

06 February 2026

India | Equity Research | Results Update

FSN E-Commerce Ventures

Consumer Staples & Discretionary

'When it rains, it pours' - Ad revenues come back with demand improvement

In Q3FY26, Nykaa's beauty business benefited from improving demand buoyancy, aided by macro factors and successful Pink Friday sale. Concurrently, ad revenue grew 12.7% YoY/33.1% QoQ, aiding beauty EBITDA margin improvement of 110bps QoQ/130bps YoY. Beauty's MAUV grew ~33% YoY, AUTC grew ~26% YoY (both higher than trend growth rates) and marketing and S&D spends stood at 13.2% of NSV. The recovery in ad spends could incrementally improve investor sentiment around Nykaa. Continued profit improvement in fashion (on track to break even by Q4FY26) with sustained revenue growth in Q3FY26 (NSV up 25% YoY) is another key positive for the stock. We raise our TP to INR 300 (from INR 280) supported by 11.2%/10.1% increase in FY27E/28E EBITDA.

Q3FY26 performance review

Revenue grew 26.7% YoY (up 22.5% QoQ) to INR 28.7bn driven by beauty (+27.3% YoY) and fashion (+18.1% YoY) segments. Overall, GMV grew 28% YoY to INR 58bn driven by 26.9%/30.6% YoY increase in beauty/fashion. EBITDA was INR 2.3bn, up 63.2% YoY. EBITDA margin was 8.0% (up 122bps QoQ/178bps YoY). Net income was INR 633mn (vs. INR 261mn in Q3FY25).

Total number of orders grew 20.7% /39% YoY for beauty/fashion. Average unique transacting consumers grew 26.4% /32.3% YoY for beauty/ fashion. Average order value (AOV) for beauty and fashion businesses were INR 2,173 (up 2.2% YoY) and INR 4,794 (down 2.2% YoY), respectively.

Management commentary

Management stated beauty GMV grew 26.9% YoY and NSV grew 29% YoY, driven by customer acquisition (AUTC +26.4% YoY) and Pink Friday sale. House of Nykaa beauty brands (Dot & Key, Kay Beauty, Nykaa Cosmetics) grew ~65% YoY, aiding both growth and margin mix. Dot & Key delivered 100%+ growth while operating at high-teens EBITDA margin (% of NSV).

The company added 11 new stores and entered 4 new cities taking the total store count to 276 stores across 94 cities. Retail footprint expanded 34% YoY to ~0.28mn sq.ft while maintaining double-digit SSSG. Nykaa Now is live across seven tier-1 cities enabling hyperlocal delivery (30-120 min) across 700+ brands.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	79,498	1,00,518	1,25,225	1,55,103
EBITDA	4,739	7,375	9,933	13,544
EBITDA Margin (%)	6.0	7.3	7.9	8.7
Net Profit	661	2,473	3,912	6,179
EPS (Rs)	0.2	0.9	1.4	2.2
EPS % Chg YoY	104.4	274.2	58.2	57.9
P/E (x)	1,115.0	298.0	188.3	119.2
EV/EBITDA (x)	157.0	101.0	75.0	54.9
RoCE (%)	5.6	13.4	17.4	21.6
RoE (%)	5.0	16.9	21.9	27.0

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Market Data

Market Cap (INR)	739bn
Market Cap (USD)	8,189mn
Bloomberg Code	NYKAA IN
Reuters Code	FSNE BO
52-week Range (INR)	273 /155
Free Float (%)	48.0
ADTV-3M (mn) (USD)	18.0

Price Performance (%)	3m	6m	12m
Absolute	3.0	22.2	48.2
Relative to Sensex	3.1	19.0	41.7

ESG Score	2024	2025	Change
ESG score	62.9	65.9	3.0
Environment	37.2	41.8	4.6
Social	64.0	68.5	4.5
Governance	80.4	81.3	0.9

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY27E	FY28E
Revenue	0	0
EBITDA	11.2	10.1
EPS	24.7	20.3

Previous Reports

10-11-2025: [Q2FY26 results review](#)

13-08-2025: [Q1FY26 results review](#)

Fashion GMV grew 31% YoY and NSV grew 25% YoY, marking a sustained recovery. Growth was supported by new customer acquisition (+45% YoY), aided by the Pink Friday sale and brand-led demand. EBITDA loss narrowed to -2.0% from -5.4% YoY reflecting operating leverage from scale, improved marketing efficiency, and discipline in platform and fulfilment costs. The Nike D2C partnership positions Nykaa as a full-stack fashion commerce operator, beyond a pure marketplace.

eb2b superstore GMV grew ~23% YoY. Transacting retailers increased 40% YoY to ~359k across 1,000+ cities. EBITDA margin improved ~574bps YoY, driven by fulfilment cost reduction, packaging and leakage control, scale-led operating leverage and expansion of own-brands distribution, which scaled 2.7x YoY to 115k+ retailers.

Management stated that advertising income improved both QoQ and YoY, supporting gross margin expansion in beauty. While Q3 benefited from festive and Pink Friday seasonality, the improvement was not purely seasonal. Management highlighted capability-led, sustainable monetisation, although some quarterly volatility may persist.

Valuation

We maintain **ADD** with DCF-based revised target price of INR 300 (earlier INR 280).

Downside risks: 1) Chasing growth at elevated levels could dilute gross margin. 2) Success in fashion business could be difficult given the higher competition in the category. **Upside risk:** 1) Competition in e-BPC space weakens further.

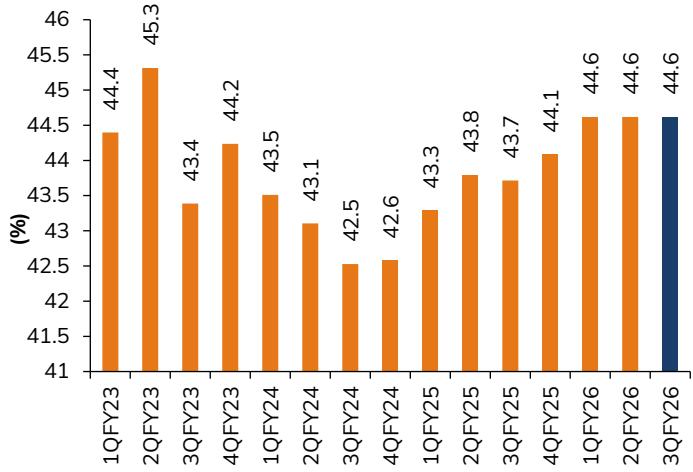
Exhibit 1: Q3FY26 review

INR mn	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Net revenue	28,733	22,672	26.7	23,460	22.5
COGS	(15,758)	(12,761)	23.5	(12,924)	21.9
Gross profit	12,975	9,911	30.9	10,535	23.2
Staff cost	(2,029)	(1,746)	16.2	(1,828)	11.0
Other opex	(8,648)	(6,758)	28.0	(7,118)	21.5
EBITDA	2,298	1,408	63.2	1,590	44.5
Other income	63	55	13.2	80	(22.0)
Finance cost	(292)	(319)	(8.7)	(315)	(7.3)
D&A	(809)	(698)	15.8	(791)	2.3
PBT	1,260	446	182.8	564	123.3
Tax	(419)	(176)	138.1	(224)	87.0
PAT before MI	841	270	211.9	340	147.2
Minority Interest	44	9	421.2	(15)	(405.5)
Recurring PAT	797	261	205.1	355	124.6
Exceptional items	(164)	-		(10)	
Reported PAT	633	261	142.5	344	83.9

Source: I-Sec research, Company data

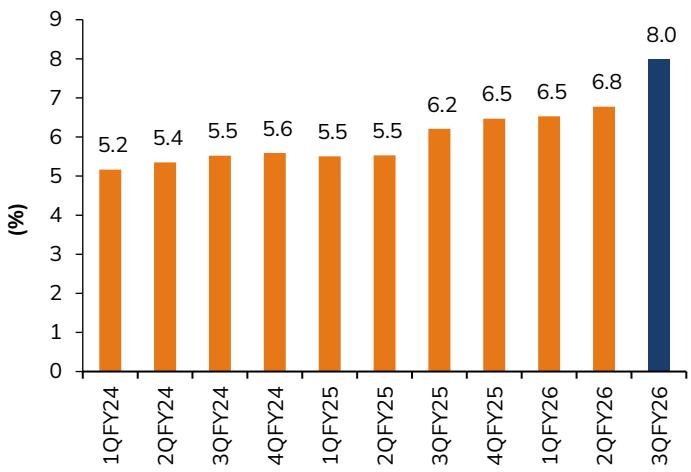
Consolidated

Exhibit 2: Gross margin (%)



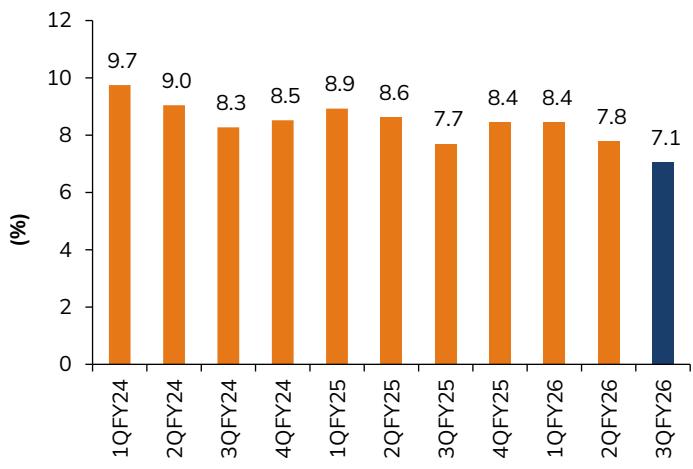
Source: I-Sec research, Company data

Exhibit 3: EBITDA margin (%)



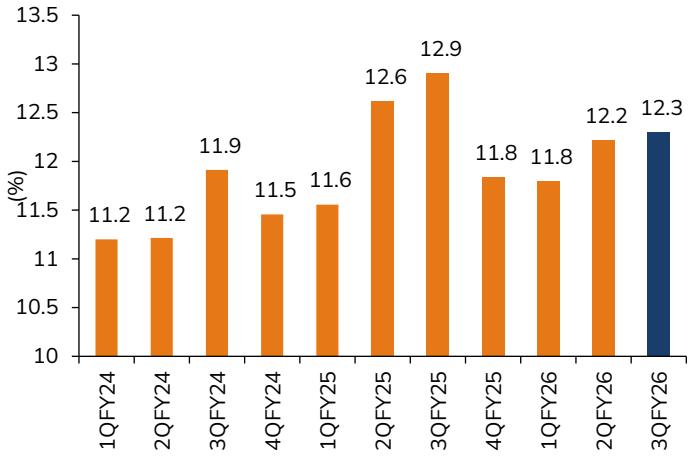
Source: I-Sec research, Company data

Exhibit 4: Employee cost (%)



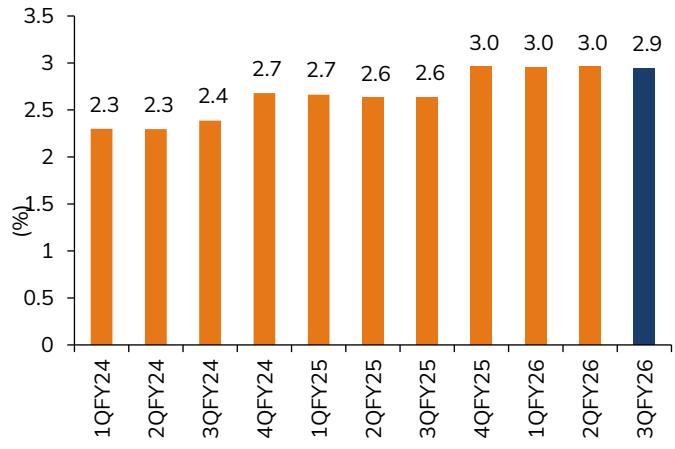
Source: I-Sec research, Company data

Exhibit 5: Marketing and advertisement expense (%)



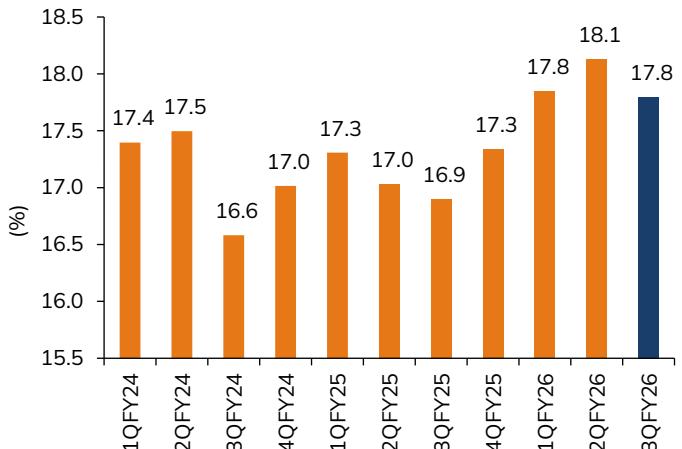
Source: I-Sec research, Company data

Exhibit 6: Selling and distribution expense (%)



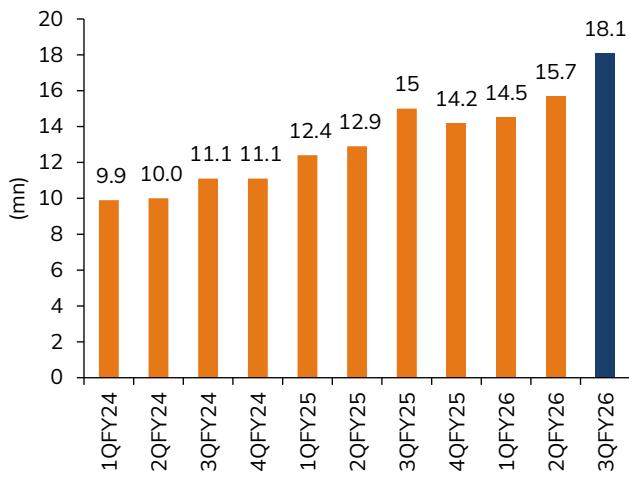
Source: I-Sec research, Company data

Exhibit 7: Total opex (%)

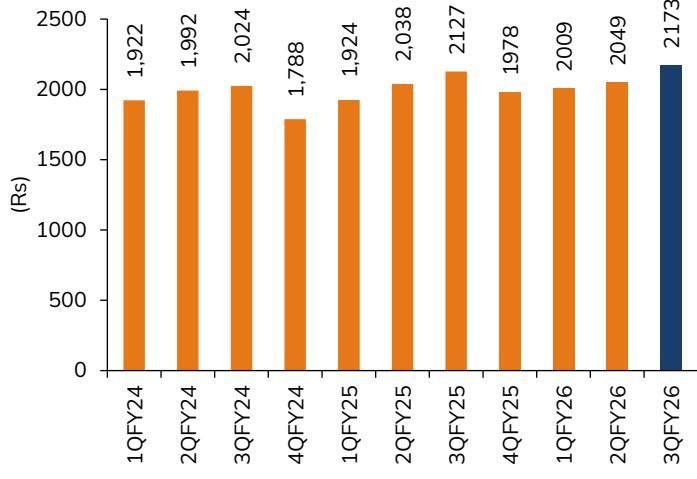


Source: I-Sec research, Company data

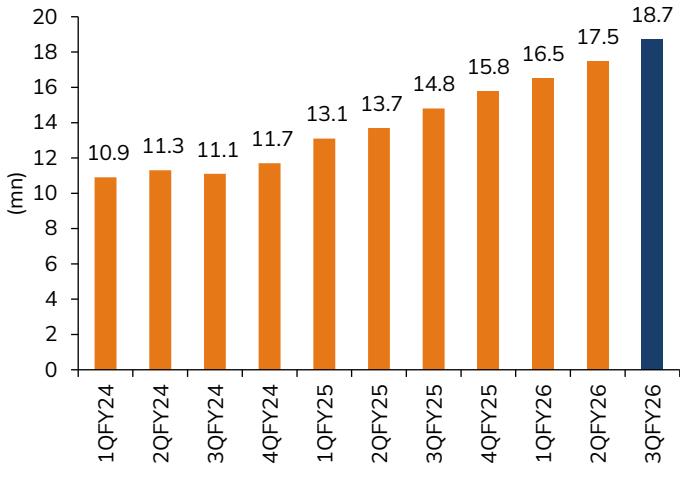
Beauty

Exhibit 8: Orders (mn)


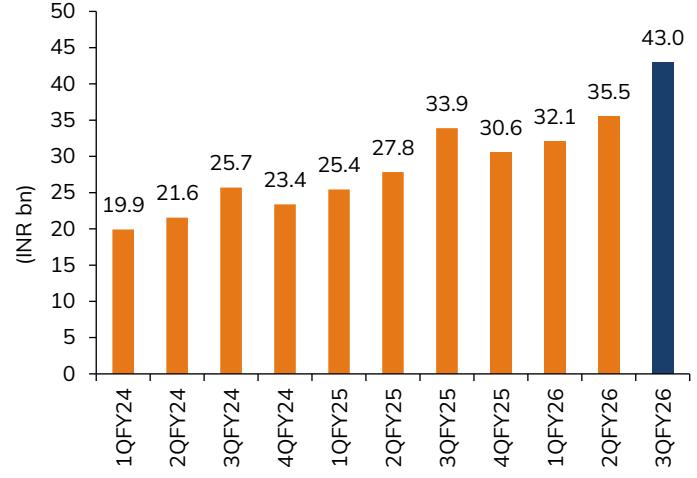
Source: I-Sec research, Company data

Exhibit 9: AOV (INR)


Source: I-Sec research, Company data

Exhibit 10: Annual unique transacting customers (mn)


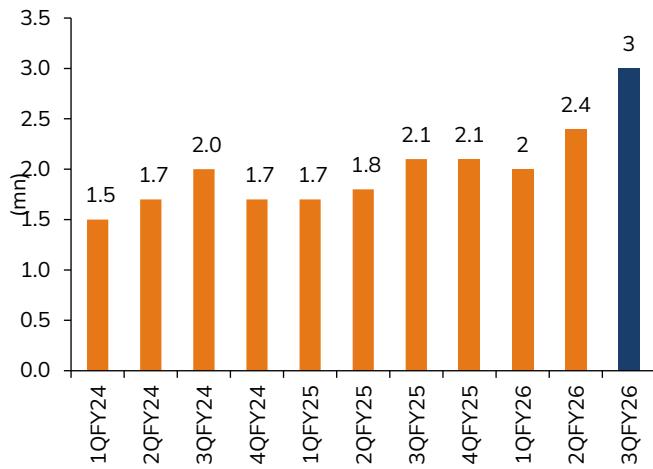
Source: I-Sec research, Company data

Exhibit 11: GMV (INR bn)


Source: I-Sec research, Company data

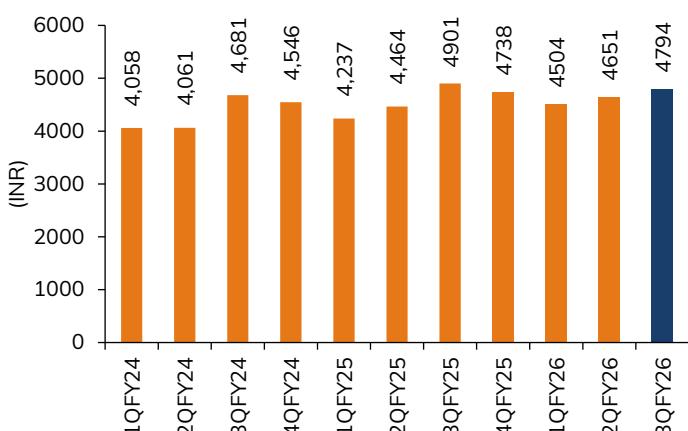
Fashion

Exhibit 12: Orders (mn)



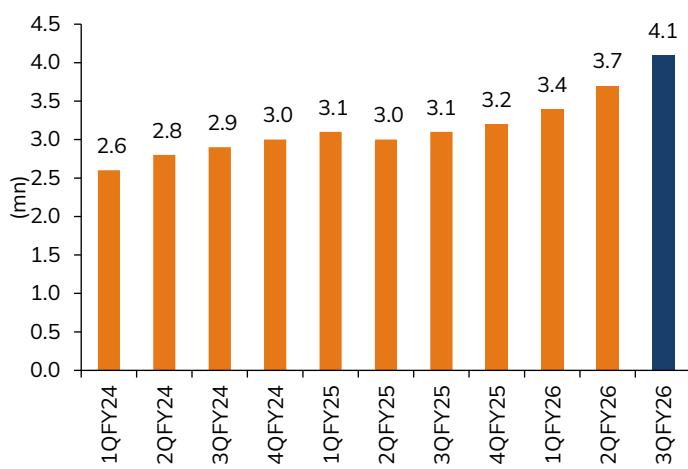
Source: I-Sec research, Company data

Exhibit 13: AOV (INR)



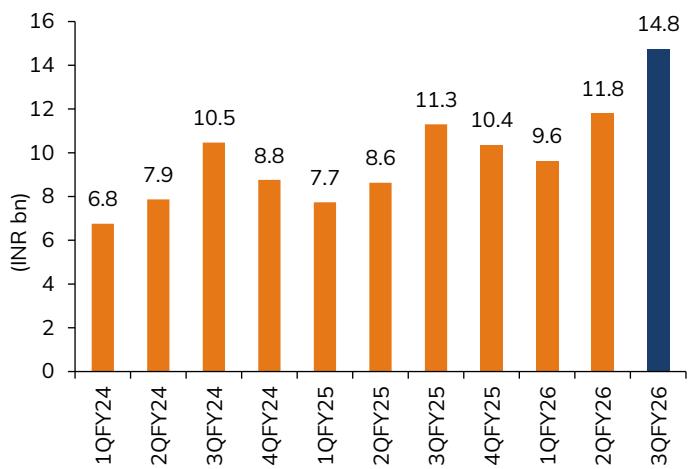
Source: I-Sec research, Company data

Exhibit 14: Annual unique transacting customers (mn)



Source: I-Sec research, Company data

Exhibit 15: GMV (INR)



Source: I-Sec research, Company data

Exhibit 16: Shareholding pattern

%	Jun'25	Sep'25	Dec'25
Promoters	52.2	52.1	52.1
Institutional investors	34.0	37.5	37.5
MFs and others	18.3	19.1	19.5
FIs/Banks	0.0	0.0	0.0
Insurance	4.9	5.2	5.4
FII	12.1	13.1	12.6
Others	13.8	10.4	10.4

Source: Bloomberg, I-Sec research

Exhibit 17: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 18: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales	79,498	1,00,518	1,25,225	1,55,103
Operating Expenses	74,759	93,143	1,15,292	1,41,559
EBITDA	4,739	7,375	9,933	13,544
EBITDA Margin (%)	6.0	7.3	7.9	8.7
Depreciation & Amortization	2,664	3,040	3,561	4,142
EBIT	2,075	4,335	6,372	9,402
Interest expenditure	1,073	1,188	1,195	1,199
Other Non-operating Income	273	259	154	156
Recurring PBT	1,275	3,406	5,330	8,359
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	538	857	1,342	2,104
PAT	737	2,549	3,989	6,255
Less: Minority Interest	(76)	(76)	(76)	(76)
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	737	2,549	3,989	6,255
Net Income (Adjusted)	661	2,473	3,912	6,179

Source Company data, I-Sec research

Exhibit 19: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	26,771	31,318	37,709	46,941
of which cash & cash eqv.	2,172	1,317	1,362	3,198
Total Current Liabilities & Provisions	11,618	14,551	17,957	22,028
Net Current Assets	15,153	16,767	19,752	24,913
Investments	2	2	2	2
Net Fixed Assets	2,717	2,806	2,863	2,872
ROU Assets	3,299	3,480	3,897	4,315
Capital Work-in-Progress	32	32	32	32
Total Intangible Assets	2,668	2,668	2,668	2,668
Long Term Loans & Advances	102	128	160	198
Deferred Tax assets	2,580	2,580	2,580	2,580
Total Assets	28,178	30,518	34,515	40,752
Liabilities				
Borrowings	9,614	9,614	9,614	9,614
Deferred Tax Liability	-	-	-	-
Provisions	186	236	294	364
Other Liabilities	1,359	1,359	1,359	1,359
Equity Share Capital	2,859	2,859	2,859	2,859
Reserves & Surplus	10,154	12,626	16,538	22,717
Total Net Worth	13,013	15,485	19,398	25,576
Minority Interest	414	414	414	414
Total Liabilities	28,178	30,518	34,515	40,752

Source Company data, I-Sec research

Exhibit 20: Quarterly trend

(INR mn, year ending March)

	Mar-24	Jun-25	Sep-25	Dec-25
Net Sales	20,618	21,549	23,460	22,672
% growth (YOY)	23.6	23.4	25.1	26.7
EBITDA	1,334	1,407	1,590	2,298
Margin %	6.5	6.5	6.8	8.0
Other Income	90	93	80	63
Net profit	203	233	344	633

Source Company data, I-Sec research

Exhibit 21: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	4,666	1,480	2,793	4,938
Working Capital Changes	211	(2,925)	(3,477)	(3,975)
Capital Commitments	(1,272)	(1,407)	(1,691)	(2,016)
Free Cashflow	3,394	73	1,102	2,922
Other investing cashflow	(782)	127	(206)	(192)
Cashflow from Investing Activities	(2,054)	(1,280)	(1,896)	(2,208)
Issue of Share Capital	181	-	-	-
Interest Cost	(757)	(873)	(878)	(883)
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	-	-	-	-
Others	220	1,721	1,928	2,135
Cash flow from Financing Activities	(1,822)	(1,055)	(851)	(895)
Chg. in Cash & Bank balance	790	(855)	46	1,835
Closing cash & balance	3,189	1,317	1,362	3,198

Source Company data, I-Sec research

Exhibit 22: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	0.2	0.9	1.4	2.2
Adjusted EPS (Diluted)	0.2	0.9	1.4	2.2
Cash EPS	1.2	1.9	2.6	3.6
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	4.6	5.4	6.8	9.0
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	24.5	26.4	24.6	23.9
EBITDA	36.9	55.6	34.7	36.4
EPS (INR)	104.4	274.2	58.2	57.9
Valuation Ratios (x)				
P/E	1,115.0	298.0	188.3	119.2
P/CEPS	221.6	133.7	98.6	71.4
P/BV	56.6	47.6	38.0	28.8
EV / EBITDA	157.0	101.0	75.0	54.9
P / Sales	9.3	7.3	5.9	4.8
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	43.7	44.9	45.1	45.3
EBITDA Margins (%)	6.0	7.3	7.9	8.7
Effective Tax Rate (%)	42.2	25.2	25.2	25.2
Net Profit Margins (%)	0.9	2.5	3.2	4.0
Net Debt / Equity (x)	0.6	0.5	0.4	0.2
Net Debt / EBITDA (x)	1.6	1.1	0.8	0.5
Fixed Asset Turnover (x)	16.1	15.9	15.9	15.9
Working Capital Days	66	63	59	57
Inventory Turnover Days	72	69	67	64
Receivables Days	13	12	10	9
Payables Days	32	32	31	31
Profitability Ratios				
RoCE (%)	5.6	13.4	17.4	21.6
RoE (%)	5.0	16.9	21.9	27.0
RoIC (%)	6.3	14.4	18.2	23.3

Source Company data, I-Sec research

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