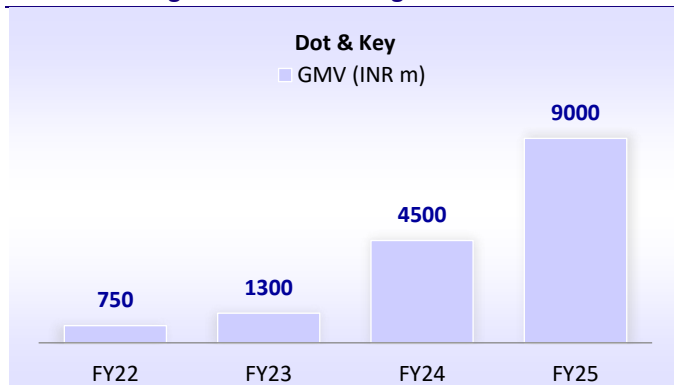
- **Dot & Key remains the largest contributor**, with a GMV rate of ~INR15b (~60% of owned BPC GMV). Dot & Key is one of India's leading D2C skincare brands, supported by high-teens EBITDA margins (as % of NSV).
- Nykaa Cosmetics has scaled to INR4b+ (~17-18% of owned BPC GMV), while Kay Beauty has reached ~INR3.5b+. We believe these brands benefit from Nykaa's insights on price points, shade ranges, formats and trends.
- We believe increasing contribution from owned brands provides a structural margin uplift, given their materially higher gross margins vs. marketplace take-rates.

Exhibit 58: House of Nykaa has presence across all major categories



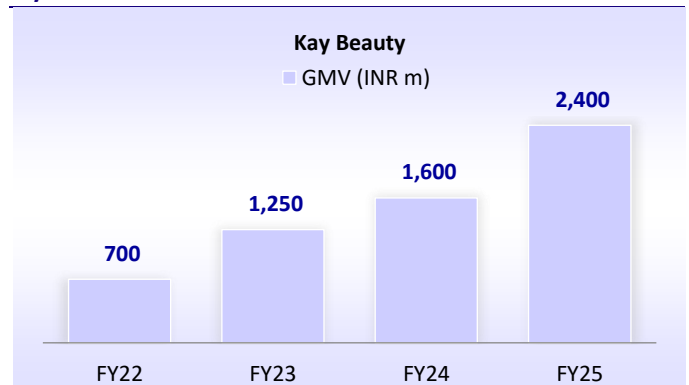
Source: Company, MOFSL

Exhibit 59: Dot & Key remains one of leading D2C skincare brands with high-teen EBITDA margins



Source: MOFSL, Company

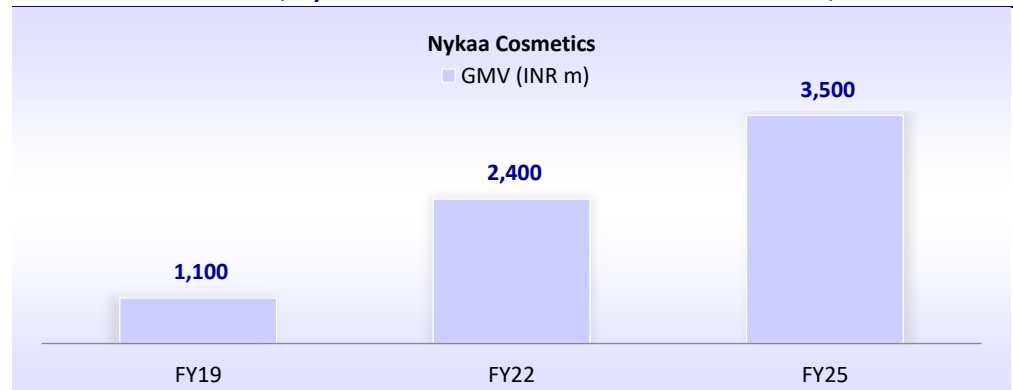
Exhibit 60: Kay Beauty is among top five makeup brands on Nykaa.com



Source: MOFSL, Company

- The growth of Twenty Dresses and Nykd provides early proof of Nykaa's ability to extend its brand-building playbook into Fashion, despite inherently complex market and higher return rates in the category. We believe owned brands' scalability in Fashion remains a key monitorable.
- We think Nykaa's offline presence materially enhances discovery and conversion, especially in color cosmetics and fragrances. This omni-channel flywheel is difficult for standalone D2C brands to replicate.
- Overall, **we think Nykaa has built a repeatable playbook**: identifying whitespace categories, launching trend-aligned SKUs, leveraging targeted creator marketing, and rapidly scaling through its omni-channel network. This enables Nykaa to build consumer brands with a strong recall.

Exhibit 61: As of 2HFY26, Nykaa cosmetics has achieved GMV rate of INR4,000m



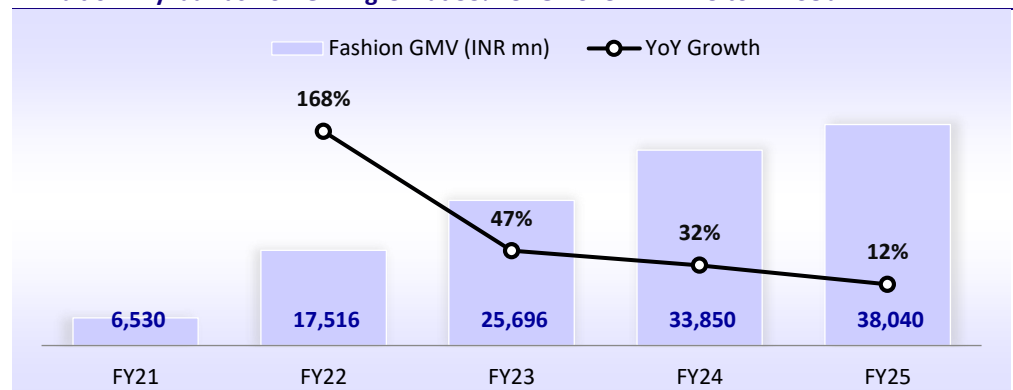
Source: Redseer, MOFSL

Return rates are a critical driver of unit economics in online fashion. While Nykaa's curated approach could keep return rates in check relatively, fashion as a category generally has materially higher returns than BPC.

f) Fashion remains an optionality with an unproven right-to-win

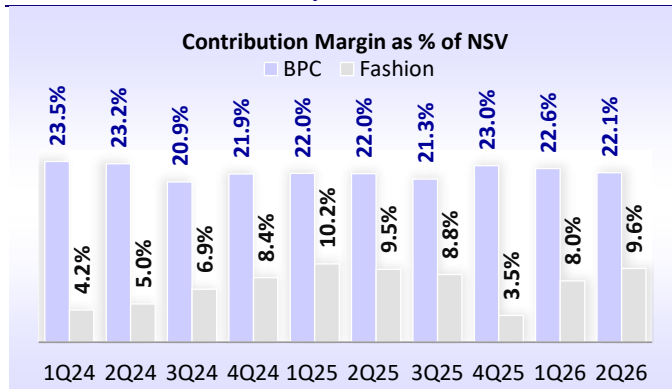
- Nykaa Fashion expands the addressable market but does not yet exhibit the same structural advantages as the BPC segment. The category is fragmented, return rates are high, and customer loyalty is lower.
- While GMV growth has been steady, the path to sustainable profitability remains uncertain as competitive intensity from marketplaces and D2C-led apparel brands remains elevated. Until a clearer differentiation emerges—through curation, private labels, or superior discovery—the segment should be viewed as a medium-term optionality rather than a core driver of the thesis.
- Because they have a marketplace model, authenticity, which is Nykaa's right to win in BPC, may not exist here.

Exhibit 62: Nykaa Fashion GMV grew at 55% CAGR over FY21-25 to INR38b



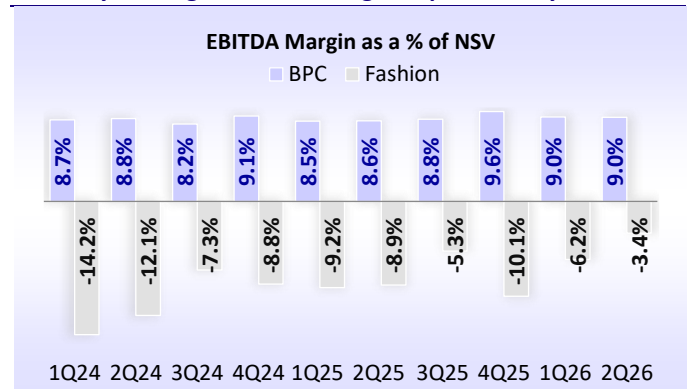
Source: Redseer, MOFSL

Exhibit 63: BPC maintains stable contribution margins; Fashion remains structurally constrained



Source: MOFSL, Company

Exhibit 64: Fashion posts EBITDA margin loss as return intensity and logistics costs weigh on profitability



Source: MOFSL, Company

- Return rates are a critical driver of unit economics in online fashion. While Nykaa's curated approach could keep return rates in check relatively, fashion as a category generally has materially higher returns than BPC, which continues to weigh on unit economics.
- Any increase in return rates from current levels would further delay the path to profitability, given the disproportionately high cost of reverse logistics in fashion.
- Further, we believe that increased online adoption usually corresponds with a higher "try-and-return" culture, and as Indian consumers become more experienced with online shopping, return behavior may also increase. Thus, there is possibility that current levels could understate the steady-state trajectory.

Exhibit 65: Return-rate comparison: BPC vs. Fashion

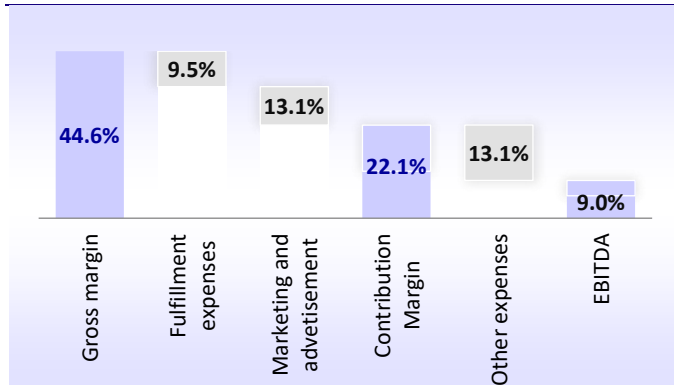
Category	Typical Online Return Rate	Impact on Nykaa's Profitability
Beauty (BPC)	3-6%	❖ Profit-accretive segment: low return rates keep reverse-logistics costs minimal; stable margins; efficient working capital; high repeat rates.
Fashion – Apparel	30-35%	❖ Return-heavy segment: higher logistics + QC costs; margin dilution; requires size-tech, assortment discipline, and stricter return policies to improve unit economics.
Luxury Fashion	15-20%	❖ Better than mainstream fashion because of higher purchase intent, tighter return windows, but still above BPC; return rates can still put pressure on contribution margins.

Source: MOFSL

g) BPC margins remain steady; Fashion expected to reach breakeven by 4QFY26

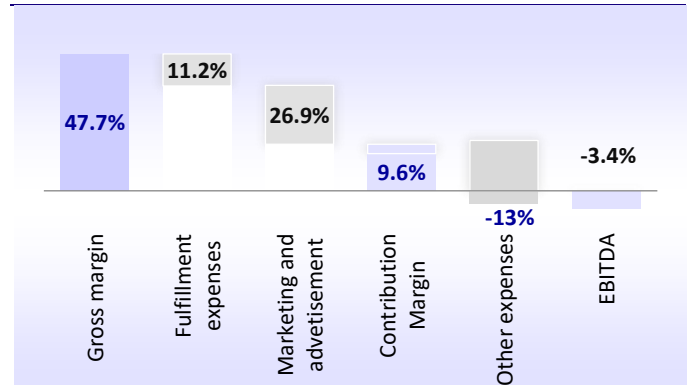
- BPC margins have now stabilized, with EBITDA margin at 9.0% in 2QFY26, up from 8.7% in 1QFY24. BPC remains structurally a higher-gross-margin business, supported by premiumization, channel mix, and the growing contribution of owned brands.
- We believe this gross margin can be sustained. However, Nykaa is currently reinvesting efficiency gains in fulfillment and marketing for customer acquisition, brand building, and the rollout of the rapid-delivery format (Nykaa Now). As a result, near-term EBITDA expansion will be measured.
- Over the medium term, expansion of owned brands should provide a gross margin tailwind. We expect BPC margins to remain in the high-single digits or low-double digits, with room for steady improvement as operating leverage from omnichannel and owned brand scale deepens. We build in EBITDA margin (as a % of NSV) expansion to 9.2%/10.1% in FY26/FY27 for the BPC segment.

Exhibit 66: BPC margin walk in 2QFY26



Source: MOFSL, Company

Exhibit 67: Fashion margin walk in 2QFY26



Source: MOFSL, Company

At the consolidated level, we expect the combination of steady BPC margin improvement and fashion segment breakeven by 4QFY26 to support a modest uplift in company-level EBITDA margins.

- For fashion business, we believe it should break even by 4QFY26, but it will continue to be a drag on overall profitability. Notably, fashion EBITDA margin has improved from -6.2% to -3.4% YoY in 2QFY26 (up 280bp), driven by better customer acquisition funnels, stronger brand mix, and tighter overhead control.
- While structural interventions have strengthened unit economics, we expect marketing expenses to remain elevated as Nykaa continues to invest in brand discovery, assortment depth, and customer retention. We estimate marketing spend to hold at roughly 27% of NSV, which could cap the pace of margin expansion despite improving scale efficiencies.
- At the consolidated level, we expect the combination of steady BPC margin improvement and fashion segment breakeven by 4QFY26 to support a modest uplift in company-level EBITDA margins. We estimate consolidated reported/pre-IndAs EBITDA margin to rise to 7.2%/4.8% in FY26, with the trajectory improving further as fashion transitions from breakeven to EBITDA-positive in FY27.

While we remain positive on the long-term fundamentals of both the BPC and Fashion businesses, we believe current valuations already reflect much of the prevailing growth expectations. Following the strong share price performance over the past year, the risk-reward appears balanced, limiting near-term upside. Accordingly, we initiate coverage on Nykaa with a **NEUTRAL** rating.

Valuation and view: Initiate coverage with NEUTRAL rating

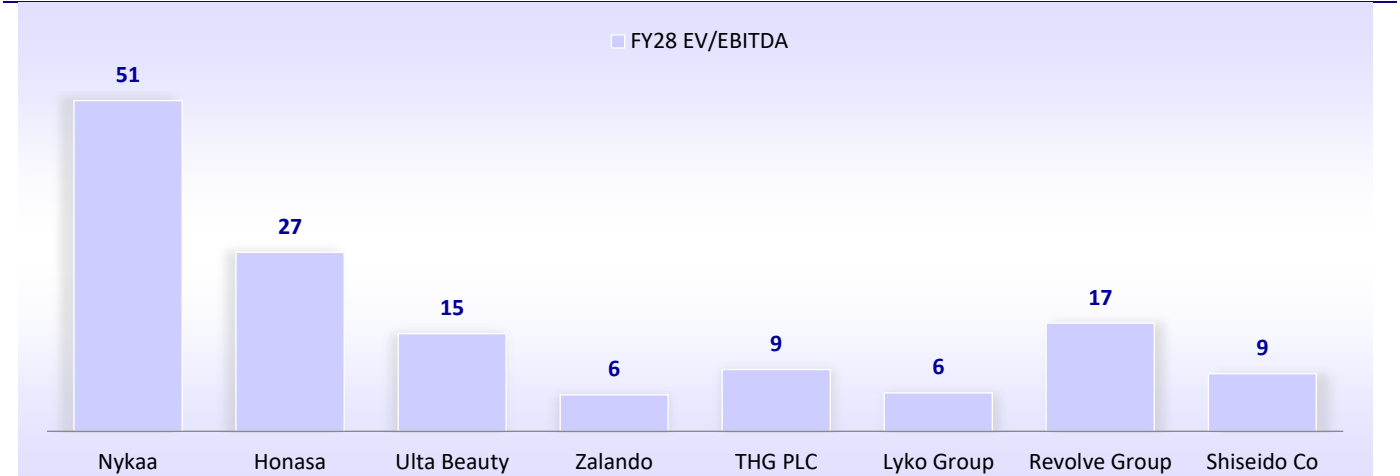
- Nykaa stands to benefit from the growing influx of digital native consumers as India's retail landscape continues to shift from offline to online and from unorganized to organized formats.
- **With a leading share in the beauty segment**, a portfolio of premium and exclusive brand partnerships, continued momentum in the House of Nykaa portfolio, and improving unit economics within Nykaa Fashion, the company has built a differentiated platform across BPC and Fashion.
- For Nykaa's BPC segment (~90% of revenue), the company continues to deepen its presence across pockets of affluence. With ~18m transacting customers, it recorded customer additions of 18.1%/27.4% in FY24/FY25, and we estimate Nykaa to sustain a healthy customer addition of 25.2%/22.5% in FY27/FY28. We estimate GMV to compound at 26% during FY25-30E and 22% during FY25-37E.
- On profitability, EBITDA is estimated to grow at a CAGR of ~35% over FY25-30E, supported by robust gross margins and operating leverage. In addition, the rising contribution of owned brands under the House of Nykaa portfolio is expected to support medium-term margin expansion.
- **For Nykaa Fashion**, GMV is estimated to grow at 26% over FY25-30E. While the Fashion business remains at an early stage of profitability, but its unique and differentiated product listings and fresher assortments keep Nykaa's competitive advantage relevant.
- The marketplace-led model limits inventory intensity and working capital requirements. The Fashion segment is expected to achieve EBITDA breakeven by end-FY26, with margins gradually expanding to low single digits over FY25-37E.
- We value Nykaa on the SoTP basis. For the BPC business, we ascribe a 50x EV/EBITDA multiple, implying a per-share value of INR255, reflecting Nykaa's leadership in online BPC, superior gross margins versus horizontal platforms, and visibility on medium-term growth driven by premiumization and owned brands.
- We value the Fashion business using a DCF framework, assuming a GMV CAGR of 20% over FY25-37E and gradual EBITDA margin expansion over the same period (per share contribution of INR31). Our WACC and terminal growth assumptions stand at ~11% and 5.5%, respectively. Adjusting for net debt, we arrive at a **TP of INR280** per share (implying **11%** upside).
- While we remain positive on the long-term fundamentals of both the BPC and Fashion businesses, we believe current valuations already reflect much of the prevailing growth expectations. Following the strong share price performance over the past year, the risk-reward appears balanced, limiting near-term upside. Accordingly, we **initiate coverage on Nykaa with a NEUTRAL rating**.

Exhibit 68: SoTP-based valuation

Segment	Methodology	Methodology description	Valuation toward NYKAA (INR b)	Contribution (INR per share)
BPC	Multiples	❖ 50x FY28E EV/EBITDA	730	255
Fashion	DCF	❖ Estimate 20% GMV CAGR and gradual improvement in EBITDA margin over FY25-37E. Our WACC/terminal growth estimates stand at ~11%/5.5%.	88	31
Less : Net debt			8	3
Total (Rounded)				280

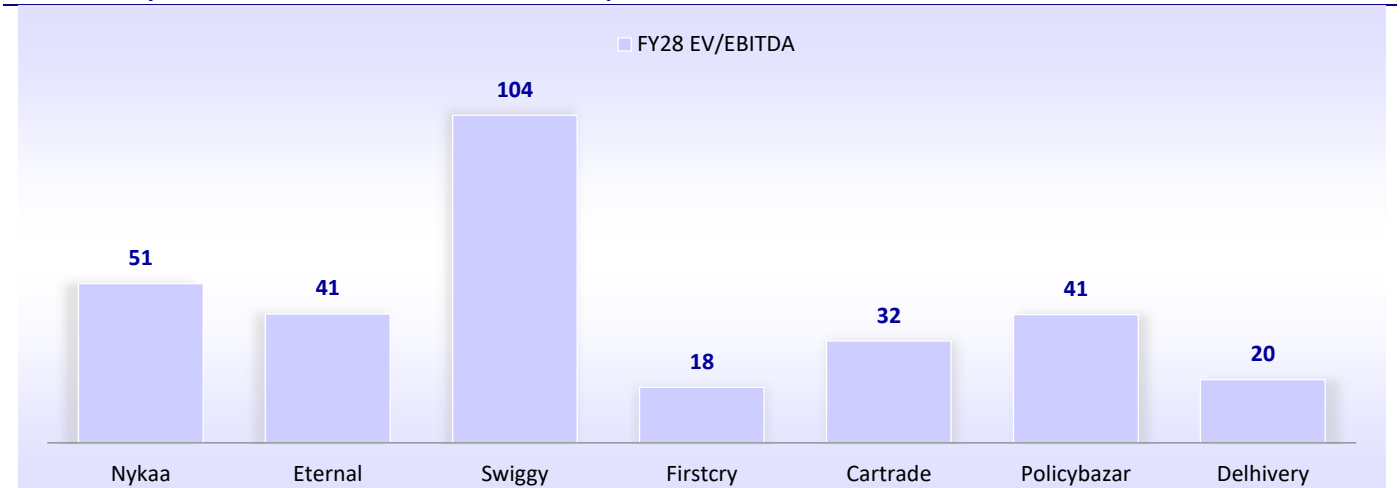
Source: MOFSL

Exhibit 69: Nykaa trades at premium valuation to Global BPC peers due to its growth and profitability profile



Source: MOFSL, Bloomberg

Exhibit 70: Nykaa valuation relative to Indian internet peers



Source: MOFSL, Bloomberg

Key risks

- Nykaa operates in a highly dynamic beauty and fashion landscape where inflationary pressure and tighter consumer wallets can temper discretionary spending and impact growth visibility. Given beauty's partially discretionary nature, any sustained dip in purchasing power may weigh on near-term revenue momentum.
- Beauty trends, formats and product expectations are changing faster than ever, requiring consistent innovation in merchandising and technology. Any lag in adapting to these shifts' risks weakening platform stickiness and reducing repeat usage.
- As digital penetration deepens, customer acquisition costs and retention dynamics become critical. Inefficient marketing spends or over-reliance on third-party channels could hurt profitability, especially in a landscape where consumers expect convenience, personalization and value simultaneously.
- A key monitorable remains the profitability of Nykaa Fashion, which continues to scale but has not yet reached sustainable profitability.
- The Fashion business, operating as a marketplace, faces higher return rates, seasonality, dynamic trends and intense discounting, all of which can weigh on margin expansion.
- The platform faces intense competition across marketplaces, D2C brands and horizontal players, each competing on speed, pricing and curation. Failure to consistently differentiate through brand partnerships, content-led discovery and omnichannel experiences exposes Nykaa to risk of market share loss and potential dilution in brand equity.
- Maintaining product authenticity is a non-negotiable pillar for Nykaa. Any lapse in ensuring genuine, safe and compliant products (especially in beauty) could materially erode consumer trust and shift wallet share to competitors who can guarantee authenticity more consistently.

Bull and Bear cases



Bull Case

- ✓ BPC GMV is expected to grow at 24% during FY25-37E as India's rising per capita income drives beauty spends. Premiumization would reduce discounting, resulting in 24.5% revenue CAGR over FY25-37E.
- ✓ EBITDA is expected to deliver 32.7% CAGR during FY25-37E as marketing spends decline and the company achieves better operating leverage.
- ✓ Fashion segment is expected to deliver 21.1% GMV CAGR during FY25-37E.
- ✓ EBITDA margins would materially improve by ~2,100bp (vs. 2,000bp in base case) over FY25-37E.
- ✓ TP of INR360 is based on 52x FY28E EV/EBITDA for BPC (per share INR320). DCF for Fashion (INR38 per share) implies an upside of 42% from the current levels.



Bear Case

- ✓ BPC GMV is expected to grow at 20% during FY25-37E as some market share could be taken away by competition.
- ✓ EBITDA is expected to deliver 28.4% CAGR during FY25-37E as Nykaa maintains marketing spend intensity, keeping margins range-bound.
- ✓ Fashion segment is expected to deliver 16.1% GMV CAGR during FY25-37E.
- ✓ EBITDA margins would improve by ~1,520bp (vs. 2,000bp in base case).
- ✓ TP of INR225 is based on 45x FY28E EV/EBITDA for BPC (per share INR205). DCF for Fashion (INR20 per share) implies downside of 10% from the current levels.

Scenario Analysis: Base | Bull | Bear

Particulars	Base Case	Bull Case	Bear Case
BPC			
FY28 EBITDA (INR mn)	14,600	17,830	13,109
Multiple	50	52	45
Per share value (INR)	255	320	205
Fashion			
GMV CAGR % (FY25-37E)	20.5	21.1	16.1
EBITDA Margin improvement (FY25-FY37) in bp	2000	2100	1520
Per share value (INR)	31	38	20
SoTP-based TP (INR)	280	360	225
Upside/ Downside (%)	11	42	-10

SWOT analysis

- ✓ Category leadership in beauty with strong GMV growth, 250+ stores, deep brand relationships
- ✓ Preferred partner of choice for global brands
- ✓ Robust owned brands portfolio, especially in beauty (Dot & Key, Kay Beauty, Nykaa Cosmetics)

S

STRENGTH



- ✓ Unproven profitability in Fashion business
- ✓ High dependence on marketing spends to drive customer acquisition and platform traffic, limiting operating leverage in near term

W

WEAKNESS



- ✓ Premiumization and global brand expansion continue to be large structural tailwinds
- ✓ Nykaa is uniquely positioned to monetize rising beauty sophistication in India
- ✓ Nykaa Now enhances convenience without diluting authenticity
- ✓ Superstore's scale (1,100+ cities, 3 lakh retailers) provides a margin-accretive lever as owned brands expand distribution

O

OPPORTUNITY



- ✓ Intensifying competition from marketplaces, D2C brands, quick commerce and offline retail expansion increases pricing pressure
- ✓ Product authenticity risk remains critical; failure to consistently assure product genuineness (especially in beauty) can materially dent consumer trust

T

THREATS



Management Team



Ms. Falguni Nayar

Founder, MD & CEO

Ms. Falguni has nearly three decades of experience in e-commerce, investment banking and broking. She holds a postgraduate diploma in management from the IIM, Ahmedabad. Before establishing Nykaa, she spent 18 years at Kotak Mahindra Capital.



Ms. Adwaita Nayar

MD & CEO, Nykaa Fashion

Ms. Adwaita has over 10 years of experience in fashion, retail, and equity markets. At Nykaa, she has worked across marketing, operations, and product development. She holds a bachelor's degree in applied mathematics from Yale University and an MBA from Harvard Business School. She currently oversees NykaaFashion.com and several owned and partner brands.



Mr. Anchit Nayar

CEO, Beauty and E-commerce

Mr. Anchit has over 10 years of experience in e-commerce, marketing, retail, and banking. He holds a bachelor's degree from Columbia University and previously worked as Vice President in the investment banking division of Morgan Stanley, New York. He currently leads the beauty business and is part of the Investor Relations team.



Mr. P. Ganesh

CFO

Mr. Ganesh is a qualified CA, cost and management accountant, and company secretary. He has over 27 years of experience in financial reporting, business finance, taxation, investor relations, banking, M&A, and corporate law. Before joining Nykaa, he served as CFO at several organizations, including TAFE Group, Pidilite Industries, Glenmark Pharmaceuticals, and the Godrej Group.



Mr. Rajesh Uppalapati

Chief Technology Officer

Mr. Uppalapati has over two decades of experience in technology functions across growing, established, and new businesses. He holds a bachelor's degree in computer science from Osmania University and a master's degree in computer science from the University of Arizona. He spent about 20 years at Amazon in various global roles and most recently served as Vice President of Product Engineering at Intuit India.



Mr. Vishal Gupta

CEO, Nykaa Distribution (Superstore)

Mr. Gupta has over 27 years of experience with Unilever, where he managed multiple businesses and brands across India, Indonesia, Southeast Asia, and Russia. He holds a bachelor's degree in textile engineering from the IIT, Delhi, and an MBA from the IIM, Bangalore.

ESG initiatives



Environment

- Nykaa embeds environmentally responsible practices across its operations and supply chain, emphasizing sustainable sourcing, energy-efficient processes, and waste-reduction frameworks. Continuous assessments help to minimize ecological impact while advancing industry benchmarks in sustainability.
- It maintains a focused carbon-management agenda by reducing GHG emissions, optimizing energy usage and establishing regional fulfilment centers to limit air shipments. Compliance with environmental regulations underpins its efforts to systematically lower its carbon footprint.
- Since Apr'21, the company has operated as a CPCB-recognized Brand Owner and Importer, partnering with authorized recyclers and achieving high EPR-linked plastic recycling, with ~96% eco-friendly packaging adoption in FY25.

Social

- The company's talent strategy is designed to build a high-performing, future-ready workforce by attracting diverse, innovative talent. Structured development programs and career pathways reinforce organizational agility in a rapidly evolving operating environment.
- Upskilling initiatives and the ICON internal mobility platform enable employees to explore cross-functional roles, supporting long-term career progression. A structured HSE framework, led by location-specific SPOCs and QR code reporting, ensures rigorous monitoring of onsite safety risks.
- In FY25, the company expanded its employee-wellbeing agenda through a comprehensive program offering discounted fitness memberships, onsite wellness sessions, and unlimited teleconsultations across multiple medical specialties for employees and families.

Governance

- The company is anchored in strong governance systems, guided by a Code of Conduct that enforces ethical practices and prohibits corruption and bribery. FY25 recorded no incidents of misconduct, with transparent whistleblower mechanisms strengthening accountability.
- It maintains strict independence by refraining from political contributions and avoiding participation in trade associations engaged in legislative advocacy, including climate-related lobbying. A risk-management framework further supports compliance discipline.
- Directors & officers liability insurance protects board members and key executives, excluding cases of gross negligence. Nykaa's long-term incentive plan offers stock options to senior management, encouraging long-term value alignment. However, the MD & CEO, as a promoter director, does not receive these options.

Financials and valuations

Revenue Model	(INR Mn)						
Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
AUTC (Mn)	8.4	10.5	12.4	15.8	18.0	22.5	27.6
Order Frequency	3.2	3.4	3.5	3.4	3.7	3.7	3.7
Orders/ Year	27	36	44	55	67	84	103
AOV	1,857	1,857	1,985	2,021	2,048	2,075	2,110
BPC GOV	51,816	71,736	90,550	1,17,750	1,49,886	1,90,469	2,36,389
BPC Revenue (NSV)	34,485	47,091	58,100	72,510	92,514	1,19,059	1,47,762
Fashion Revenue	3,254	4,347	5,680	6,750	8,077	10,357	13,362
Others	0	0	74	240	530	1,072	2,237
Revenue	37,739	51,438	63,856	79,498	1,01,121	1,30,488	1,63,362

Income statement						(INR Mn)	
Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Sales	37,739	51,438	63,856	79,498	1,01,121	1,30,488	1,63,362
Change (%)	NA	36.3	24.1	24.5	27.2	29.0	25.2
Inventory of traded goods	21,300	28,657	36,464	44,727	56,378	73,370	91,856
Gross Profit	16,439	22,781	27,392	34,771	44,743	57,118	71,506
% of Net Sales	43.6	44.3	42.9	43.7	44.2	43.8	43.8
Employee Expenses	3,265	4,917	5,649	6,661	8,249	10,961	13,722
Other Expenses	11,542	15,304	18,281	23,371	29,242	34,885	42,289
EBITDA	1,632	2,560	3,462	4,740	7,252	11,271	15,495
% of Net Sales	4.3	5.0	5.4	6.0	7.2	8.6	9.5
Depreciation	964	1,733	2,242	2,664	3,002	3,746	4,136
EBIT	668	827	1,220	2,076	4,250	7,525	11,358
% of Net Sales	1.8	1.6	1.9	2.6	4.2	5.8	7.0
Other Income (net)	-195	-444	-529	-800	-931	-975	-983
PBT	473	384	691	1,275	3,319	6,550	10,375
Tax	60	136	253	538	1,270	2,292	3,216
Rate (%)	12.7	35.4	36.6	42.1	38.3	35.0	31.0
PAT	412	248	438	738	2,049	4,257	7,159
Extraordinary gains/loss	0	0	0	0	0	0	0
Adjusted PAT	412	248	438	738	2,049	4,257	7,159
Minority Interest	0	39	40	16	0	0	0
Reported PAT	412	209	398	721	2,049	4,257	7,159
Change (%)	NA	-49%	91%	81%	184%	108%	68%

Balance Sheet						(INR Mn)	
Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share capital	474	2,852	2,856	2,859	2,859	2,859	2,859
Reserves	12,925	10,928	9,766	10,154	12,202	16,460	23,619
Net Worth	13,455	13,922	12,810	13,427	15,475	19,733	26,892
Loans	2,052	2,137	1,593	3,218	5,203	5,730	6,043
Capital Employed	15,508	16,059	14,403	16,644	20,679	25,463	32,935
Net Block	3,718	5,433	4,966	6,016	7,200	8,093	8,851
Intangibles	1,262	1,844	1,952	2,668	2,325	1,983	1,640
Other LT assets	2,210	3,167	4,158	4,341	4,341	4,341	4,341
Curr. Assets	19,271	19,056	22,929	26,771	30,450	37,098	46,857
Inventories	8,756	10,051	11,920	14,175	17,454	22,523	27,749
Debtors	945	1,635	2,416	2,466	3,137	3,575	4,476
Cash & Bank Balance	2,670	1,487	2,399	2,172	1,770	1,866	4,013
Investments	4,879	2,645	1,833	2,693	2,738	3,091	3,593
Other Current Assets	2,020	3,237	4,361	5,265	5,352	6,043	7,025
Current Liab. & Prov.	10,953	13,441	19,603	23,151	23,637	26,051	28,753
Net Current Assets	8,318	5,615	3,327	3,620	6,813	11,047	18,104
Application of Funds	15,507	16,059	14,403	16,644	20,679	25,463	32,935

Financials and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)							
EPS	0.1	0.1	0.1	0.3	0.7	1.5	2.5
Cash EPS	0.5	0.7	0.9	1.2	1.8	2.8	3.9
Book Value	4.8	4.9	4.5	4.7	5.4	6.9	9.4
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout %	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)							
P/E	1,735.5	3,471.1	1,816.3	1,004.9	353.9	170.3	101.3
Cash P/E	520.0	373.3	274.0	214.2	143.6	90.6	64.2
EV/EBITDA	438.2	283.4	208.7	153.2	100.5	64.7	46.9
EV/Sales	19.0	14.1	11.3	9.1	7.2	5.6	4.5
Price/Book Value	53.2	52.1	56.5	54.0	46.9	36.7	27.0
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profitability Ratios (%)							
RoE	3.1	1.8	3.3	5.6	14.2	24.2	30.7
RoCE	3.6	3.7	6.4	10.0	19.2	28.6	35.8
Turnover Ratios							
Debtors (Days)	9	12	14	11	11	10	10
Fixed Asset Turnover (x)	7.6	7.1	9.2	9.2	10.6	13.0	15.6

Cash Flow Statement

(INR Mn)

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
CF from Operations	1,109	1,888	2,516	4,455	5,981	8,979	12,278
Cash for Working Capital	-4,649	-3,290	-2,513	211	-2,118	-4,138	-4,910
Net Operating CF	-3,540	-1,402	3	4,666	3,863	4,841	7,369
Net Purchase of FA	-940	-2,082	-1,107	-1,272	-1,252	-1,274	-1,298
Free Cash Flow	-4,480	-3,484	-1,105	3,394	2,612	3,567	6,071
Net Purchase of Invest.	-5,088	3,477	1,006	-782	294	300	345
Net Cash from Invest.	-6,028	1,396	-101	-2,054	-958	-974	-953
Proc. from equity issues	8,727	288	172	-2,499	0	0	0
Proceeds from LTB/STB	1,456	1,263	2,200	2,768	0	0	0
Others	-913	-1,503	-1,930	-2,390	-3,307	-3,771	-4,269
Dividend Payments	0	0	0	0	0	0	0
Cash Flow from Fin.	9,270	49	443	-2,120	-3,307	-3,771	-4,269
Net Cash Flow	-298	42	344	492	-401	96	2,147
Opening Cash Bal.	669	372	414	758	1,249	848	944
Forex differences	0	0	0	0	0	0	0
Add: Net Cash	-298	42	344	492	-401	96	2,147
Closing Cash Bal.	371	414	758	1,249	848	944	3,091

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Bellwether solar manufacturing play

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Investment Rating	Expected return (over 12-month)
BUY	$\geq 15\%$
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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