

FSN E-Commerce Ventures | BUY

Growth momentum sustained with improving margins

Continuing with the recent trend, Nykaa reported another quarter of robust growth with Fashion segment also participating finally. Nykaa BPC delivered 26% GMV growth YoY along with 24% revenue growth while also improving EBITDA margin to 9.0% (+50bps YoY). With growth returning, Fashion segment reported substantial improvement (+300bps YoY) in EBITDA margin to reach INR 180mn in quarterly losses. Overall, the company reported 23% YoY growth in revenue to reach INR 21.6bn with EBITDA margin reaching 6.5% (flat QoQ, +100bps YoY). With core BPC continuing to improve profitability along with a decline in losses in Fashion and eB2B, we expect the company to see accelerated consolidated EBITDA margin improvement. Reiterate 'BUY' with Jun'26 TP of INR 260.

- **BPC growth momentum continues with margin improvement chugging along:** Nykaa BPC reported 26% YoY GMV growth, driven by robust order growth as well as higher AOV (4% YoY), primarily due to premiumisation. Offline retail was also strong (33% YoY) supported by double digit SSSG growth and accelerated store expansion with 250 stores in 82 cities. Furthermore, our triangulation suggests that core BPC (excluding eB2B and Nykaa Man) was at 25%/24% GMV/NSV growth, suggesting sustained strength despite tepid demand environment. Core BPC GM improved 190bps YoY due to rising owned brands salience. However, CM expansion was slower at 70bps YoY due to increase in marketing spends on account of increasing mix of owned brands, hence core BPC EBITDA margin improved only 20bps YoY. We expect the segment to sustain revenue growth along with margin improvement driven by sharper expansion of House of Brands and Physical store margins, along with 30-40bps annual expansion in online platform margin.
- **Fashion GMV gains further momentum with margins improving strongly:** Nykaa Fashion reported GMV/NSV growth of 25%/20% YoY, indicating recovery for 2nd consecutive quarter. Revenue growth however was lower at 15% YoY due to muted performance of Fashion owned brands and lower LBB mix. Gross margin dipped 20bps YoY and increase in fulfilment expenses by 140bps resulted in contribution margin (as % of NSV) dipping 210bps YoY to reach 8.0%. However, scale efficiencies in Other expenses enabled sharp EBITDAM rise of 304bps. The segment remains on track to deliver EBITDA breakeven in FY26. Management noted that margin expansion is structural in nature and will continue to improve as the business scales. Furthermore, besides women category, Men and Kids are gaining share in the mix with 16% / 5% share respectively as of 1QFY26.
- **Reiterate 'BUY', Jun'26 TP rises to INR 260:** Despite unfavourable demand environment, Nykaa has delivered against the odds to improve margins while delivering industry-leading growth across segments. Our numbers remain largely unchanged with revenue estimates declining marginally while EBITDA margin improves slightly. We expect the company to sustain growth momentum with higher BPC profits getting unburdened of the losses in Fashion and eB2B gradually. We roll forward to Jun'26 TP of INR 260 (INR 250 earlier) as Nykaa remains one of the highest compounding consumption plays in India with track record of delivering across cycles and even against aggressive competition. Reiterate BUY.



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	260
Upside/(Downside)	27.1%
Previous Price Target	250
Change	4.0%

Key Data – NYKAA IN

Current Market Price	INR205
Market cap (bn)	INR585.4/US\$6.7
Free Float	48%
Shares in issue (mn)	2,859.0
Diluted share (mn)	2,873.3
3-mon avg daily val (mn)	INR2,437.6/US\$27.8
52-week range	230/155
Sensex/Nifty	80,236/24,487
INR/US\$	87.7

Price Performance

%	1M	6M	12M
Absolute	-5.8	19.0	5.2
Relative*	-3.1	12.9	3.5

* To the BSE Sensex

Financial Summary	(INR mn)				
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	63,856	79,498	1,00,335	1,26,301	1,57,922
Sales Growth (%)	24.1	24.5	26.2	25.9	25.0
EBITDA	3,461	4,726	7,567	11,764	17,484
EBITDA Margin (%)	5.4	5.9	7.5	9.3	11.1
Adjusted Net Profit	362	664	2,419	5,339	9,701
Diluted EPS (INR)	0.1	0.2	0.8	1.9	3.4
Diluted EPS Growth (%)	56.2	83.4	264.4	120.7	81.7
ROIC (%)	5.3	7.1	16.5	30.9	50.1
ROE (%)	2.7	5.1	16.4	28.1	35.9
P/E (x)	1,627.8	887.3	243.5	110.3	60.7
P/B (x)	46.5	45.0	37.5	27.6	18.8
EV/EBITDA (x)	170.0	125.1	77.8	49.7	32.9
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 12/Aug/2025

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

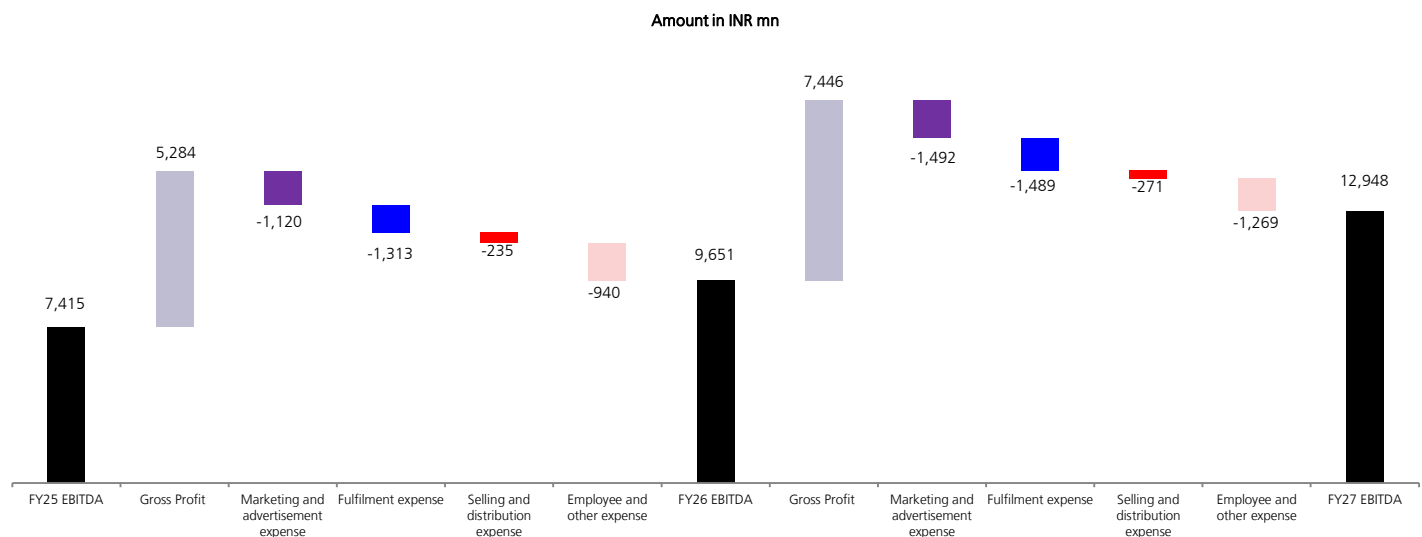
Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

- **Superstore growth remains robust but profitability will be gradual:** Nykaa's eB2B platform, 'SuperStore' (which is part of BPC segment from 1QFY25 onwards) continues to see strong GMV growth of 40% YoY, reaching 305k retailers in 1,110+ cities. Superstore now contributes ~9% to BPC GMV. Gross margin improved 139bps YoY (driven by increasing share of House of Nykaa brands (~7x YoY increase), premium brands and higher service income while contribution margin improved sharply with 309bps YoY due to reduction in freight and packaging cost as company shifts from 3rd party warehouses to owned warehouses leading to reduction in fulfilment costs. As the business scales, operating leverage kicks in, as evident from 515bps YoY EBITDAM improvement. We expect Superstore business to turn contribution profitable in H2FY27 with EBITDA profitability anticipated in H2FY29.
- **Owned brands remain strong with Fashion owned brands seeing strategic distribution channel shift to Nykaa platform:** Beauty owned brands have shown strong GMV growth of 70% YoY to reach INR 5.8bn in 1QFY26 driven by strong growth in Dot & key (1QFY26 GMV run rate of INR 15bn+), Nykaa Cosmetics (1QFY26 GMV run rate of INR 3.5bn) and Kay Beauty (1QFY26 GMV run rate of INR 2.5bn+). Meanwhile, Fashion owned brands GMV grew 7% YoY to reach INR 0.97bn in 1QFY26. In Fashion, Nykd has reached INR 1.7bn+ (~3x in 3 years) in 1QFY26. For Fashion brands, company will be refining assortment with focus on only select brands. As 3P fashion marketplaces have struggled for growth, company has revamped its channel strategy by driving higher mix from Nykaa Fashion platform (+26% YoY). Overall, Nykaa's house of brands portfolio has crossed INR 27bn GMV mark.
- **Nykaa Now penetration rises:** Nykaa has expanded 'Nykaa Now' into India's most comprehensive rapid-delivery beauty platform, offering the widest range of luxury, FMCG, and D2C beauty products with delivery in 30-120 minutes. The service is live in 7 cities through 50+ rapid delivery stores, having fulfilled 1.3mn+ orders till date. Supported by Nykaa's integrated network of warehouses, offline stores, and rapid hubs, Nykaa Now addresses growing demand for speed and convenience while maintaining brand experience and product quality. Management noted that it already offers the largest assortment of beauty products for rapid delivery in India and is scaling sustainably with strong resonance among urban consumers while not impacting BPC fulfilment expenses much.
- **Nykaa Fashion Edit:** Nykaa Fashion introduced Nykaa Fashion Edit, a curated shopping property designed to position the platform as India's leading style destination. The Edit features occasion-based, festive, and influencer-led stores, combining manual curation with tech-enabled trend-scraping to refresh assortments in real time. This format aims to move beyond transactional retail into a discovery-driven experience, deepening engagement and elevating brand equity.
- **BPC EBITDA Margin expansion sustained despite investments in customer acquisition:** With the management aggressively investing into new customer acquisition, there has been significant reinvestment in order to broaden the customer funnel. Though, core BPC contribution margin declined sequentially by 50bps, it was mainly due to higher marketing spend on owned brands which are in high growth phase and also have the gross margins to absorb the higher marketing expense. However, it needs to be noted that CM improved 70bps YoY to reach 26.2% despite these investments. With revenue growing in mid-twenties, Nykaa BPC segment is expected to deliver sustained EBITDA margin expansion to reach 12.7%/13.7% in FY27/FY28 from 11.2% in FY25. Our triangulation of BPC mix across eB2B, Physical Stores, Private Labels and Online Platform suggests that Nykaa's online platform is currently operating at 14% EBITDAM with 30-40bps annual expansion likely over the next couple of years. However, other channels of BPC are expected to deliver a much sharper margin enhancement to drive mix-related margin accretion.

Exhibit 1. Triangulation for EBITDA margins in BPC (channel-wise)

Particulars	FY25	FY26E	FY27E	Comments
Total BPC GMV	117,742	149,099	186,329	JMFe
eB2B+Nykaa Man	11,194	15,896	21,460	JMFe
Physical Stores	9,039	11,751	15,276	Assuming 30% CAGR
House of Brands	16,950	26,273	40,722	Assuming 55% CAGR
Online Platform	80,559	95,180	108,871	Calculated
GMV-Revenue conversion	61.6%	61.3%	61.6%	JMFe
eB2B+Nykaa Man	58.9%	56.8%	58.2%	JMFe
Physical Stores	62.7%	63.0%	63.5%	Assumed in-line with online platform, lower discounts and returns with lower ad revenue too
House of Brands	57.7%	57.7%	57.7%	Assumed lower conversion than online platform due to minimal ad income and higher discounts
Online Platform	62.7%	62.9%	63.5%	Calculated
Revenue	72,512	91,413	114,778	JMFe
eB2B+Nykaa Man	6,592	9,035	12,486	JMFe
Physical Stores	5,663	7,403	9,700	Calculated
House of Brands	9,772	15,146	23,476	Calculated
Online Platform	50,485	59,829	69,115	Calculated
EBITDA	5,946	8,173	11,780	JMFe
eB2B+Nykaa Man	-1,469	-1,478	-1,168	JMFe
Physical Stores	57	259	728	Assumed
House of Brands	391	984	2,230	Assumed
Online Platform	6,968	8,408	9,990	Calculated
EBITDA margin	8.2%	8.9%	10.3%	
eB2B+Nykaa Man	-22.3%	-16.4%	-9.4%	JMFe
Physical Stores	1.0%	3.5%	7.5%	Assumed 1% margin in FY25 due to rapid store expansion
House of Brands	4.0%	6.5%	9.5%	Assuming EBITDA margin of 4% in FY25 with 250bps annual expansion
Online Platform	13.8%	14.1%	14.5%	Online platform margin needs to improve only by 30bps annually to deliver on JMFe

Source: JM Financial

Exhibit 2. Core BPC segment journey to FY27 EBITDA (in INR mn)

Source: Company, JM Financial estimates

Exhibit 3. Nykaa Q1FY26 vis-à-vis JMFe and consensus estimates

Financial Performance (Consol.)	1Q26A	1Q25A	Change (YoY)	4Q25A	Change (QoQ)	Estimate (JMFe)	Variance (vs. JMFe)	Estimate (Cons)	Variance (vs. Cons.)
Total GMV (INR mn)	41,820	33,209	25.9%	41,020	2.0%	42,089	-0.6%	42,286	-1.1%
BPC	32,080	25,429	26.2%	30,580	4.9%	32,397	-1.0%	34,106	-5.9%
Fashion	9,638	7,741	24.5%	10,370	-7.1%	9,618	0.2%	9,810	-1.8%
Others	102	39	161.5%	70	45.7%	74	37.7%		
Total NSV (INR mn)	21,370	17,183	24.4%	20,430	4.6%	21,315	0.3%		
BPC	18,340	14,695	24.8%	17,570	4.4%	18,458	-0.6%		
Fashion	2,940	2,449	20.0%	2,800	5.0%	2,789	5.4%		
Others	90	39	130.8%	60	50.0%	68	32.0%		
Revenue from operations (INR mn)	21,549	17,461	23.4%	20,618	4.5%	21,706	-0.7%	21,701	-0.7%
Gross Profit (INR mn)	9,615	7,560	27.2%	9,090	5.8%	9,410	2.2%	9,434	1.9%
Gross margin	44.6%	43.3%	132bp	44.1%	53bp	43.4%	126bp	43.5%	115bp
EBITDA (INR mn)	1,407	961	46.4%	1,334	5.5%	1,359	3.5%	1,472	-4.4%
EBITDA margin	6.5%	5.5%	102bp	6.5%	6bp	6.3%	27bp	6.8%	-25bp
PAT ex-MI and Exceptional (INR mn)	233	96	141.9%	203	15.0%	237	-1.5%	328	-29.0%
Diluted EPS (INR)	0.08	0.03	141.9%	0.07	15.0%	0.08	-1.5%	0.15	-45.2%

Source: Company, JM Financial, Bloomberg

Company Financial Metrics

Exhibit 4. Key Financials

	4QFY24	FY24	1QFY25	2QFY25	3QFY25	4QFY25	FY25	1QFY26
Group GMV* (INR mn)	32,174	124,463	33,209	36,525	45,279	41,020	156,033	41,820
BPC	23,377	83,409	25,429	27,834	33,899	30,580	117,742	32,080
Fashion	8,760	32,699	7,741	8,633	11,299	10,370	38,043	9,638
Others	36	68	39	58	81	70	248	102
Cons. revenue (INR mn)	16,680	63,856	17,461	18,747	22,672	20,618	79,498	21,549
Change (YoY)	28.1%	24.1%	22.8%	24.4%	26.7%	23.6%	24.5%	23.4%
Gross profit (INR mn)	7,102	27,392	7,560	8,210	9,911	9,090	34,772	9,615
Gross margin	42.6%	42.9%	43.3%	43.8%	43.7%	44.1%	43.7%	44.6%
Operating profit (EBITDA)	933	3,462	961	1,037	1,408	1,334	4,739	1,407
EBITDA margin	5.6%	5.4%	5.5%	5.5%	6.2%	6.5%	6.0%	6.5%
Depreciation & amortization	596	2,242	601	636	698	729	2,664	761
EBIT	336	1,219	361	400	710	605	2,075	645
EBIT margin	2.0%	1.9%	2.1%	2.1%	3.1%	2.9%	2.6%	3.0%
Net other income	-141	-529	-140	-188	-264	-209	-801	-208
Exceptionals	0	0	0	0	0	0	0	0
Profit before tax	196	690	221	213	446	396	1,275	437
Income tax expense	98	253	78	78	176	205	538	192
Share of associate	-7	-40	-6	-5	-6	0	-16	0
Minority Interest	21	75	40	29	3	-12	60	12
Reported PAT	97	437	142	134	270	191	737	245
Change (YoY)	124.8%	76.1%	120.6%	44.7%	47.9%	95.6%	68.8%	71.8%
PAT for common stocks	69	323	96	100	261	203	661	233
Change (YoY)	180.8%	67.4%	197.9%	71.7%	61.4%	192.6%	105.2%	141.9%

Source: Company, JM Financial. Note: *as per new segmental reporting

Company Operating Metrics

Exhibit 5. Key Operating Metrics

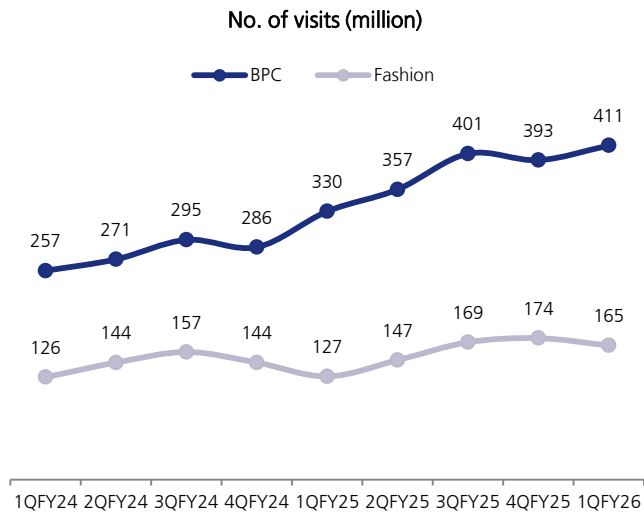
	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
No. of visits (million)									
BPC	269	286	311	303	330	357	401	393	411
Fashion	126	144	157	144	127	147	169	174	165
Monthly average unique visitors (million)									
BPC	27	29	33	32	33	34	-	-	39
Fashion	17	18	19	17	16	18	-	-	20
Orders (million)									
BPC Orders (million)	9.9	10.5	11.7	11.7	12.4	12.9	15.0	14.2	14.5
Fashion Orders (million)	1.5	1.5	2.0	1.7	1.7	1.8	2.1	2.1	2.0
Average order value (INR)									
BPC AOV (INR)	1,849	1,916	2,024	1,788	1,924	2,038	2,127	1,978	2,009
Fashion AOV (INR)	4,058	4,061	4,681	4,546	4,237	4,465	4,901	4,738	4,504
Others AOV (INR)	3,561	3,541	4,027	3,966					
Annual unique transacting consumers (million)									
BPC	10.8	11.3	11.7	12.4	13.1	13.7	14.8	15.8	16.5
Fashion	2.6	2.8	2.9	3.0	3.1	3.0	3.1	3.2	3.4

Source: Company, JM Financial.

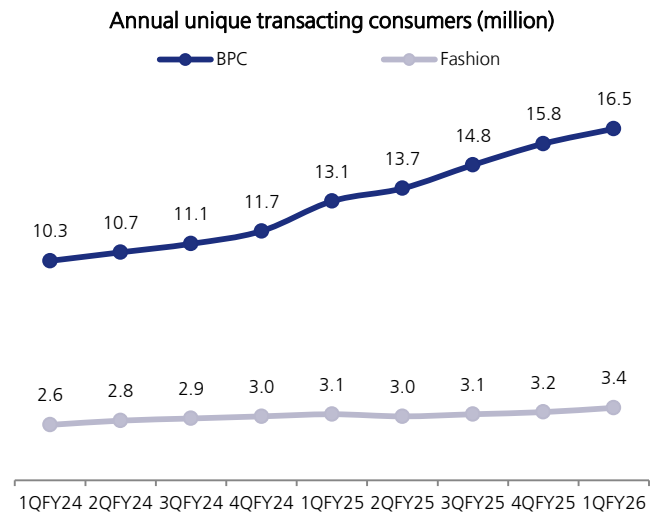
Exhibit 6. Quarterly business vertical-wise performance

All numbers are in INR mn	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Total GMV	26,672	29,438	36,179	32,172	33,209	36,525	45,279	41,020	41,820
BPC	19,908	21,559	25,696	23,377	25,429	27,834	33,899	30,580	32,080
Core BPC	18,501	20,016	23,695	21,197	23,122	25,242	30,938	27,246	28,873
eB2B+NM BPC	1,407	1,543	2,001	2,180	2,307	2,592	2,961	3,334	3,207
Fashion	6,758	7,872	10,465	8,760	7,741	8,633	11,299	10,370	9,638
Others	6	8	18	36	39	58	81	70	102
Total NSV	14,215	14,983	17,868	16,488	17,183	18,432	22,190	20,430	21,370
BPC	12,121	12,566	14,954	13,979	14,695	15,661	18,817	17,570	18,340
Core BPC	11,298	11,675	13,805	12,712	13,356	14,199	17,170	15,667	16,515
eB2B+NM BPC	823	891	1,149	1,267	1,339	1,462	1,647	1,903	1,825
Fashion	2,089	2,411	2,899	2,479	2,449	2,714	3,295	2,800	2,940
Others	5	6	15	30	39	57	78	60	90
Revenue	14,218	15,070	17,888	16,680	17,461	18,747	22,672	20,618	21,549
BPC	12,984	13,695	16,227	15,193	15,935	17,029	20,600	18,948	19,754
Core BPC	12,142	12,782	15,045	13,887	14,545	15,495	18,857	17,022	17,945
eB2B+NM BPC	842	913	1,182	1,306	1,390	1,533	1,743	1,925	1,809
Fashion	1,225	1,365	1,640	1,454	1,486	1,661	1,990	1,610	1,708
Others	9	10	21	33	40	58	82	60	87
Gross Profit	6,186	6,496	7,607	7,103	7,560	8,210	9,911	9,090	9,615
BPC	5,223	5,427	6,317	5,949	6,328	6,828	8,175	7,786	8,186
Core BPC	5,111	5,300	6,142	5,764	6,129	6,580	7,891	7,459	7,898
as % of revenue	42.1%	41.5%	40.8%	41.5%	42.1%	42.5%	41.8%	43.8%	44.0%
eB2B+NM BPC	112	127	175	185	199	248	284	327	288
as % of revenue	13.2%	13.9%	14.8%	14.2%	14.3%	16.2%	16.3%	17.0%	15.9%
Fashion	957	1,061	1,274	1,137	1,210	1,348	1,691	1,270	1,387
as % of revenue	78.1%	77.7%	77.7%	78.2%	81.4%	81.2%	85.0%	78.9%	81.2%
Others	6	8	16	17	21.8	34.2	45.4	34.2	42.1
Contribution Profit	2,940	3,043	3,331	3,250	3,479	3,696	4,296	4,120	4,405
BPC	2,853	2,920	3,122	3,057	3,230	3,439	3,997	4,026	4,151
Core BPC	2,993	3,081	3,288	3,240	3,409	3,584	4,158	4,177	4,333
as % of NSV	26.5%	26.4%	23.8%	25.5%	25.5%	25.2%	24.2%	26.7%	26.2%
eB2B+NM BPC	-140	-161	-166	-183	-179	-145	-161	-151	-182
as % of NSV	-17.1%	-18.1%	-14.4%	-14.4%	-13.4%	-9.9%	-9.8%	-7.9%	-10.0%
Fashion	89	121	200	209	248.8	256.2	289	94	235
as % of NSV	4.3%	5.0%	6.9%	8.4%	10.2%	9.4%	8.8%	3.4%	8.0%
Others	-2	2	9	-16	0.6	0.55	10.4	0.2	19.1
EBITDA	735	809	990	938	961	1,037	1,408	1,334	1,407
BPC	1,054	1,106	1,235	1,265	1,255	1,356	1,651	1,684	1,646
Core BPC	1,339	1,419	1,566	1,597	1,618	1,703	2,038	2,057	2,038
as % of NSV	11.9%	12.2%	11.3%	12.6%	12.1%	12.0%	11.9%	13.1%	12.3%
eB2B+NM BPC	-285	-312	-331	-332	-363	-347	-387	-372	-392
as % of NSV	-34.6%	-35.1%	-28.8%	-26.2%	-27.1%	-23.7%	-23.5%	-19.6%	-21.5%
Fashion	-295	-288	-214	-217	-225	-244	-178	-283	-183
as % of NSV	-14.1%	-11.9%	-7.4%	-8.7%	-9.2%	-9.0%	-5.4%	-10.1%	-6.2%
Others	-23	-10	-31	-111	-69	-75	-65	-68	-57

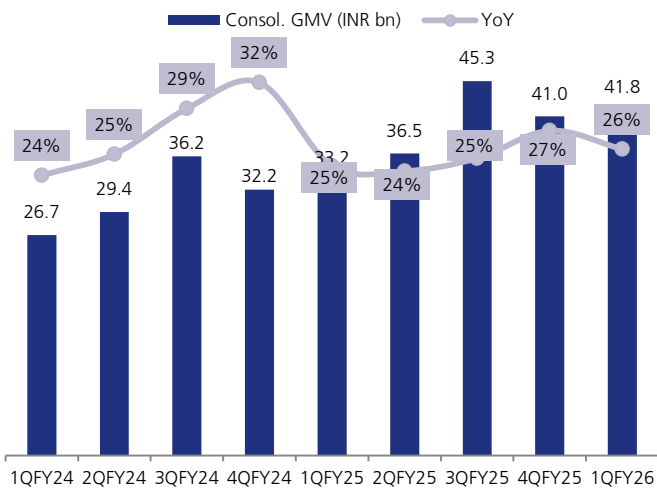
Source: Com Company, JM Financial. Others includes Nykaa Man Lifestyle and LBB for FY24 quarters.

Exhibit 7. Number of visits on Nykaa Platforms

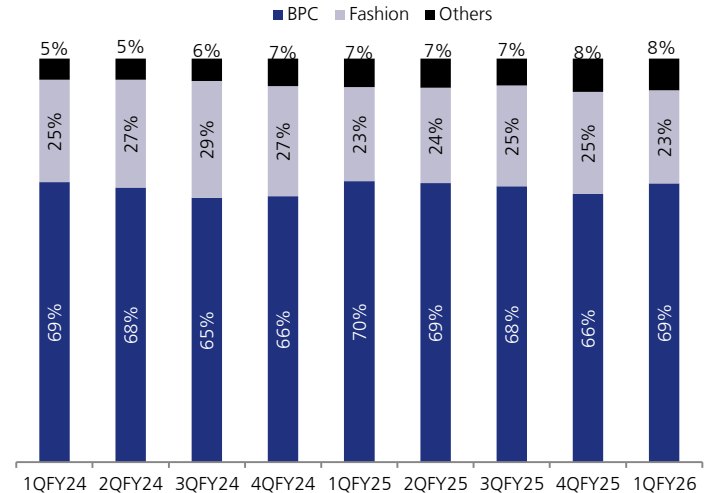
Source: Company, JM Financial

Exhibit 8. Annual unique transacting consumers

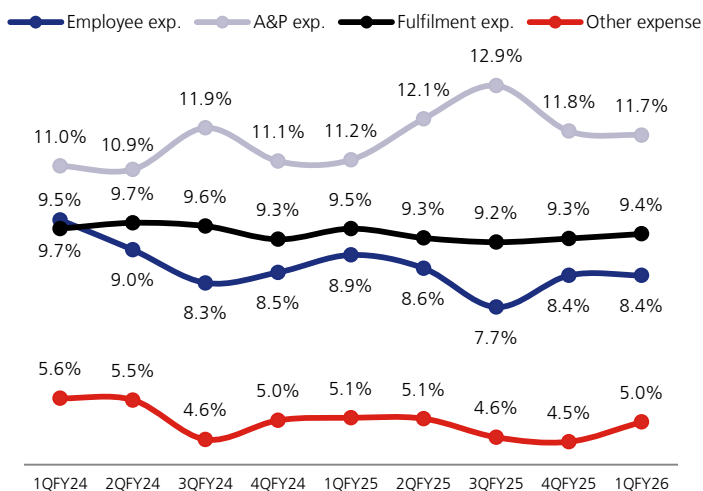
Source: Company, JM Financial

Exhibit 9. Group GMV Trend

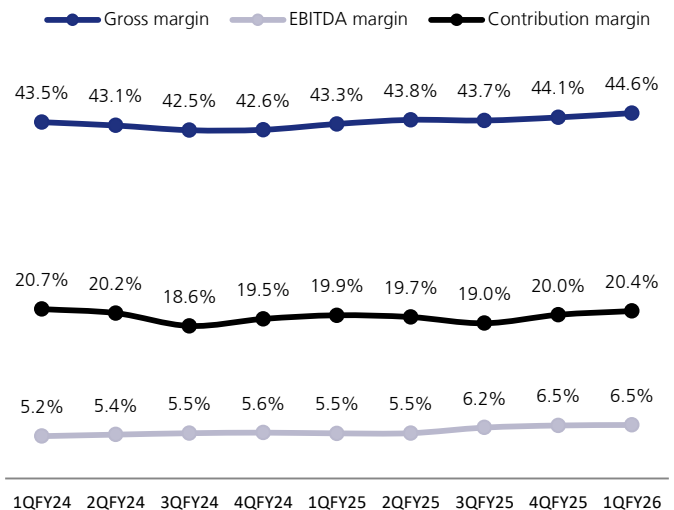
Source: Company, JM Financial

Exhibit 10. Group GMV Share

Source: Company, JM Financial. Others includes Nykaa Man Lifestyle and LBB for FY24 quarters.

Exhibit 11. Key Operating costs as % of Revenue

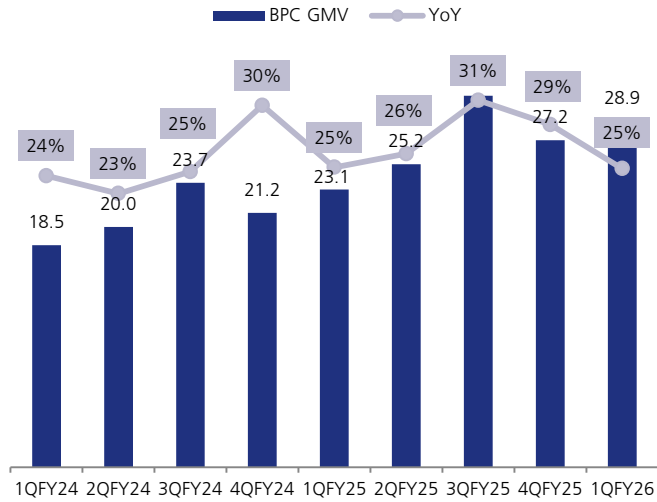
Source: Company, JM Financial

Exhibit 12. Margin Trends

Source: Company, JM Financial

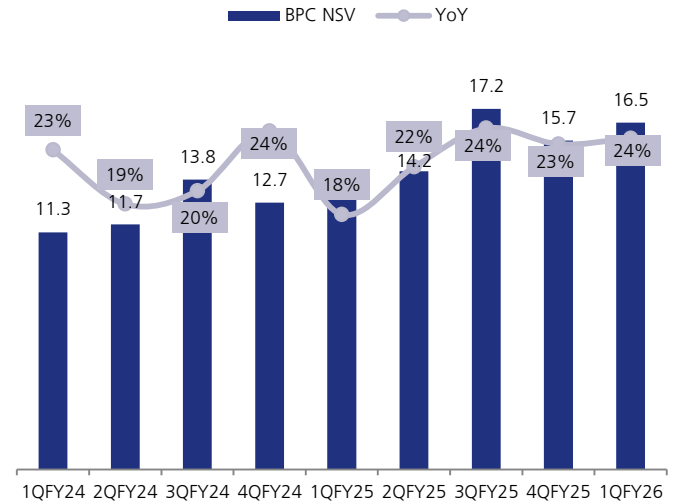
Core Beauty & Personal Care Operating Metrics

Exhibit 13. GMV trend (INR bn)



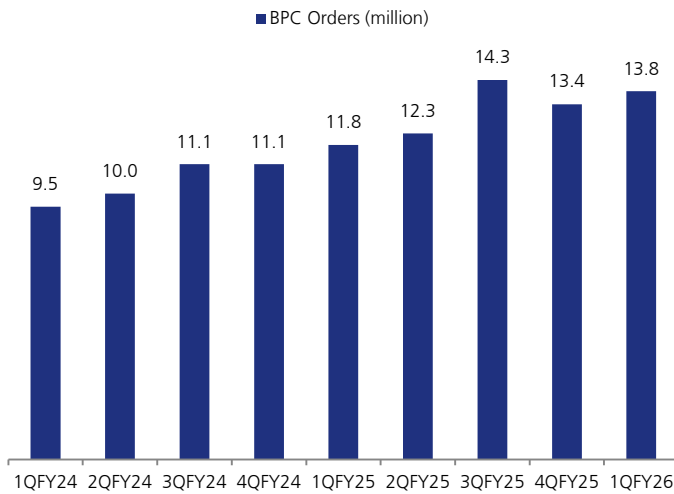
Source: Company, JM Financial

Exhibit 14. NSV trend (INR bn)



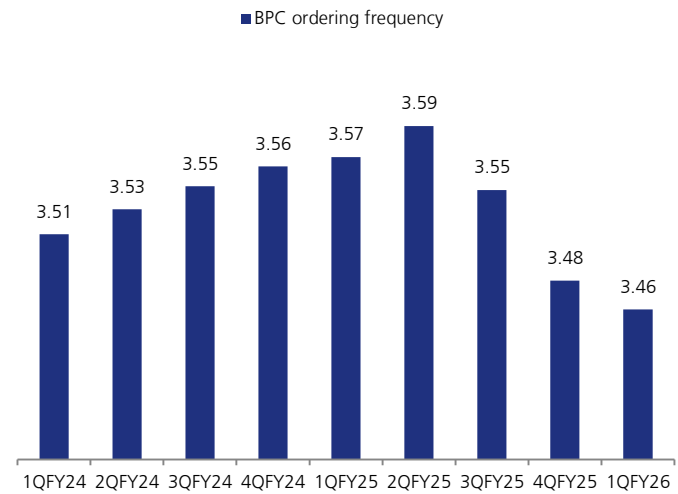
Source: Company, JM Financial

Exhibit 15. Orders trend



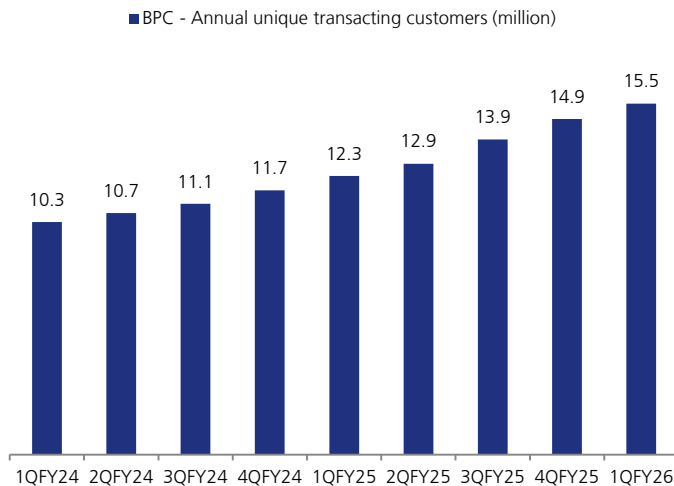
Source: Company, JM Financial

Exhibit 16. Ordering frequency



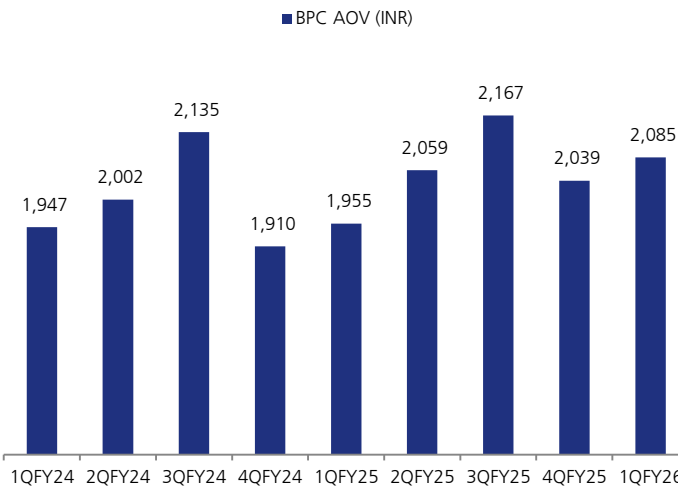
Source: Company, JM Financial

Exhibit 17. Unique transacting consumer trend



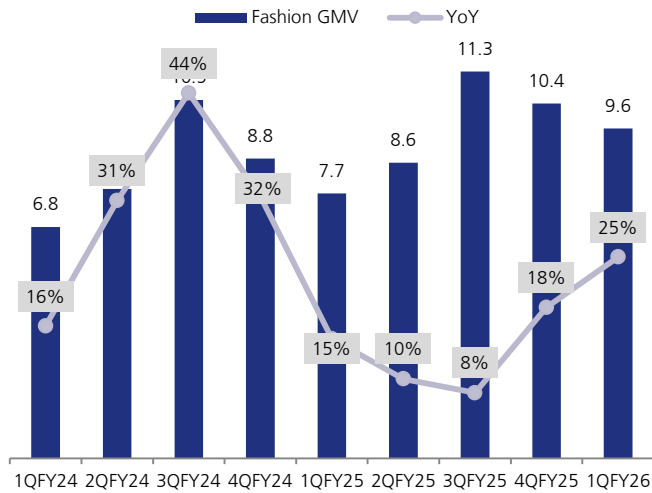
Source: Company, JM Financial

Exhibit 18. Average order value (AOV) Trend

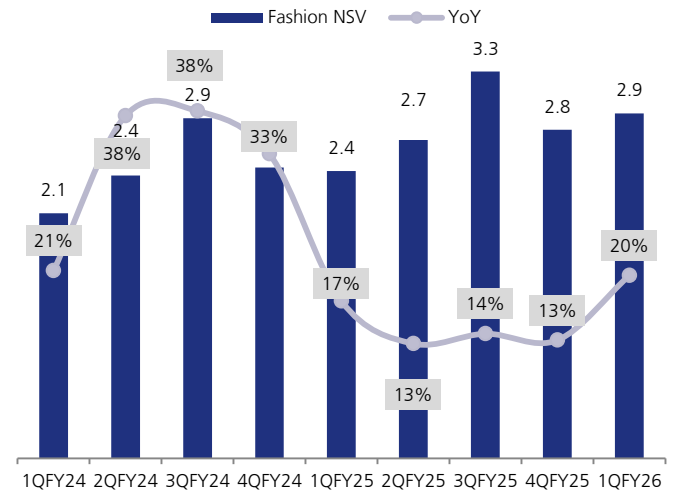


Source: Company, JM Financial

Fashion Operating Metrics

Exhibit 19. GMV trend (INR bn)


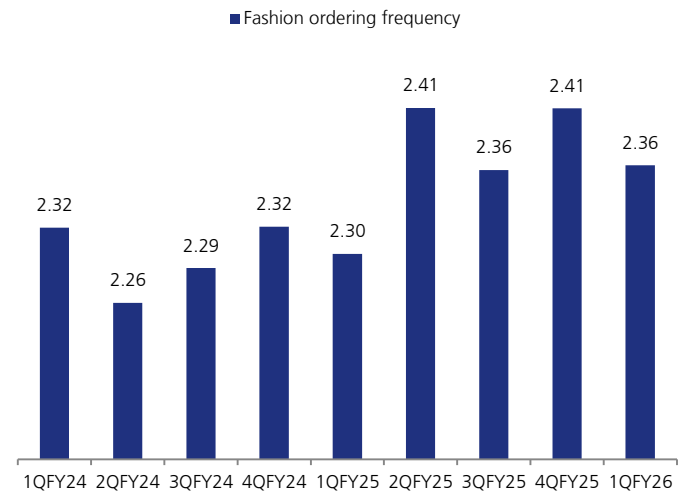
Source: Company, JM Financial

Exhibit 20. NSV trend (INR bn)


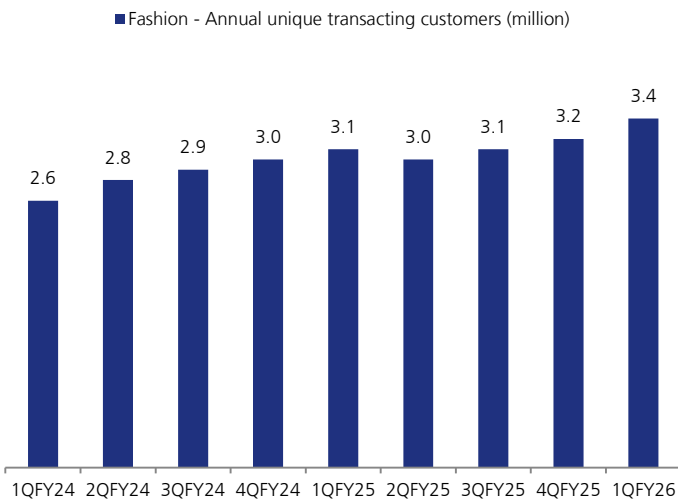
Source: Company, JM Financial

Exhibit 21. Orders trend

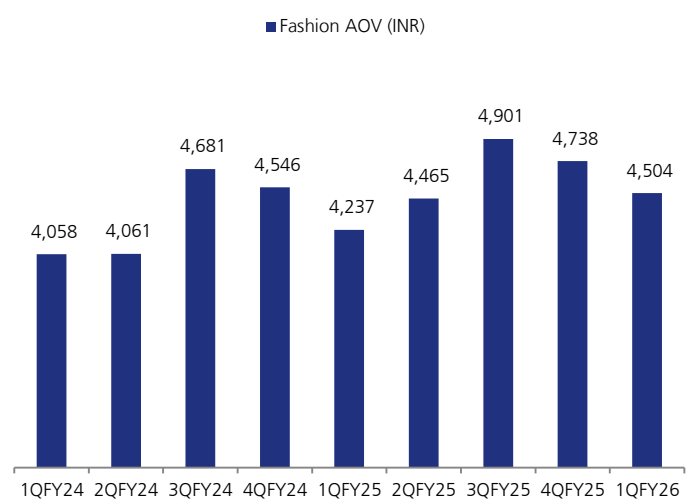

Source: Company, JM Financial

Exhibit 22. Ordering frequency


Source: Company, JM Financial

Exhibit 23. Unique transacting consumer trend


Source: Company, JM Financial

Exhibit 24. Average order value (AOV) trend


Source: Company, JM Financial

Reiterate BUY; TP raised to INR 260

Exhibit 25. What has changed in our estimates

	OLD				NEW				Change			
	FY26E	FY27E	FY28E	FY29E	FY26E	FY27E	FY28E	FY29E	FY26E	FY27E	FY28E	FY29E
Group GMV (INR bn)	197.9	248.1	308.2	382.5	197.0	245.5	304.7	376.7	-0.5%	-1.0%	-1.1%	-1.5%
Consolidated revenue (INR bn)	101.4	128.4	160.6	200.4	100.3	126.3	157.9	196.3	-1.0%	-1.6%	-1.7%	-2.1%
Revenue growth rate (YoY)	27.5%	26.7%	25.1%	24.7%	26.2%	25.9%	25.0%	24.3%	-129bp	-79bp	-8bp	-47bp
Consolidated EBITDA (INR bn)	7.7	11.7	17.3	24.8	7.6	11.8	17.5	24.9	-1.1%	0.3%	1.0%	0.2%
EBITDA margin	7.5%	9.1%	10.8%	12.4%	7.5%	9.3%	11.1%	12.7%	-1bp	18bp	29bp	29bp
EBIT margin	4.6%	6.6%	8.5%	10.3%	4.5%	6.7%	8.7%	10.5%	-13bp	8bp	21bp	21bp
PAT (INR bn)	2.55	5.41	9.73	15.8	2.42	5.35	9.74	15.7	-5.0%	-1.2%	0.1%	-0.8%
Diluted EPS (INR)	0.89	1.88	3.39	5.5	0.84	1.86	3.39	5.5	-5.0%	-1.2%	0.1%	-0.8%

Source: Company, JM Financial

Valuation Methodology: DCF

Exhibit 26. Key DCF assumptions

WACC	12.5%
Revenue CAGR (FY24-29)	25.2%
Revenue CAGR (FY29-34)	20.4%
Revenue CAGR (FY34-41)	13.3%
EBITDA CAGR (FY24-29)	48.3%
EBITDA CAGR (FY29-34)	28.8%
EBITDA CAGR (FY34-41)	15.8%
Tax Rate	42.2%
NPV of cash flow (2024-2041F)	306,601
Perpetual growth (%)	6.0%
Implied Exit FCF multiple (X)	15.4x
Terminal value (INR mn)	447,830
Enterprise value (INR mn)	754,431
Terminal value as % of Enterprise Value	59.4%
Net debt (INR mn, Mar'25E)	3,441
Minority Interest (INR mn, Mar'25E)	479
Equity value (INR mn)	750,511
Number of shares outstanding (diluted, million)	2,873
Equity value per share (INR)	260

Source: JM Financial

Exhibit 27. Sensitivity of Equity Value to WACC and Terminal growth rate

		Terminal Growth Rate				
WACC	11.00%	5.0%	5.5%	6.0%	6.5%	7.0%
	310	330	350	380	420	
	11.50%	280	300	320	340	370
	12.00%	260	270	290	300	320
	12.50%	240	250	260	270	290
	13.00%	220	230	240	250	260
	13.50%	200	210	220	230	240
	14.00%	190	200	200	210	220

Source: JM Financial, Company

Exhibit 28. Sensitivity of Equity Value to Revenue Growth and EBITDA Margin

		Revenue Growth (% of JMFe)				
EBITDA Margin (% of JMFe)	60%	60%	70%	80%	90%	100%
	60%	40	60	90	110	150
	70%	60	80	100	140	180
	80%	70	90	120	160	200
	90%	80	100	140	180	230
	100%	90	120	160	200	260

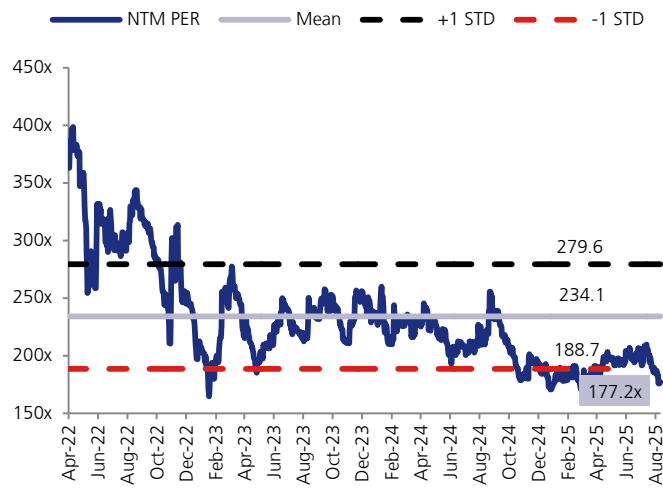
Source: JM Financial, Company

Exhibit 29. NTM EV/EBITDA



Source: JM Financial, Bloomberg

Exhibit 30. NTM PER



Source: JM Financial, Bloomberg

Exhibit 31. Valuation comps

Company	MCap (USD bn)	EV (USD bn)	EV / Revenue (x)			Rev CAGR 24-26E	EV / EBITDA (x)			EBITDA CAGR 24-26E	P / E (x)			EPS CAGR 24-26E
			CY24/ FY25E	CY25/ FY26E	CY26/ FY27E		CY24/ FY25E	CY25/ FY26E	CY26/ FY27E		CY24/ FY25E	CY25/ FY26E	CY26/ FY27E	
Nykaa*	6.7	6.8	7.5x	5.9x	4.7x	26%	125.9x	78.9x	50.7x	58%	885.9x	242.0x	109.7x	184%
India Retail (IR)														
Dmart	31.6	31.6	4.0x	3.4x	2.8x	19%	52.9x	43.8x	36.4x	21%	86.8x	71.6x	59.4x	21%
ABFRL	1.0	1.3	1.3x	0.9x	0.9x	19%	14.5x	9.0x	8.2x	33%	nm	nm	nm	nm
Titan	35.3	37.4	4.7x	4.1x	3.5x	16%	43.6x	36.7x	31.6x	17%	65.6x	53.9x	45.1x	21%
Page Industries	5.6	5.6	9.1x	8.1x	7.2x	12%	41.8x	36.9x	32.8x	13%	61.2x	53.7x	47.4x	14%
Hindustan Unilever	66.6	65.5	8.6x	8.0x	7.4x	8%	37.6x	33.8x	30.7x	11%	53.5x	48.5x	43.9x	10%
ITC	59.5	57.2	6.2x	5.7x	5.2x	9%	18.1x	16.3x	15.0x	10%	24.6x	22.0x	20.1x	11%
Emami	2.9	2.8	6.1x	5.6x	5.2x	8%	22.3x	20.4x	18.7x	9%	27.4x	25.2x	23.3x	9%
Godrej Consumer Products	14.0	14.1	7.8x	7.1x	6.5x	10%	36.9x	32.2x	28.4x	14%	53.4x	45.0x	39.1x	17%
Colgate	6.8	6.7	9.5x	8.8x	8.2x	8%	29.5x	27.0x	24.9x	9%	41.6x	38.0x	34.9x	9%
Tata Consumer Products	11.8	11.9	5.4x	4.9x	4.4x	10%	37.0x	31.8x	28.5x	14%	61.0x	50.1x	43.9x	18%
Trent	21.8	21.9	8.8x	7.0x	5.7x	24%	53.3x	41.9x	33.9x	25%	93.7x	72.2x	57.1x	28%
Honasa	1.0	0.9	3.5x	3.0x	2.6x	16%	59.1x	36.6x	27.2x	47%	72.1x	48.2x	34.6x	44%
India Tech (IT)														
Policybazaar*	9.6	9.5	16.6x	12.5x	9.9x	30%	884.2x	145.5x	74.1x	246%	285.7x	126.4x	76.4x	93%
Zomato*	33.7	33.4	14.4x	9.0x	6.9x	45%	458.7x	168.5x	67.1x	161%	533.2x	201.2x	81.6x	156%
Info Edge*	9.8	9.9	32.5x	28.6x	25.0x	14%	80.5x	70.1x	59.4x	16%	87.8x	79.4x	67.7x	14%
Car Trade*	1.3	1.2	16.6x	13.9x	12.1x	17%	70.8x	48.4x	37.4x	38%	88.7x	59.2x	46.5x	38%
Paytm*	8.2	6.6	8.5x	6.8x	5.4x	25%	nm	111.5x	41.2x	nm	nm	99.3x	52.4x	nm
Makemytrip	9.1	9.7	10.3x	8.8x	7.1x	21%	53.1x	46.0x	36.4x	21%	62.9x	54.2x	46.8x	16%
Affle*	3.2	3.0	11.7x	9.8x	8.3x	19%	54.9x	43.9x	35.4x	24%	72.7x	56.8x	44.8x	27%
Indiamart*	1.5	1.5	6.3x	5.3x	4.3x	20%	57.0x	44.1x	36.6x	25%	96.8x	71.9x	75.5x	13%
Just Dial*	1.7	1.4	8.9x	7.7x	6.7x	15%	nm	23.5x	20.8x	nm	27.5x	26.2x	25.4x	4%
Global Beauty and Fashion (GBF)														
Etsy	6.5	8.2	2.9x	2.9x	2.8x	2%	10.5x	11.1x	10.9x	-2%	14.7x	16.5x	13.2x	5%
Ulta Beauty	23.1	24.7	2.2x	2.1x	2.0x	4%	13.5x	14.4x	13.8x	-1%	20.4x	21.5x	20.0x	1%
Stitch Fix	0.6	0.5	0.4x	0.4x	0.4x	0%	11.9x	12.1x	10.9x	4%	nm	nm	nm	nm
THG	0.6	1.0	0.4x	0.4x	0.4x	-3%	8.6x	9.1x	7.0x	10%	nm	nm	nm	nm
Proya Cosmetics	4.6	4.0	2.7x	2.4x	2.1x	14%	14.4x	12.6x	11.2x	13%	21.1x	18.1x	15.6x	16%
Guangdong Marubi	2.3	2.1	5.2x	4.0x	3.2x	27%	37.3x	30.6x	24.1x	24%	49.3x	37.0x	29.2x	30%
Shanghai Jahwa	2.1	1.7	2.2x	2.0x	1.8x	9%	nm	23.8x	19.2x	nm	nm	42.8x	32.8x	nm
Mean (IR)			6.3x	5.5x	5.0x	13%	37.2x	30.5x	26.4x	19%	58.3x	48.1x	40.8x	18%
Mean (IT)			12.6x	10.4x	8.7x	20%	188.5x	66.6x	39.5x	62%	130.6x	74.4x	50.5x	38%
Mean (GBF)			2.3x	2.0x	1.8x	7%	16.0x	16.2x	13.9x	8%	26.4x	27.2x	22.1x	13%

Source: Bloomberg. *JM Financial estimates. CMP as of 12th August 2025.

Key Risks

- **Downside risks:** 1) **Slower-than-expected tech penetration in India:** Slower than expected tech-enabled transactions growth in India could significantly impact Nykaa's ability to quickly scale up and, thereby, report sustainable profits. 2) **Sharp rise in competitive intensity:** Nykaa directly competes with several domestic as well as foreign marketplace platforms, physical retail stores and direct-to-consumer brands. Competition can impact Nykaa's business either through technology disruption, exclusive goods and services offerings, pricing pressure, intense marketing and promotional campaigns, strong leverage of their own brands strength or through better relationships with suppliers. 3) **Regulatory risks:** The Indian government may change its regulations and policies on the retail industry, e-commerce rules, personal data and social security code. If that happens, Nykaa may have to bear incremental costs of compliance that may have a direct impact on its business operations as well as financial positioning. The government has also launched Open Network for Digital Commerce (ONDC) to dilute the platforms' strength though we estimate ONDC to not venture into specialised retails such as BPC anytime soon. 4) **Marginal player in Fashion:** Nykaa is the least capitalised player in Fashion where competition either has deep pockets or massive customer base. Therefore, the company may have to make substantial investments in building supplier and brand relationships, to improve brand awareness of its own platform and expand business across new products and categories. 5) **Margin dilution from distribution-led businesses:** While we like Nykaa's SuperStore business, there could be margin dilution for the company if growth in that business comes at the cost of growth in Nykaa's core business.
- **Upside risks:** 1) **Sharp rise in transacting users:** Much faster rate than expected tech-enabled transactions penetration in India could lead to sharp rise in transacting user base for Nykaa, thereby significantly lifting volume growth. 2) **Private brands:** Nykaa has several owned brands that offer higher gross margin. A substantial increase in the mix of these brands in the overall mix through organic/inorganic expansion could lead to a significant upside in profitability. 3) **Fashion vertical gaining significant share of brands' digital advertising:** While Nykaa generates 6%+ of GMV in BPC Ads income, the same number for Fashion is lower than 4% currently, though Fashion brands allocate a higher percentage to advertising expense. If Nykaa does become the go-to platform for online Fashion purchases in India, we see significant upside from ads income. 4) **Value accretion from inorganic expansion:** The company continues to look for inorganic expansion opportunities given its strong balance sheet. Strong revenue and operating synergies from such expansions could have a positive impact on the profitability trends of the company.

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	63,856	79,498	1,00,335	1,26,301	1,57,922
Sales Growth	24.1%	24.5%	26.2%	25.9%	25.0%
Other Operating Income	0	0	0	0	0
Total Revenue	63,856	79,498	1,00,335	1,26,301	1,57,922
Cost of Goods Sold/Op. Exp	36,464	44,727	56,138	70,719	88,385
Personnel Cost	5,649	6,661	7,825	8,989	10,300
Other Expenses	18,282	23,385	28,805	34,829	41,753
EBITDA	3,461	4,726	7,567	11,764	17,484
EBITDA Margin	5.4%	5.9%	7.5%	9.3%	11.1%
EBITDA Growth	35.1%	36.5%	60.1%	55.5%	48.6%
Depn. & Amort.	2,242	2,664	3,058	3,347	3,731
EBIT	1,219	2,062	4,509	8,416	13,753
Other Income	-529	-801	-750	-487	-11
Finance Cost	0	0	0	0	0
PBT before Excep. & Forex	690	1,261	3,759	7,930	13,742
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	690	1,261	3,759	7,930	13,742
Taxes	253	538	1,240	2,419	3,779
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	75	60	99	173	261
Reported Net Profit	362	664	2,419	5,339	9,701
Adjusted Net Profit	362	664	2,419	5,339	9,701
Net Margin	0.6%	0.8%	2.4%	4.2%	6.1%
Diluted Share Cap. (mn)	2,873.3	2,873.3	2,873.3	2,873.3	2,873.3
Diluted EPS (INR)	0.1	0.2	0.8	1.9	3.4
Diluted EPS Growth	56.2%	83.4%	264.4%	120.7%	81.7%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	690	1,275	3,759	7,930	13,742
Depn. & Amort.	2,242	2,664	3,058	3,347	3,731
Net Interest Exp. / Inc. (-)	631	890	750	487	11
Inc (-) / Dec in WCap.	-2,513	211	105	-547	-592
Others	264	224	199	228	261
Taxes Paid	-1,312	-597	-1,240	-2,419	-3,779
Operating Cash Flow	3	4,666	6,630	9,027	13,374
Capex	-1,107	-1,272	-1,705	-1,947	-2,083
Free Cash Flow	-1,105	3,394	4,924	7,079	11,291
Inc (-) / Dec in Investments	788	-588	0	0	0
Others	218	-195	410	666	1,177
Investing Cash Flow	-101	-2,054	-1,295	-1,282	-906
Inc / Dec (-) in Capital	172	-2,499	0	10	35
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	721	971	-2,058	-2,307	-2,596
Others	-451	-593	-786	-708	-658
Financing Cash Flow	443	-2,120	-2,844	-3,005	-3,219
Inc / Dec (-) in Cash	344	492	2,490	4,740	9,249
Opening Cash Balance	414	758	1,249	3,740	8,480
Closing Cash Balance	758	1,249	3,740	8,480	17,729

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	12,622	13,013	15,630	21,207	31,205
Share Capital	2,856	2,859	2,859	2,859	2,859
Reserves & Surplus	9,766	10,154	12,771	18,348	28,346
Preference Share Capital	0	0	0	0	0
Minority Interest	188	414	513	686	947
Total Loans	6,804	9,614	9,614	9,614	9,614
Def. Tax Liab. / Assets (-)	-2,690	-2,580	-2,580	-2,580	-2,580
Total - Equity & Liab.	16,924	20,461	23,177	28,927	39,186
Net Fixed Assets	6,979	8,716	9,671	10,895	12,234
Gross Fixed Assets	4,238	5,143	6,360	7,790	9,380
Intangible Assets	1,715	2,332	2,442	2,573	2,673
Less: Depn. & Amort.	1,881	2,425	3,343	4,331	5,432
Capital WIP	2,906	3,666	4,212	4,862	5,614
Investments	3,817	3,617	3,617	3,617	3,617
Current Assets	20,520	24,883	31,502	41,855	57,800
Inventories	11,920	14,175	16,791	20,272	24,482
Sundry Debtors	2,416	2,466	2,975	3,658	4,509
Cash & Bank Balances	758	1,249	3,740	8,480	17,729
Loans & Advances	0	0	0	0	0
Other Current Assets	5,426	6,993	7,996	9,445	11,081
Current Liab. & Prov.	14,392	16,755	21,611	27,439	34,465
Current Liabilities	6,758	9,941	12,795	16,309	20,509
Provisions & Others	7,634	6,814	8,817	11,130	13,956
Net Current Assets	6,128	8,128	9,890	14,415	23,335
Total - Assets	16,924	20,461	23,177	28,927	39,186

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	0.6%	0.8%	2.4%	4.2%	6.1%
Asset Turnover (x)	2.9	3.2	3.5	3.8	3.7
Leverage Factor (x)	1.7	1.9	2.0	1.8	1.6
RoE	2.7%	5.2%	16.9%	29.0%	37.0%

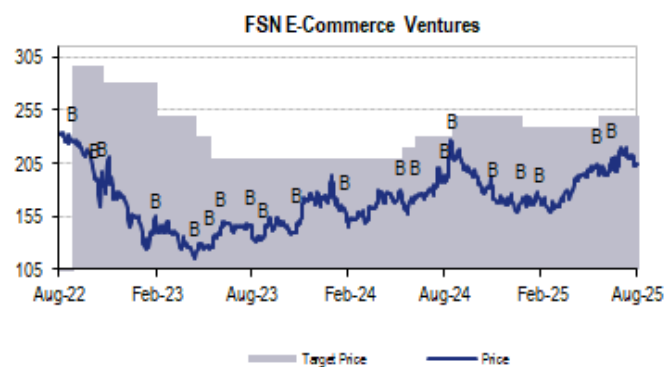
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	4.4	4.6	5.5	7.4	10.9
ROIC	5.3%	7.1%	16.5%	30.9%	50.1%
ROE	2.7%	5.1%	16.4%	28.1%	35.9%
Net Debt/Equity (x)	0.2	0.4	0.1	-0.1	-0.4
P/E (x)	1,627.8	887.3	243.5	110.3	60.7
P/B (x)	46.5	45.0	37.5	27.6	18.8
EV/EBITDA (x)	170.0	125.1	77.8	49.7	32.9
EV/Sales (x)	9.2	7.4	5.9	4.6	3.6
Debtor days	14	11	11	11	10
Inventory days	68	65	61	59	57
Creditor days	23	31	34	36	38

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
8-Sep-22	Buy	297	
18-Oct-22	Buy	297	0.0
2-Nov-22	Buy	281	-5.6
14-Feb-23	Buy	250	-10.9
26-Apr-23	Buy	230	-8.0
25-May-23	Buy	210	-8.7
17-Jun-23	Buy	210	0.0
12-Aug-23	Buy	210	0.0
4-Sep-23	Buy	210	0.0
6-Nov-23	Buy	210	0.0
6-Feb-24	Buy	210	0.0
23-May-24	Buy	220	4.8
18-Jun-24	Buy	230	4.5
14-Aug-24	Buy	230	0.0
28-Aug-24	Buy	250	8.7
13-Nov-24	Buy	250	0.0
6-Jan-25	Buy	240	-4.0
11-Feb-25	Buy	240	0.0
31-May-25	Buy	250	4.2
27-Jun-25	Buy	250	0.0

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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