

FSN E-Commerce Ventures | BUY

Q2 pre-quarter update: Excellent trends in BPC & Fashion

Nykaa's pre-quarter business update for Q2FY27 suggests continued growth momentum in top line, with consolidated GMV expected to grow around 30% while NSV growth is expected to be higher in the early 30s. Consolidated net revenue growth is likely to be in the late 20s. The beauty business continued to deliver healthy NSV growth of late-20s YoY, ahead of JMFe of mid 20s despite a difficult base of festive spends starting early last year. The strong quarter was supported by robust customer acquisition as well as repeat orders, sustained traction in House of Nykaa brands and LFL store sales growth of early 20s. Fashion too continued its solid performance as NSV growth is expected to be in the late-40s YoY, significantly ahead of JMFe of mid 30s on the back of new customer additions, assortment expansion and continued traction in Nike partnership. With both businesses continuing to scale well, we expect operating leverage to remain favourable, supporting another quarter of healthy earnings delivery. We maintain our estimates but roll-forward to Sep'27E for a revised TP of INR 405 (earlier INR 395); maintain BUY.

- **BPC – Robust top line trends despite a relatively tough base:** Nykaa's beauty vertical is expected to report NSV and net revenue growth in the late-20s YoY in Q2FY27, ahead of JMFe of ~25% YoY. While the business had delivered similar growth trends in Q1 as well, it is worth noting that the base for Q2 was tough because of shift in festive spends to Q3 this year whereas last year spends had started in Q2 itself. This in turn also augurs well for Q3FY27. Growth was supported by continued outperformance by House of Nykaa brands (both core as well as emerging brands) and solid early-20s LFL store sales growth (highest in the last six quarters). The retail store network also grew by 14 net store additions to 338 from 324 in Q1FY27.
- **Fashion – Healthy momentum continues:** Nykaa Fashion is expected to report NSV growth in the late-40s YoY (53% YoY in Q1FY27), materially ahead of JMFe of ~35%. Growth was driven by new customer additions, assortment expansion (>250 brands added across categories) and continued momentum in Nike partnership through exclusive product drops. Consequently, fashion net revenue growth is expected to grow early-40s YoY (~48% in Q1FY27), substantially ahead of JMFe of ~31%.
- **Consolidated performance:** On a consolidated basis, GMV is expected to grow in the near 30s while NSV growth is likely to be in the early 30s. Net revenue growth is likely to be in late 20s. The robust performance was led by sustained execution in beauty and fashion, with both verticals witnessing healthy customer acquisition. We expect the strong revenue trajectory, coupled with continued operating leverage, to support another quarter of healthy EBITDA margin expansion.



Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	405
Upside/(Downside)	24.6%
Previous Price Target	395
Change	2.5%

Key Data – NYKAA IN

Current Market Price	INR325
Market cap (bn)	INR930.8/US\$9.7
Free Float (%)	100.0
Shares in issue (mn)	2,864.3
Diluted share (mn)	2,873
3-mon avg daily val (mn)	INR1,943.8/US\$20.2
52-week range	INR351/219
Sensex/Nifty	71,910/22,422
INR/US\$	96.3

Price Performance

%	1M	6M	12M
Absolute	-2.3	32.1	35.5
Relative*	4.0	34.7	53.0

*To the NSE Nifty 50

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Financial Summary

	(INR mn)				
Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E
Net Sales	79,500	100,224	129,148	164,406	206,557
Sales Growth (%)	24.5	26.1	28.9	27.3	25.6
EBITDA	4,726	7,520	12,209	19,086	27,160
EBITDA Margin (%)	5.9	7.5	9.5	11.6	13.1
Adjusted Net Profit	648	1,991	5,428	10,547	16,928
Diluted EPS (INR)	0.2	0.7	1.9	3.7	5.9
Diluted EPS Growth (%)	99.6	207.4	172.6	94.3	60.5
ROIC (%)	7.2	14.6	30.0	45.9	60.0
ROE (%)	5.1	14.5	31.6	41.5	43.0
P/E (x)	1,441.2	468.9	172.0	88.5	55.2
P/B (x)	71.7	64.9	46.7	30.3	19.5
EV/EBITDA (x)	198.0	124.3	76.4	48.5	33.6
Dividend Yield (x)	-	-	-	-	-

Source: Company data, JM Financial. Note: Valuations as of October 01, 2026

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1: Q2FY27 estimates post pre-quarter update

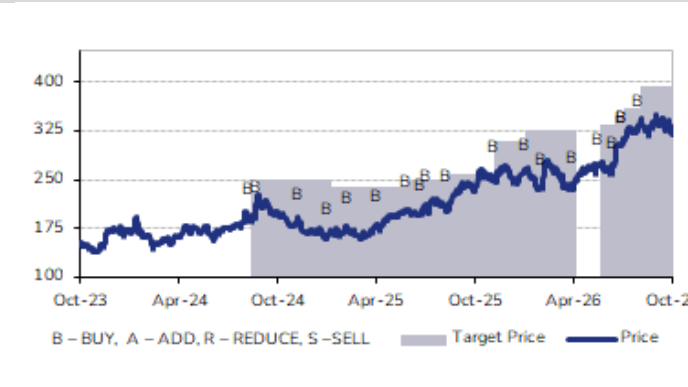
Particulars	Q2FY27E	Q2FY26A	Change (YoY)	Q1FY27A	Change (QoQ)
Total GMV (INR mn)	61,177	47,440	29.0%	55,900	9.4%
BPC	44,522	35,510	25.4%	41,050	8.5%
Fashion	16,447	11,800	39.4%	14,710	11.8%
Total NSV (INR mn)	30,653	23,400	31.0%	28,350	8.1%
BPC	25,378	19,810	28.1%	23,710	7.0%
Fashion	5,099	3,460	47.4%	4,510	13.1%
Revenue from operations (INR mn)	30,170	23,460	28.6%	27,820	8.4%
BPC	27,154	21,320	27.4%	25,160	7.9%
Fashion	2,829	2,010	40.7%	2,530	11.8%
EBITDA (INR mn)	2,555	1,590	60.7%	2,360	8.3%
BPC	2,608	1,780	46.5%	2,441	6.8%
Fashion	20	-120	-116.4%	4	391.8%
EBITDA margin (% of revenue)	8.5%	6.8%	25.0%	8.5%	-1bps
BPC	9.6%	8.3%	125bps	9.7%	-10bps
Fashion	0.7%	-6.0%	667bps	0.2%	54bps
PAT (INR mn)	1,009	345	192.6%	800	26.2%
Diluted EPS (INR)	0.35	0.12	184.4%	0.28	26.2%

Source: Company, JM Financial estimates

Recommendation History Table

Date	Recommendation	Target Price	% Change
5-Aug-26	BUY	395	9.7
6-Jul-26	BUY	360	0.0
5-Jul-26	BUY	360	2.9
19-Jun-26	BUY	350	4.5
22-May-26	BUY	335	
6-Apr-26	BUY		
5-Feb-26	BUY	325	0.0
5-Jan-26	BUY	325	4.8
8-Nov-25	BUY	310	19.2
6-Oct-25		260	0.0
12-Aug-25	BUY	260	4.0
6-Jul-25	BUY	250	0.0
27-Jun-25	BUY	250	0.0
31-May-25	BUY	250	4.2
6-Apr-25	BUY	240	0.0
11-Feb-25	BUY	240	0.0
6-Jan-25	BUY	240	-4.0
13-Nov-24	BUY	250	0.0
28-Aug-24	BUY	250	8.7
14-Aug-24	BUY	230	

Recommendation History Chart



APPENDIX I

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Rating	Meaning
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