

FSN E-commerce Ventures

BSE SENSEX
77,410

S&P CNX
24,168

CMP: INR298

TP: INR310 (+4%)

Neutral



Stock Info

	NYKAA IN
Bloomberg	NYKAA IN
Equity Shares (m)	2863
M.Cap.(INRb)/(USD\$)	853.7 / 9.1
52-Week Range (INR)	304 / 191
1, 6, 12 Rel. Per (%)	7/28/73
12M Avg Val (INR M)	1752
Free float (%)	47.9

Financials & Valuations (INR b)

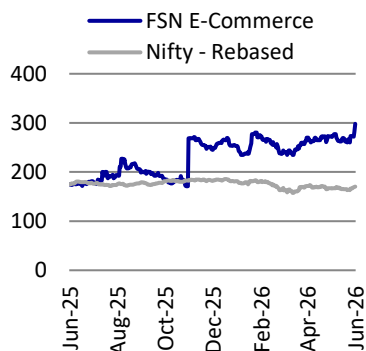
INR b	FY26	FY27E	FY28E
BPC GMV	149.5	196.2	247.7
Net Sales	100.2	132.2	167.7
Change (%)	26.1	31.9	26.9
EBITDA	7.5	12.0	16.0
EBITDA margin (%)	7.5	9.1	9.5
Adj. PAT	2.2	4.5	7.3
PAT margin (%)	2.1	3.4	4.4
RoE (%)	14.4	26.3	31.5
RoCE (%)	19.9	31.1	36.2
EPS	0.7	1.6	2.6
EV/ Sales	8.5	6.5	5.1
Price/ Earnings	418.7	187.6	116.4
Price/ Book	56.8	43.6	31.7

Shareholding Pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	52.1	52.1	52.2
DII	25.4	25.4	25.2
FII	12.4	12.1	8.8
Others	10.2	10.4	13.8

FII includes depository receipts

Stock's performance (one-year)



Scaling the flywheel

- We attended Nykaa's Investor Day, where discussions focused on the long-term growth outlook across Beauty & Personal Care (BPC), Fashion, House of Brands, and profitability. Management outlined an ambition to scale the Beauty business by ~2.5–3.0x and Fashion by ~3.0–3.5x by FY30, supported by premiumization, rising online penetration, and increasing discretionary spending. India's BPC market is expected to grow from ~USD23b currently to ~USD42b by FY31, while premium online fashion is expected to roughly triple over the next five years. We believe Nykaa remains well-positioned to benefit from these trends, given its leadership in premium beauty, growing omnichannel presence (240+ stores), improving customer quality, and increasing contribution from owned brands such as Dot & Key (>INR10b NSV).
- House of Brands is expected to become a larger contributor to revenues and profits, while Fashion has reached an important profitability inflection point, achieving EBITDA break-even in 4QFY26 and targeting 10%+ EBITDA margins by FY30. We value the BPC business at 50x EV/EBITDA and Fashion using a DCF approach, arriving at a TP of INR310. Following the strong share price performance over the past year, we believe the near-term risk-reward remains balanced and reiterate our Neutral rating.

BPC: Large category tailwinds and premiumization continue to support a 2.5-3x FY30 ambition

- India's BPC market is expected to expand from ~USD23b currently to ~USD42b by FY31, implying a CAGR of ~12%. **Online BPC is expected to grow materially faster, with online penetration increasing from ~25% currently to ~34% by FY31.** Premium beauty categories continue to outgrow the broader market, supported by rising incomes, increasing female workforce participation, and higher discretionary spending.
- **We believe Nykaa remains well-positioned to benefit from these structural tailwinds.** The company continues to focus on premium beauty rather than mass-market categories, with skincare, makeup, fragrances, and wellness emerging as the key growth pillars.
- Female workforce participation is expected to increase from ~28% currently to ~40% by FY31, while **India's affluent population and beauty spending per capita remain significantly below global benchmarks,** providing a long runway for category expansion.
- **The company now operates 240+ stores across formats,** while omnichannel beauty continues to gain share within the overall portfolio.
- Looking ahead, **Nykaa has outlined an ambition to scale Beauty by ~2.5-3.0x by FY30 while maintaining healthy double-digit EBITDA margins. Growth is expected to be driven by premiumization, offline expansion,** increasing contribution from owned brands, and continued market-share gains across online beauty.
- Given the combination of marketplace leadership, owned brands, and omnichannel presence, we believe **the company appears well-positioned to participate disproportionately in the category's next phase of growth.**

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Fashion: Premium online fashion expected to triple; Nykaa targeting 3-3.5x scale by FY30

- **Management highlighted that premium online fashion is expected to roughly triple over the next five years, outpacing both overall fashion and online fashion growth.** Rising affluence, increasing discretionary spending, and stronger digital adoption remain the primary demand drivers.
- **Nykaa Fashion continues to focus on the ₹3,500-10,000 price band, which management views as the fastest-growing premium fashion segment online.** The company has consciously stayed away from mass fashion despite the larger addressable market.
- Customer quality continues to improve. More than 40% of acquisitions now come from Tier-1 cities, while over 50% of acquired customers use iOS or premium Android devices. Gen Z and Millennials (20-35 years) remain the largest customer cohorts.
- **Average order value remains around INR4,600, which is ~60% higher than relevant competitors.** The platform is also particularly strong in full-price and new-season merchandise, where management claims a ~70% advantage vs peers.
- Assortment depth continues to expand. **The platform now offers more than 300,000 styles, ~1,200 international brands, ~400 Indian-wear brands, and 150+ footwear brands.** International western wear is growing ~50% YoY and now contributes ~20% of western wear sales.
- Looking ahead, management has reiterated its ambition to scale **Fashion by ~3-3.5x by FY30 while achieving steady-state EBITDA margins of 10%+.** Women's contribution is expected to decline modestly from ~73% currently to ~65-70%, while men's contribution could increase from ~19% currently to ~20-25%.

House of Brands: Scaling beyond marketplace economics; FY30 contribution expected to increase materially

- **House of Nykaa has evolved into a meaningful business across Beauty and Fashion, with owned brands now spanning skincare, cosmetics, lingerie, activewear, and apparel categories.** We believe the strategic objective is increasingly shifting from assortment expansion toward building scaled consumer brands with independent market positions.
- Beauty-owned brands remain the largest contributors. **Dot & Key crossed INR10b NSV in FY26 and has become one of the fastest-growing digital-first skincare brands in the country.** The brand has grown ~128% YoY and ~27x over the last five years. Sunscreen sales have increased ~7x over the last two years, while newer categories such as barrier moisturizers, tinted sunscreens, and SPF lip balms continue to scale rapidly.
- **Fashion-owned brands are at a relatively early stage but are beginning to scale meaningfully. Nykd has reached a GMV run rate of ~INR1.5b and is emerging as one of the leading online premium lingerie brands.** KICA continues to benefit from strong growth in activewear and wellness-led consumption trends, while 20 Dresses is gaining traction within occasion-led western wear.
- **In our view, Nykaa's platform creates a structural incubation advantage.** Fashion today serves ~300,000 styles across categories, while customer discovery increasingly happens through content, personalization, and creator-led commerce. This allows the company to identify emerging brands and categories early, before allocating capital behind them.

- House of Brands is expected to grow faster than the core marketplace business and become a meaningfully larger contributor to group revenues and profits by FY30. **We believe profit contribution is expected to increase disproportionately, given the higher gross margins, stronger pricing control, and lower dependence on third-party brands.**

Margins: Fashion break-even achieved; FY30 roadmap driven by marketing efficiency and scale

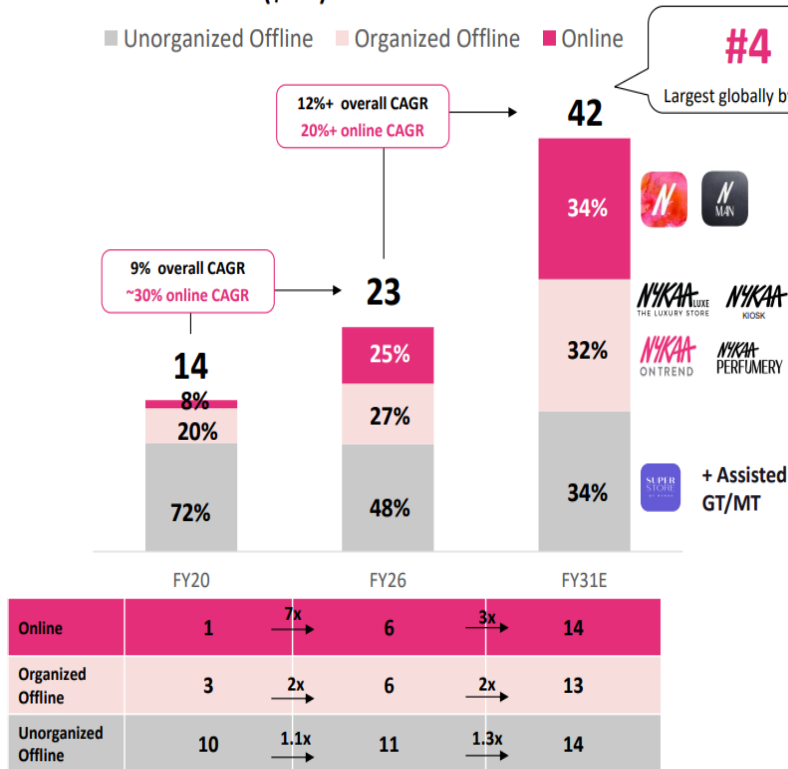
- FY26 marked an important profitability milestone for the Fashion business. **EBITDA margin expanded by nearly ~600bp**, rising from -8.3% in FY25 to -2.6% in FY26, **while the business achieved EBITDA break-even during 4QFY26.**
- Looking ahead, **Fashion is expected to deliver 10%+ steady-state EBITDA margins by FY30.** Approximately ~700bp of future margin expansion is expected to come from contribution-margin expansion, primarily driven by lower customer acquisition costs, improving customer retention, and better marketing efficiency.
- Marketing productivity is already showing signs of improvement. Marketing spend declined from ~31% of NSV to ~26% in FY26 and further to ~23% in 4QFY26. **We believe this reflects better customer targeting, improved conversion, and increasing scale benefits** rather than a temporary reduction in growth investments.
- **We believe quick-commerce and faster-delivery initiatives are unlikely to materially dilute profitability.** Inventory pooling, omnichannel fulfillment, and greater integration with brand-store inventory should help improve delivery speeds without requiring significant incremental inventory investments.
- At the group level, **we believe beauty continues to remain the primary profit pool and should sustain healthy double-digit EBITDA margins**, while Fashion gradually converges toward the company's long-term profitability framework.

Valuation and view

- **We continue to view Nykaa as one of the better-positioned consumer internet platforms in India**, supported by leadership in premium Beauty, improving Fashion economics, and the growing contribution of owned brands. **Nykaa aims to scale Beauty by ~2.5–3.0x and Fashion by ~3.0–3.5x by FY30, supported by favorable category tailwinds.** India's BPC market is expected to grow from ~USD23b to ~USD42b by FY31, while premium online fashion is expected to roughly triple over the next five years.
- We believe Beauty remains the key value driver, benefiting from premiumization, rising online penetration, omnichannel expansion (240+ stores), and scaling owned brands such as Dot & Key (>INR10b NSV). **Fashion has also reached an important inflection point, delivering ~30% GMV growth in FY26 and achieving EBITDA break-even in 4QFY26, with a stated ambition of 10%+ EBITDA margins by FY30.**
- **We value the BPC business at 50x EV/EBITDA, implying INR275/share**, and Fashion using a DCF approach, implying an INR27/share. Adjusting for net debt, we arrive at a TP of INR310. We believe much of the growth is now reflected in valuations, and following the strong share price performance over the past year, **the near-term risk-reward appears balanced. We reiterate our Neutral rating on the stock.**

Exhibit 1: India among the fastest growing BPC markets, a USD40b+ opportunity by FY31E

India BPC market size (\$ bn)



India BPC market growth accelerating

9%
FY20-26

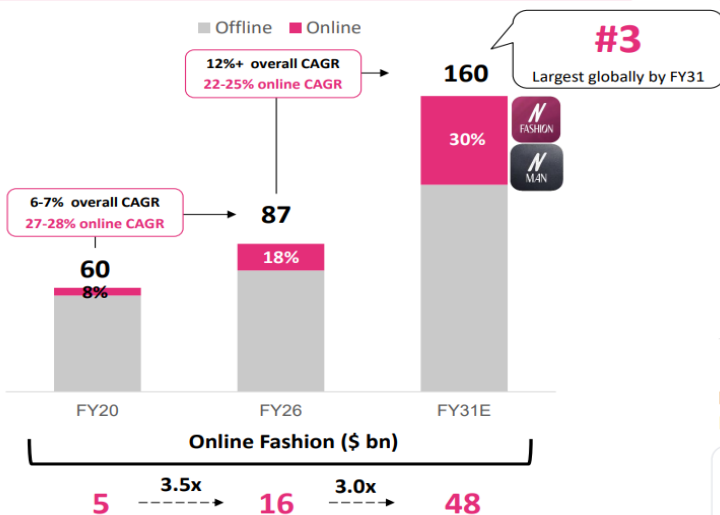
12%+
FY26-31E

Nykaa is well placed to serve BPC market across online, organized offline and unorganized offline, each exceeding \$13 bn+ by FY31

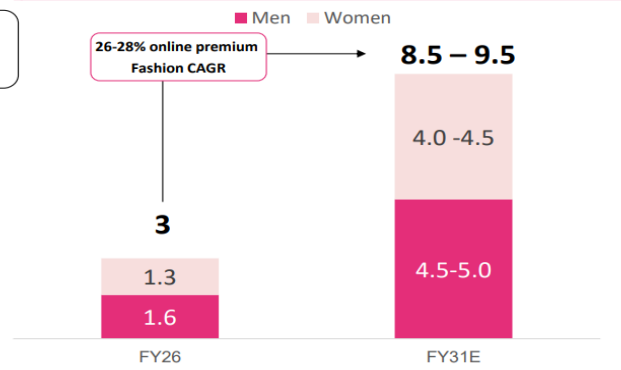
Source: Company

Exhibit 2: India online fashion market: a USD50b opportunity

India Fashion Market Size (\$ bn)



India online premium fashion market (\$ bn)

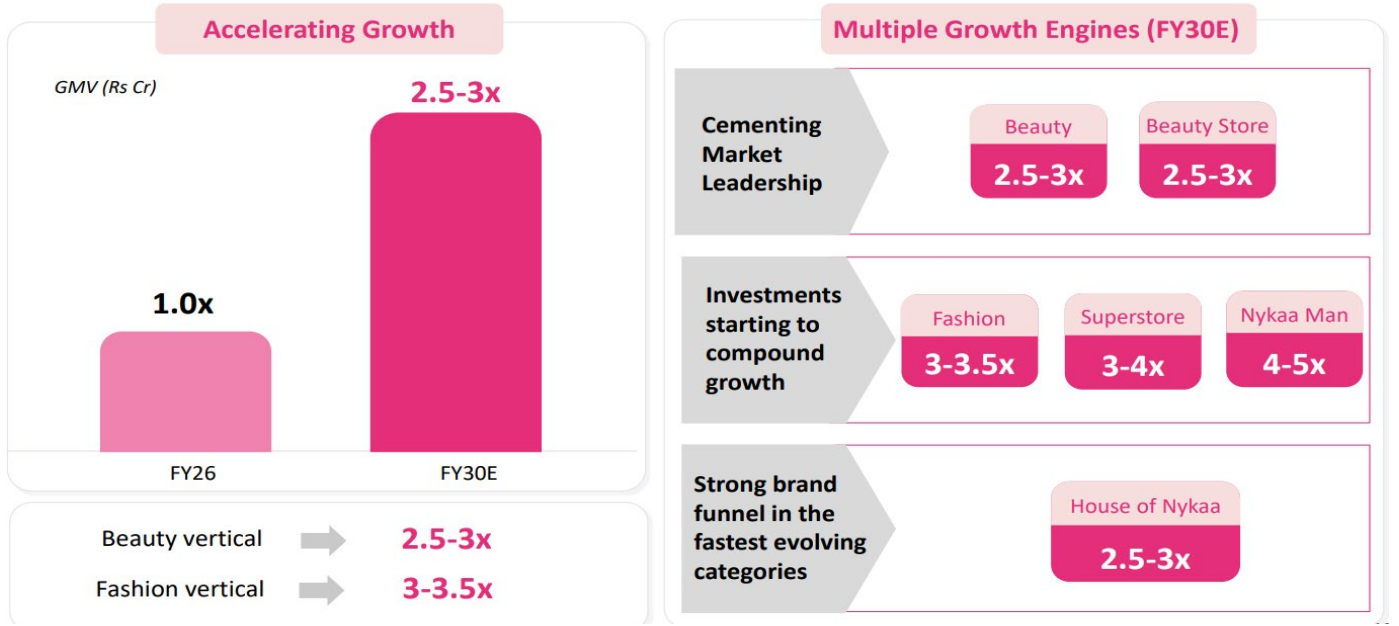


Premium fashion market in India is expected to become 3x by FY31, driven by

- Affluence Wave**
Urban household income to double from \$2.7 tr to \$6.5 tr in next 10 years
- Young India**
Gen Z accounts for nearly half of online fashion & beauty shoppers and spends 1.5x more online in lifestyle-led categories
- Digitalization**
90%+ of premium purchasing decisions are now digitally influenced

Source: Company

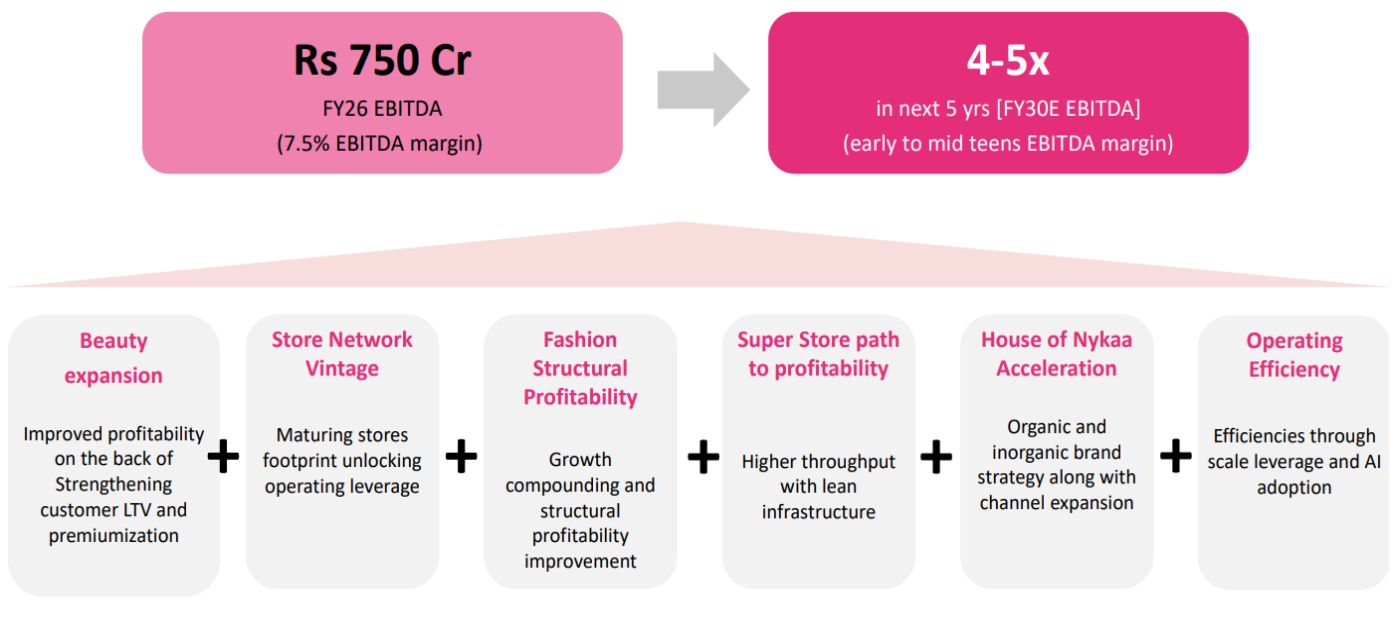
Exhibit 3: Ambition to become a USD5b+ GMV in FY30, 2.5-3x the current scale



Source: Company

Exhibit 4: Roadmap to EBITDA expansion

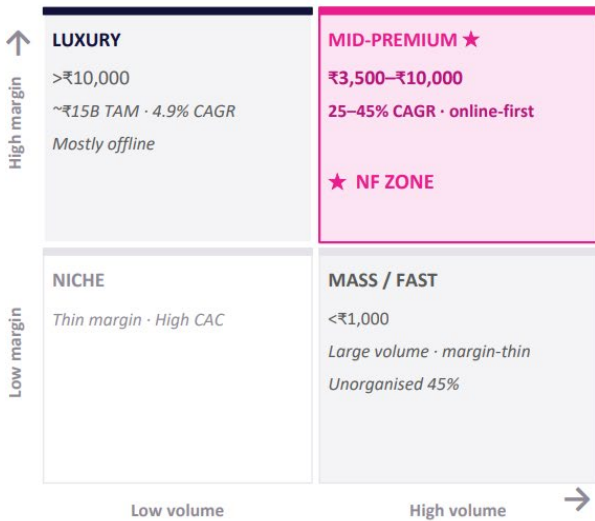
FY26 GMV number rounded off to 10s



Source: Company

Exhibit 5: India's consumer spending is premiumizing fast, making the fashion premium mid-market the highest-growth sweet spot

INDIA FASHION — VALUE × VOLUME



CAGR: FY26 to FY31 (E)

LIFESTYLE SIGNALS — the consumer is already premiumising across categories

Proliferation of discretionary spending - cafes, malls, multiplexes
Indians spending ₹500 on a coffee is the same customer spending ₹4,000 on a dress - the mid-premium lifestyle is mainstream, not aspirational.

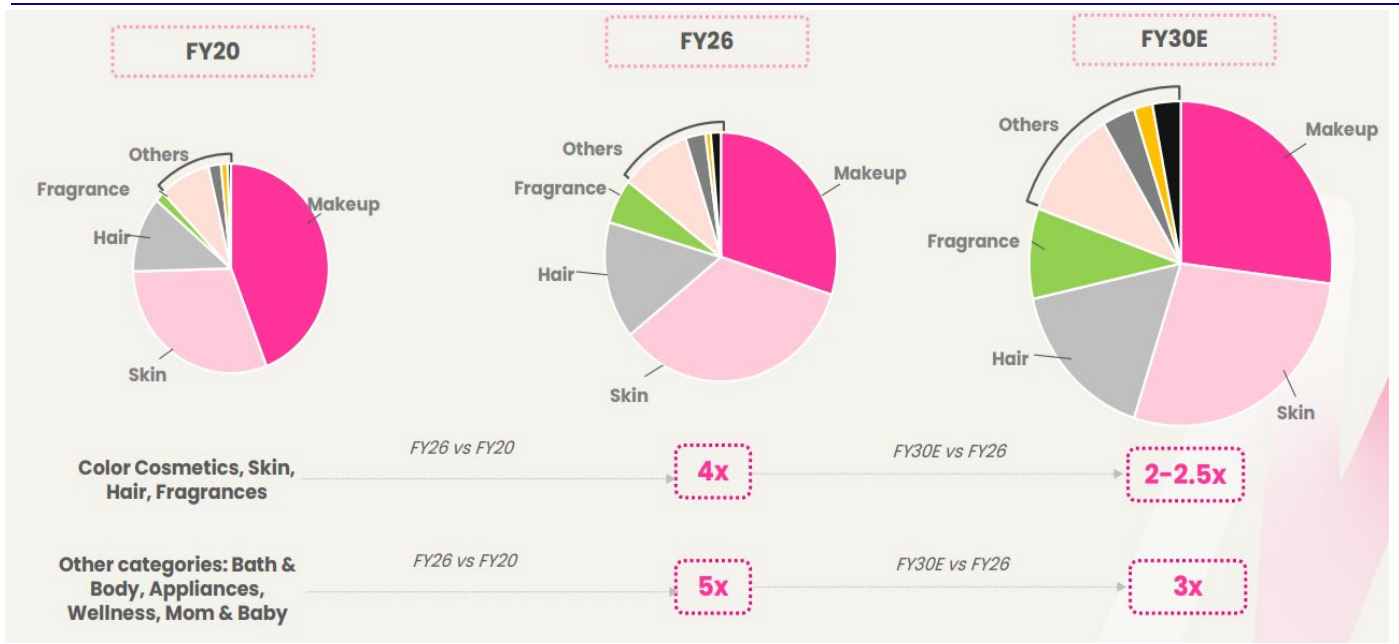
International travel hits record high
Consumers who travel internationally buy internationally. They return wanting clothes that match the context they've seen.

Occasion spending becomes habitual
Fitness & gyms, celebrations & occasion spending become instagrammable, fashion spending increases on occasions.

FASHION BRAND PROOF — brands growing fast in this price band



Exhibit 6: Scaling customer lifetime value through broader category adoption



Financials and valuations

Revenue Model							(INR Mn)	
Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	
AUTC (Mn)	8.4	10.5	12.4	15.8	19.7	23.1	28.8	
Order Frequency	3.2	3.4	3.5	3.4	3.3	3.7	3.7	
Orders/ Year	27	36	44	55	66	85	106	
AOV	1,857	1,857	1,985	2,021	2,068	2,113	2,149	
BPC GOV	51,816	71,736	90,550	1,17,750	1,49,530	1,96,185	2,47,722	
BPC Revenue (NSV)	34,485	47,091	58,100	72,510	91,392	1,21,404	1,53,302	
Fashion Revenue	3,254	4,347	5,680	6,750	8,322	9,829	12,480	
Others	0	0	74	240	507	938	1,959	
Revenue	37,739	51,438	63,856	79,498	1,00,224	1,32,171	1,67,740	

Income statement							(INR Mn)	
Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	
Sales	37,739	51,438	63,856	79,498	1,00,224	1,32,171	1,67,740	
Change (%)	NA	36.3	24.1	24.5	26.1	31.9	26.9	
Inventory of traded goods	21,300	28,657	36,464	44,727	55,065	73,513	94,313	
Gross Profit	16,439	22,781	27,392	34,771	45,158	58,658	73,427	
% of Net Sales	43.6	44.3	42.9	43.7	45.1	44.4	43.8	
Employee Expenses	3,265	4,917	5,649	6,661	7,715	11,102	14,090	
Other Expenses	11,542	15,304	18,281	23,371	29,923	35,594	43,344	
EBITDA	1,632	2,560	3,462	4,740	7,520	11,962	15,993	
% of Net Sales	4.3	5.0	5.4	6.0	7.5	9.1	9.5	
Depreciation	964	1,733	2,242	2,664	3,203	4,084	4,456	
EBIT	668	827	1,220	2,076	4,317	7,878	11,536	
% of Net Sales	1.8	1.6	1.9	2.6	4.3	6.0	6.9	
Other Income (net)	-195	-444	-529	-800	-844	-880	-900	
PBT	473	384	691	1,275	3,473	6,998	10,636	
Tax	60	136	253	538	1,320	2,449	3,308	
Rate (%)	12.7	35.4	36.6	42.1	38.0	35.0	31.1	
Adjusted PAT	412	248	438	738	2,153	4,549	7,328	
Extraordinary gains/loss	0	0	0	0	101	0	0	
Minority Interest	0	39	40	16	15	0	0	
Reported PAT	412	209	398	721	2,038	4,549	7,328	
Change (%)	NA	-49%	91%	81%	182%	123%	61%	

Balance Sheet							(INR Mn)	
Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	
Share capital	474	2,852	2,856	2,859	2,863	2,863	2,863	
Reserves	12,925	10,928	9,766	10,154	11,517	16,065	23,393	
Net Worth	13,455	13,922	12,810	13,427	15,021	19,570	26,898	
Loans	2,052	2,137	1,593	3,218	3,152	5,557	5,602	
Capital Employed	15,508	16,059	14,403	16,644	18,173	25,127	32,499	
Net Block	3,718	5,433	4,966	6,016	7,614	8,301	8,695	
Intangibles	1,262	1,844	1,952	2,668	2,465	2,122	1,780	
Other LT assets	2,210	3,167	4,158	4,341	4,145	4,145	4,145	
Curr. Assets	19,271	19,056	22,929	26,771	31,889	38,896	48,817	
Inventories	8,756	10,051	11,920	14,175	16,422	21,656	28,493	
Debtors	945	1,635	2,416	2,466	2,894	3,621	4,596	
Cash & Bank Balance	2,670	1,487	2,399	2,172	3,200	4,367	4,826	
Investments	4,879	2,645	1,833	2,693	3,123	3,082	3,632	
Other Current Assets	2,020	3,237	4,361	5,265	6,251	6,170	7,271	
Current Liab. & Prov	10,953	13,441	19,603	23,151	27,941	28,338	30,938	
Net Current Assets	8,318	5,615	3,327	3,620	3,948	10,558	17,879	
Application of Funds	15,507	16,059	14,403	16,644	18,173	25,127	32,499	

Financials and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)							
EPS	0.1	0.1	0.1	0.3	0.7	1.6	2.6
Cash EPS	0.5	0.7	0.9	1.2	1.8	3.0	4.1
Book Value	4.8	4.9	4.5	4.7	5.2	6.8	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	2,042.4	4,085.0	2,137.5	1,182.6	418.7	187.6	116.4
Cash P/E	612.0	439.4	322.4	252.0	162.8	98.8	72.4
EV/EBITDA	515.8	333.4	245.7	180.2	113.4	71.4	53.4
EV/Sales	22.3	16.6	13.3	10.7	8.5	6.5	5.1
Price/Book Value	62.6	61.3	66.5	63.6	56.8	43.6	31.7
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	14.4	26.3	31.5
RoCE	3.6	3.7	6.4	10.0	19.9	31.1	36.2

Turnover Ratios

Debtors (Days)	9	12	14	11	11	10	10
Fixed Asset Turnover (x)	7.6	7.1	9.2	9.2	9.9	12.7	16.0

Cash Flow Statement

(INR Mn)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
CF from Operations	1,109	1,888	2,516	4,455	6,594	9,513	12,684
Cash for Working Capital	-4,649	-3,290	-2,513	211	-151	-3,505	-6,863
Net Operating CF	-3,540	-1,402	3	4,666	6,443	6,008	5,822
Net Purchase of FA	-940	-2,082	-1,107	-1,272	-1,539	-1,233	-1,254
Free Cash Flow	-4,480	-3,484	-1,105	3,394	4,904	4,775	4,567
Net Purchase of Invest.	-5,088	3,477	1,006	-782	-51	300	310
Net Cash from Invest.	-6,028	1,396	-101	-2,054	-1,589	-933	-944
Proc. from equity issues	8,727	288	172	-2,499	352	0	0
Proceeds from LTB/STB	1,456	1,263	2,200	2,768	-2,079	0	0
Others	-913	-1,503	-1,930	-2,390	-2,604	-3,908	-4,419
Dividend Payments	0	0	0	0	0	0	0
Cash Flow from Fin.	9,270	49	443	-2,120	-4,331	-3,908	-4,419
Net Cash Flow	-298	42	344	492	523	1,167	458
Opening Cash Bal.	669	372	414	758	1,249	1,772	2,939
Forex differences	0	0	0	0	0	0	0
Add: Net Cash	-298	42	344	492	523	1,167	458
Closing Cash Bal.	371	414	758	1,249	1,772	2,939	3,397

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Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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