

Fsn E-commerce Ventures

Ambitions lofty

FY24-26 marked a clear step-up in customer acquisition across verticals, and it intends to do an encore over FY26-30. This note, alongside key highlights from the FY26 analyst meet, assesses the feasibility of Nykaa's stated ambitions across segments. In BPC, it intends to grow GMV at 2.5-3x i.e., 25-30% CAGR over FY26-30 (vs. 27.7% over FY24-26), predominantly underpinned by customer acquisition. Management intends to more than double its BPC cumulative customer base (CCB; from 45mn to ~100mn over FY26-30). Multiple tailwinds aided the FY24-26 performance, which we suspect may not be available (in the same quantum) over FY26-30 - (1) House of Nykaa (Beauty) grew ~60% CAGR; e-B2B grew at 41%; while core BPC (ex-HoN and e-B2B) grew at 22% CAGR over FY24-26; (2) Benign competition. We suspect unless there is another successful acquisition like Dot & Key, HoN growth is likely to moderate (base effect). Management too expects HoN to grow between 26-31% CAGR. Hence, the implicit assumption that core BPC business would grow at a faster clip than the FY24-26 seems like a stretch. In Fashion too, the 32-37% CAGR in NSV pencilled in by management (vs ~24% CAGR delivered over FY24-26) seems lofty and will likely be AUTC-led as purchase frequencies (~2.3x) and AOVs (~INR 4,600) seem optimized. Adding customers at 30%+ CAGR over FY26-30 while achieving high-single-digit margin by FY30 would be a first. On consolidated basis, management aims to grow GMV at 2.5-3x and EBITDA at 4-5x over FY26-30, with early to mid-teens EBITDA margin by FY30. We build in 22/21% NSV CAGR for BPC/Fashion respectively over FY26-30. Our Sell rating stands with a DCF-based TP of INR220/sh (implying 60x Jun-28 EV/EBITDA). Note: We have revised our fashion estimates upward.

- Customer acquisition healthy, management intends to do an encore over FY26-30:** Management aims for BPC GMV to grow at 25-30% CAGR over FY26-30, led by (1) AUTC additions, (2) sophistication of purchases (premiumization), and (3) further proliferation of skin routines. Management remains aggressive in its offline plans as well; it intends to nearly double the store count to ~600 stores by FY30 (vs 313 in FY26). As highlighted earlier, we suspect the HoN and e-B2B tailwinds may not be as strong in FY26-30 as they were over FY24-26 (base effect). Hence, the ask from core BPC to acquire customers at 25-27% CAGR in order to hit the stated ambition of 2.5-3x GMV CAGR in BPC seems high. We pencil in 22% CAGR for BPC over FY26-30 with healthy ~12% EBITDAM of NSV (~225bps margin expansion). Caveat: Wellness Retail (USD 12bn TAM – Nykaa specific) could push growth rates higher and pose a risk to our estimates.
- Fashion ambitions lofty too at 3-3.5x FY26 NSV at high-single digit EBITDAM:** Given that Nykaa already enjoys 60% higher AOVs (INR4,600) than the market and purchase frequencies seem nearly optimized at 2.3x; if Nykaa has to achieve 3-3.5x FY26 NSV at high-single digit margin (-2.6% in FY26, break-even in Q4FY26), it needs to consistently (1) add high AOV, margin-accretive categories, (2) improve ad income, (3) improve own brands salience, (4) improve customer addition/retention, and (5) reduce returns. The biggest profitability unlock in fashion will come from lower marketing spends. Management expects marketing/fulfillment costs to come down by 700bps of NSV in steady state (from 23% in Q4FY26), which seems unlikely, in our view, without meaningfully hurting growth ambitions (32-37% vs HSIE's 21%; we bake in EBITDAM of 4.3% in FY30). Note: On a per order basis, Nykaa spends ~2x that of BPC (given the lack of stickiness in fashion). It also expects to save another 500bps in operating leverage (12.8% of NSV currently). Note: The scaled BPC vertical's other expenses stand at 12.9% of NSV).

SELL

CMP (as on 19 Jun 2026)	INR 302
Target Price	INR 220
NIFTY	24,013

KEY CHANGES	OLD	NEW
Rating	SELL	SELL
Price Target	INR 210	INR 220
EBITDA%	FY27E +2.0	FY28E +2.9

KEY STOCK DATA

Bloomberg code	NYKAA IN
No. of Shares (mn)	2,864
MCap (INR bn) / (\$ mn)	866/9,177
6m avg traded value (INR mn)	1,716
52 Week high / low	INR 304/191

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	26.3	21.4	55.8
Relative (%)	22.8	30.9	61.4

SHAREHOLDING PATTERN (%)

	Dec-25	Mar-26
Promoters	52.10	52.09
FIs & Local MFs	25.35	25.35
FPIs	12.14	12.40
Public & Others	10.41	10.16

Pledged Share - -

Source : BSE

Pledged shares as % of total shares

Jay Gandhi

jay.gandhi@hdfcsec.com
+91-22-6171-7320

Vedant Mulik

vedant.mulik@hdfcsec.com
+91-22-6171-7348

- Superstore pegged to achieve INR35bn and EBITDA-breakeven in FY30:** Progress of Nykaa's B2B offering Superstore continues to track well. Meaningful improvements have been made both on scale and unit economics. The segment has onboarded 493k retailers (vs 364k/252k in FY25/FY24) and is present across 1,250 cities. Growth is expected to be predominantly expansion-led with tier 3+ towns contributing ~75% of the GMV by FY30. Nykaa intends to grow GMV from ~INR12bn to INR35bn (i.e., 31% CAGR over FY26-30, similar to where we are), break even by FY30, and achieve 3-5% EBITDAM in steady state (HSIE: -7% in FY30).
- What is built in?** We expect Nykaa to clock 22/23 (overall: 22%) revenue CAGR for BPC/fashion segments (INR 168/15.3bn) over FY26-29 respectively. Customer addition and CAC remain the anchor variables across segments. We are building in a ~290bps expansion in EBITDAM to 7.6% (pre-INDAS 116) over FY26-29, driven by margin improvement across segments. RoCEs could improve to ~25% by FY29 (from ~12% in FY26).
- Valuation and outlook:** While Nykaa remains an efficient online business, especially in the BPC segment, its success in part is due to the absence of potent competitors (a fact that is gradually changing). Fashion has hit break-even but questions remain on how well it can scale. Ex-ad income, the lack of non-linear monetization levers forces us to restrict our valuation compass somewhere between a linear business and a pure platform. Our SELL rating on Nykaa stands with a DCF-based TP of INR220/sh (implying 60x Jun-28 EV/EBITDA).

Financial summary

(INR mn)	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Revenue	51,438	63,856	79,498	1,00,224	1,24,201	1,51,931	1,82,976
EBITDA	2,560	3,462	4,739	7,523	10,865	14,707	18,989
Pre-IND-AS EBITDA	1,179	1,658	2,517	4,721	7,393	10,475	13,910
APAT	210	397	721	2,039	4,365	6,728	9,687
EPS (Rs)	0.1	0.1	0.3	0.7	1.5	2.3	3.4
P/E (x)	4,109.7	2,169.9	1,198.2	424.0	198.1	128.5	89.3
EV/EBITDA (x)	733.0	522.8	346.1	184.1	117.3	82.3	61.5
Core RoCE(%)	1.9	2.4	4.0	10.5	20.3	25.8	29.7

Estimate changes

(INR mn)	FY27E			FY28E			FY29E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	1,24,201	1,23,357	0.7	1,51,931	1,50,223	1.1	1,82,976	1,82,976	-
Gross Profit	55,978	55,276	1.3	68,461	67,044	2.1	82,399	82,399	-
Gross Profit Margin (%)	45.1	44.8	26 bps	45.1	44.6	43 bps	45.0	45.0	-
Reported EBITDA	10,865	10,695	1.6	14,707	14,359	2.4	18,989	18,989	-
Reported EBITDA margin (%)	8.7	8.7	8 bps	9.7	9.6	12 bps	10.4	10.4	-
Pre-IND AS EBITDA	7,393	7,247	2.0	10,475	10,175	2.9	13,910	13,910	-
EBITDA margin (%)	6.0	5.9	8 bps	6.9	6.8	12 bps	7.6	7.6	-

One Nykaa FY30 Ambition: targeting 2.5-3x/4-5x FY26 consolidated GMV/EBITDA respectively by FY30

Particulars	FY25	FY26	FY30 Management expectations	Management Implied scale in FY30	Management implied CAGR over FY26-30	HSIE FY30 estimates	HSIE CAGR/bps expansion over FY26-30
Consolidated GMV (INR bn)	156	199	2.5-3x	~500-600	26-32% CAGR	429	~21% CAGR
Consolidated EBITDA (INR bn)	5	8	4-5x	~30-38	41-50% CAGR	23	~33% CAGR
Consolidated EBITDA Margin (% of revenue)	6.0	7.5	Early to mid-teens EBITDA margin			10.8	~330bps expansion
HoN NSV (INR bn)		17	2.5-3x	~43-51	26-31% CAGR		

Source: Company, HSIE Research

BPC FY30 Ambition: targeting 2.5-3x FY26 GMV and healthy double-digit EBITDA margin by FY30

Particulars	FY21	FY26	FY30 Management expectations	Management Implied scale in FY30	Management implied CAGR over FY26-30	HSIE FY30 estimates	HSIE CAGR over FY26-30
BPC GMV (INR bn)	34	150	2.5-3x	~375-450	25-30% CAGR	330	~22% CAGR
EBITDA Margin (% of NSV)	8.6	9.6	Healthy double digit EBITDA margin by FY30 10%+ at scale			11.9	~230bps expansion
Customer base (in mn)	11	45	2-2.5x	100	20-25% CAGR		
No. of stores (#)	72	313	~600	600		633	
Tier 2 and 3 contribution (%)	53	60	~65-70%		30-35% CAGR		
No. of global brands	< 300	600	1000+				
Beauty AOV	1953	2068	~1.1x	2275		2209	
Category Mix	Make up + Skin: 75% Others: 25%	Make up + Skin: 64% Others: 36%	Make up + Skin: 55% Others: 45%				
Same Day/Next Day Delivery% of Total	< 15%	40-50%	~90%				
Ad income (INR bn)		6	~2.5-3x vs FY26	~16-19	~26-32% CAGR	13	~19% CAGR

Source: Company, HSIE Research. Note: FY26 Ad income is as per HSIE estimates

Fashion FY30 Ambition: targeting 3-3.5x FY26 NSV and high single-digit EBITDA margin by FY30

Particulars	FY25	FY26	FY30 Management expectations	Management Implied scale in FY30	Management implied CAGR over FY26-30	HSIE FY30 estimates	HSIE CAGR/bps expansion over FY26-30
Fashion NSV (INR bn)	11	14	3-3.5x	~43-51	32-37% CAGR	31	~21% CAGR
EBITDA Margin (% of NSV)		-2.6	High single digit EBITDA Margin			4.3	~690bps expansion

Source: Company, HSIE Research

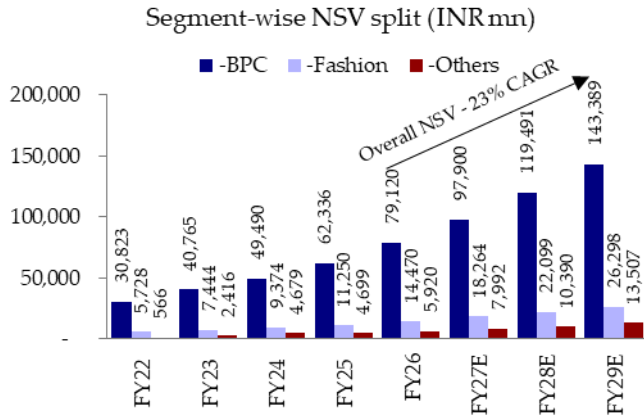
eB2B FY30 Ambition: targeting 35bn GMV and EBITDA margin breakeven by FY30

Particulars	FY25	FY26	FY30 Management expectations	Management Implied scale in FY30	Management implied CAGR over FY26-30	HSIE FY30 estimates	HSIE CAGR/bps expansion over FY26-30
eB2B GMV (INR bn)	9	12	35	35	~31% CAGR	34	~30% CAGR
EBITDA Margin (% of NSV)		-22.5	Breakeven by FY30E 3-5% at scale			-6.9	1,555bps expansion

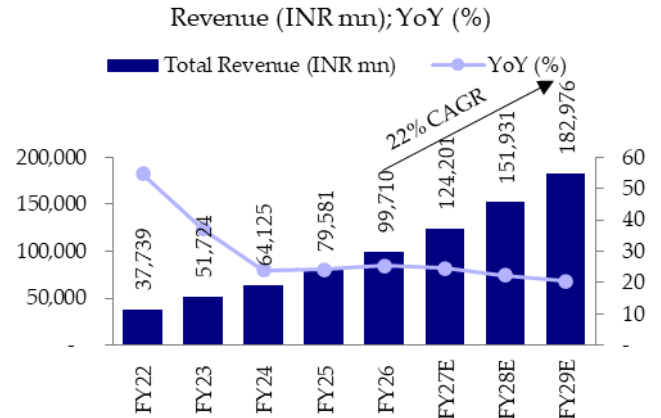
Source: Company, HSIE Research. Note: FY26 eB2B EBITDA margin is as per HSIE estimates

Focus Charts

We expect Nykaa to clock 23%/22% NSV/revenue CAGR over FY26-29

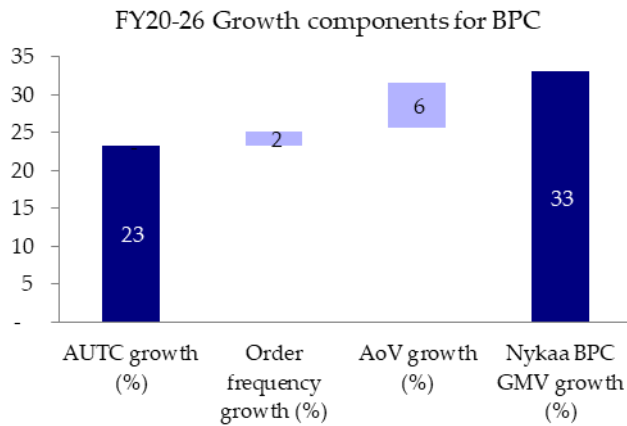


Source: Company, HSIE Research

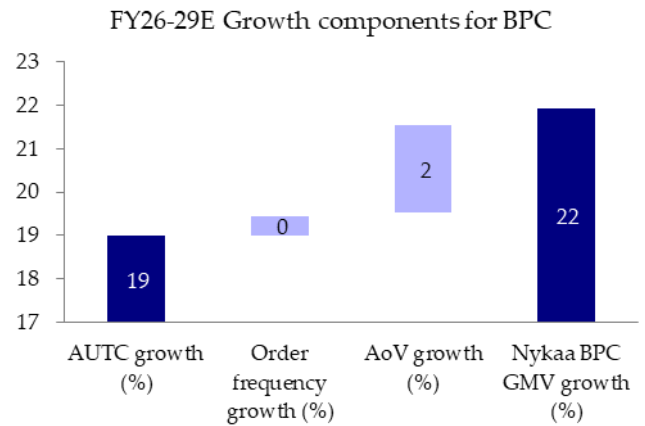


Source: Company, HSIE Research

Over FY26-29E, we expect AUTC growth to do most of the heavy-lifting for GMV growth (19% CAGR built in)...

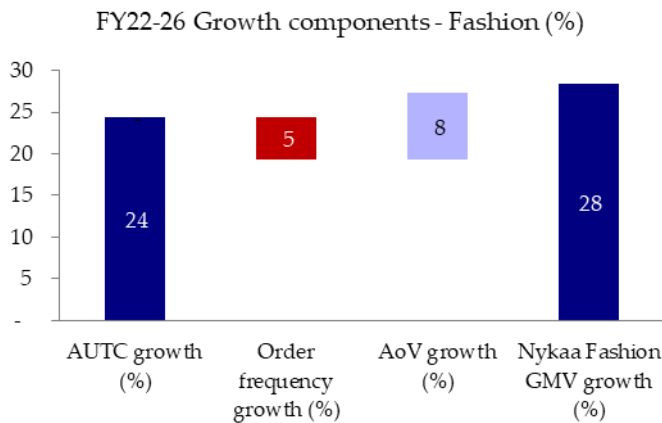


Source: Company, HSIE Research

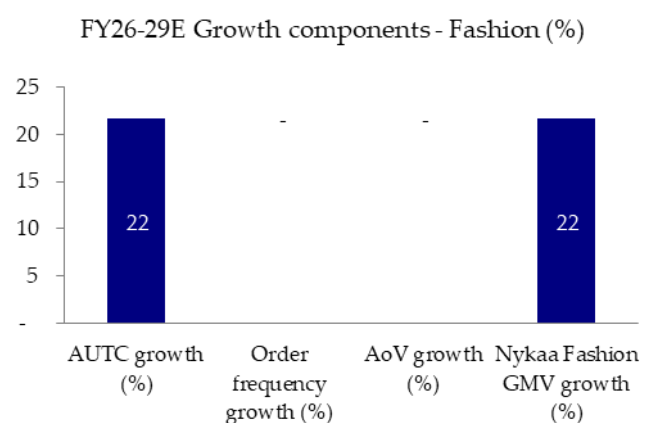


Source: Company, HSIE Research

...ditto for fashion; we don't expect the order frequency and AOV levers to be in play over FY26-29 in fashion

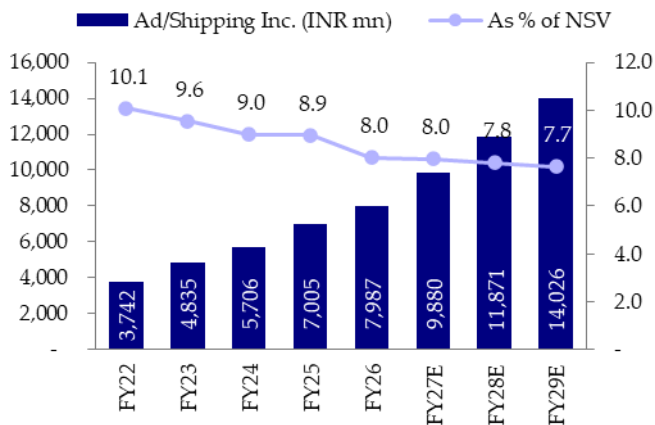


Source: Company, HSIE Research



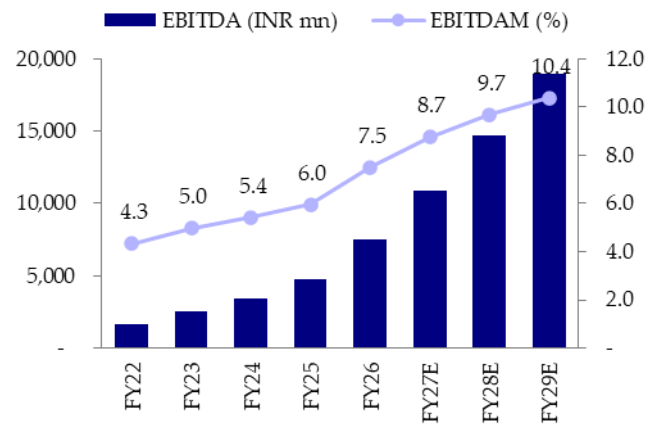
Source: Company, HSIE Research

We expect ad income as % of NSV to drop from 8% in FY26 to 7.7% in FY29



Source: Company, HSIE Research

Building in ~290bps EBITDAM expansion over FY26-29E



Source: Company, HSIE Research

If one strips out own brands' sales and eB2B, core BPC is estimated to have grown at ~20% in FY26

House of Nykaa (GMV)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
Beauty and Personal Care	3410	3,600	4,686	5,260	5,780	6,270	7,750	8,080
Fashion	900	1,090	1,200	1,120	970	950	1,000	960
Total	4,310	4,690	5,886	6,380	6,750	7,220	8,750	9,040
eB2B	2,050	2,280	2,597	2,483	2,880	2,850	3,180	2,960
BPC (ex-HON & eB2B)	19,969	21,953	26,616	22,837	23,420	26,390	32,090	27,880

HON as % of GMV

Beauty and Personal Care	13.4	12.9	13.8	17.2	18.0	17.7	18.0	20.8
Fashion	11.6	12.6	10.6	10.8	10.1	8.1	6.8	7.2
Total	13.0	12.8	13.0	15.6	16.1	15.2	15.1	17.2

YoY Growth (%)

Beauty and Personal Care					69.5	74.2	65.4	53.6
Fashion					7.8	(12.8)	(16.7)	(14.3)

Source: Company, HSIE Research

Cash generating power has improved meaningfully; peak investment phase seems behind us

Particular (INR mn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26	Total
Sources of Funds								
Cash from Operations (excl. WC change)	890	1,903	1,831	2,839	3,828	5,053	7,946	24,481
Less : Rent Adjustment	471	429	652	1,169	1,479	1,797	2,161	8,370
: Int on Lease Liability Adjustment								-
Other Income	1	36	166	181	218	96	203	901
Sub Total (A)	419	1,510	1,345	1,851	2,567	3,352	5,988	17,012
Net Proceeds from Issue of Capital	1,037	1,029	8,729	288	279	312	708	13,834
Borrowings	419	(800)	1,456	1,263	2,200	2,768	(2,143)	7,615
Total (B)	1,876	1,739	11,529	3,403	5,046	6,431	4,553	38,462
Application of Funds								
Working Capital	829	405	5,371	4,241	3,825	387	1,503	18,533
Net Capex	(888)	421	940	2,082	1,107	1,272	1,518	8,329
Investments -								
- in subsidiary	-	16	508	702	-	290	-	1,517
- others	739	897	4,746	(3,999)	(788)	588	274	2,459
Other Investing Cash flows	-	-	-	-	-	-	-	(5)
Interest	298	177	262	334	558	724	764	3,397
Net Change in cash	898	(176)	(297)	42	344	492	523	1,582
Total (C)	1,876	1,739	11,529	3,403	5,046	3,752	4,582	35,811

As a % of Source of Funds (A)	FY20	FY21	FY22	FY23	FY24	FY25	FY26	Total
WC + Capex	(14)	55	469	342	192	49	50	158
Obligatory payments (Interest)	71	12	20	18	22	22	13	20
Total	57	66	489	360	214	71	63	178

Source: Company, HSIE Research

Key takeaways from investor meet

BPC

- The core Beauty segment is mapped to deliver a 2.5-3x compounding growth track by FY30E, while beauty store is targeted to multiply scale by 2.5-3x.
- BPC Ad income is projected to be 2.5-3x FY26 by FY30E.
- The beauty segment targets a healthy double-digit EBITDA margin by FY30E.
- India's overall BPC market size is projected to grow at 12%+ CAGR over FY26-31E to reach \$42 bn.
- The online BPC channel remains the primary growth driver, outperforming offline markets with a projected 20%+ CAGR over the same period.
- Every major channel—online (\$14 bn), organized offline (\$13 bn), and unorganized offline (\$14 bn)—is projected to cross a \$13 bn size by FY31E and House of Nykaa Beauty has potential to address the entire \$42bn India BPC opportunity. House of Nykaa FY26 GMV mix by channels - online (75%), organized offline (9%), and unorganized offline (16%).
- The health and wellness retail market is emerging as a major adjacency, projected to grow at 15% CAGR over FY26-31E to hit a \$27 bn size.
- Wellness retail will add +\$12 bn to the core market, lifting Nykaa's total addressable BPC TAM to \$54 bn by FY31E.
- Per capita spending on BPC items in India is expected to rise from \$16 in FY26 to \$30 by FY31E.
- Organized BPC shoppers make up ~15% of Indian internet users in FY26, expected to hit ~18% by FY30. Nykaa currently holds a 32% share of this organized market and aims to reach a 50% share (100 mn consumer base) by FY30.
- Nykaa currently has 313 beauty specialty stores across 99 cities in FY26 and aims to reach 600+ stores by FY30.
- The customer premiumization engine focuses on driving three corporate levers: boosting ASP, expanding basket sizes, and increasing purchase frequency. Nykaa's vision is to triple the prestige and premium shopper base by FY30.
- Nykaa stands as the default partner of choice for global luxury retail, hosting 600 global brands in FY26 with a target to hit 1,000+ by FY30.
- Cross-category adoption is altering platform product salience, with non-makeup and skin products projected to capture a combined 45% share by FY30E from 36% in FY26.
- Fragrances and Wellness are two such emerging categories that are witnessing acceleration and offer a multi decadal growth opportunity. Fragrance line economics are highly lucrative, with the average selling price of perfumes tracking at 2.5x+ higher than general BPC items.
- The company expects to deliver 90% of all the orders across its 19k pin codes within the same day/next day by FY30.

Fashion

- The Fashion vertical maps out a target of 3-3.5x scale-up over FY26.
- Nykaa Man lifestyle operations target a 4-5x growth scale by FY30E.
- Women's wear will maintain a lion's share of 65-70%, while non-women categories (menswear, premium sneakers, kids style) are projected to capture a combined 30-35% share by FY30E.
- It targets a high single-digit EBITDA margin by FY30E and a 10%+ steady-state margin.
- The total Indian fashion market is projected to grow at 12%+ CAGR over FY26-31E to reach \$160bn. Within this, online fashion market is projected to reach a \$48 bn size by FY31, driven by a 22-25% CAGR.
- The online premium fashion segment is expected to grow 3x over FY26-31E to hit \$8.5-9.5bn, tracking a 26-28% CAGR, driven by the affluence wave, digitalization of decisions, and spending by Gen Z shoppers.
- Over 50% of Nykaa Fashion's order volume originates from iOS and premium Android devices.
- Tier-1 cities command a ~40% share of total order volume on the platform.
- Non-women categories generated ~44% of new customer acquisitions on the platform.
- Industry surveys place Nykaa Fashion as the #2 most preferred fashion e-commerce application in India.
- The platform's AOV stands at INR4,600, outperforming relevant competition by +30%.
- Brand partners captured a +70% higher mix of new season sales on the app compared to competing platforms.
- The platform launched 1,250+ new brands in FY26 across apparel, kids, home, and accessories categories.
- Female workforce participation in India climbed from 32% in FY20 to 40% in FY26 and is expected to reach 40% by FY31E.
- Combined annual beauty and fashion spend per female consumer is forecast to increase by 50% to reach INR16-17k by FY31E.
- India's luxury fashion market value is projected to scale from \$11 bn in FY26 to \$30-32 bn by FY31E.
- The premium segment (priced over INR 1.5k) in Indian wear is projected to reach 50% market share by FY31E.
- House of brand Nykd reached 2mn+ users, crossed a INR1.5bn GMV run rate in FY26 and expanded its distribution footprint to include 35+ EBOs.
- Annual menswear spend per adult male in India is projected to grow at 9% CAGR to reach INR9.5-10k by FY31E.
- The men-focused vertical generated 75%+ YoY revenue growth and a 90%+ growth in new customer acquisition.
- The platform onboarded 150+ specialist D2C menswear brands in FY25 to capture casualwear growth.
- Spend per child in India is projected to reach \$390 by FY30E from \$300 in FY24.

- Nykaa Fashion expanded its operational pipeline by securing an exclusive full-stack partnership to manage end-to-end digital commerce operations for Nike in India starting February 2026.

eB2B

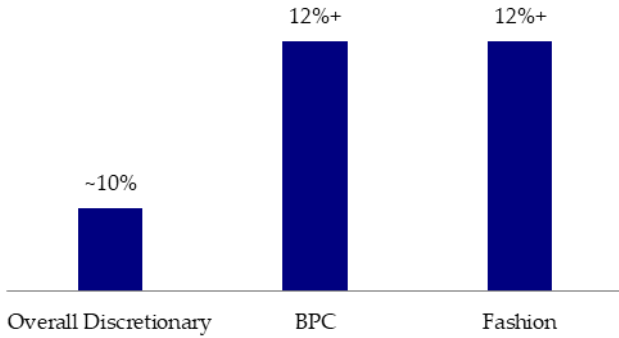
- Superstore eB2B aims to scale GMV to INR35bn by FY30E.
- Geographic reach targets establishing a presence across 3,500 cities and 19,000 pin codes by FY30E.
- The segment is targeted to hit operational breakeven by FY30E, reaching 3–5% EBITDA at scale.
- General Trade category penetration remains low for sunscreens (6%) and serums (3%).
- Small-town consumers follow identical digital trends but face localized access barriers.
- Platform GMV scaled 4x over the last 3 years to reach INR1,1.87bn in FY26.
- The active retailer network expanded 3x over 3 years, growing to 493K onboarded storefronts in FY26.
- Operational leverage and scale drove a +3,500 bps YoY expansion in EBITDA margin from FY23–26.
- Fulfillment expenses and S&D cost lines per order fell consistently over a 3-year period.
- Localized operating zones (including the North East cluster) have achieved positive operating margins.
- Sales mix optimization targets a higher contribution of new-age brands to lift gross margin by 400 bps by FY30E.

Key charts from investor presentation

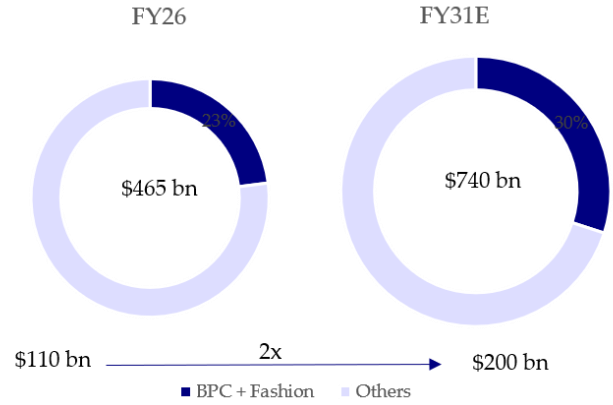
BPC and Fashion are expected to outperform overall discretionary market over FY26-31E

BPC and Fashion combined are set to capture 30% of the Indian discretionary market by FY31, up from 23% in FY26

India Discretionary, BPC, Fashion market CAGR over FY26-31E



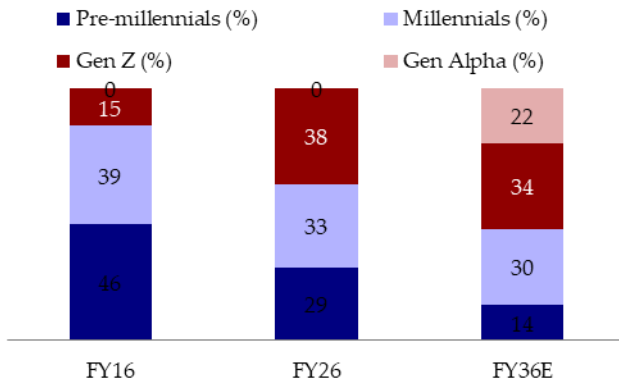
Source: Company, HSIE Research



Source: Company, HSIE Research

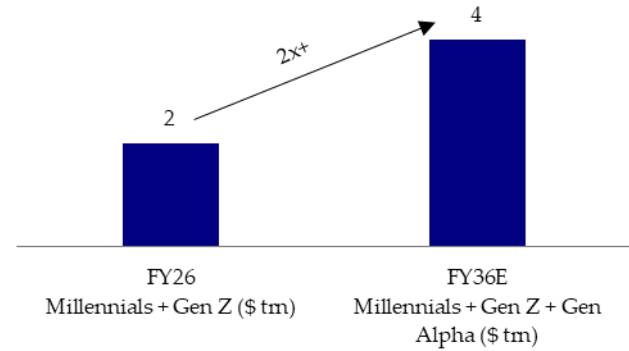
India's expanding young working-age population serves as a structural tailwind for Nykaa, with Millennials and Gen Z driving over 90% of the nation's BPC and Fashion expenditures

India working-age population by generation (%)



Source: Company, HSIE Research

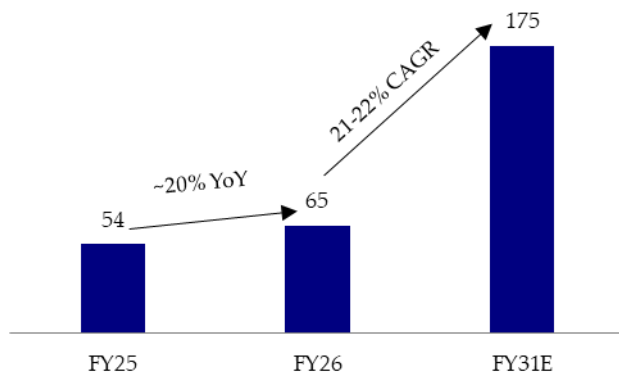
India consumption spend by new age consumers



Source: Company, HSIE Research

India's e-retail market is expected to hit \$175bn by FY31...

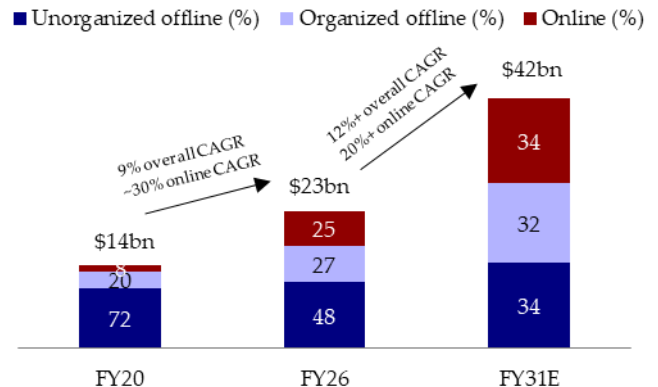
India e-retail market (\$ bn)



Source: Company, HSIE Research

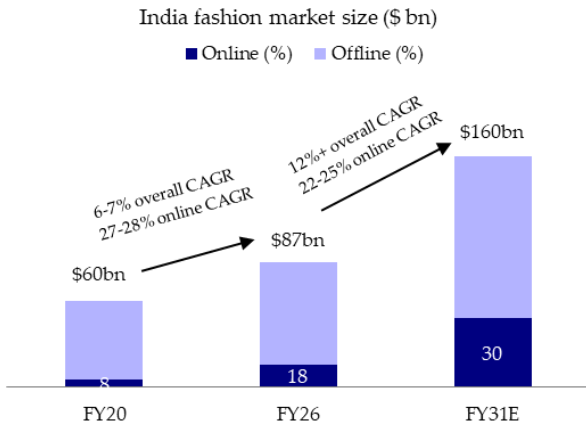
...while BPC market is expected to reach \$42bn by FY31

India BPC market size (\$ bn)

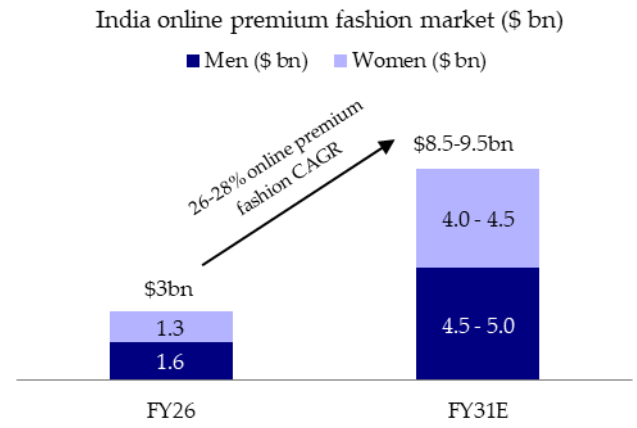


Source: Company, HSIE Research

India's fashion market is expected to grow at CAGR of 12% to reach \$160bn by FY31, while online premium fashion market is expected to grow faster at 26-28% CAGR over FY26-31.

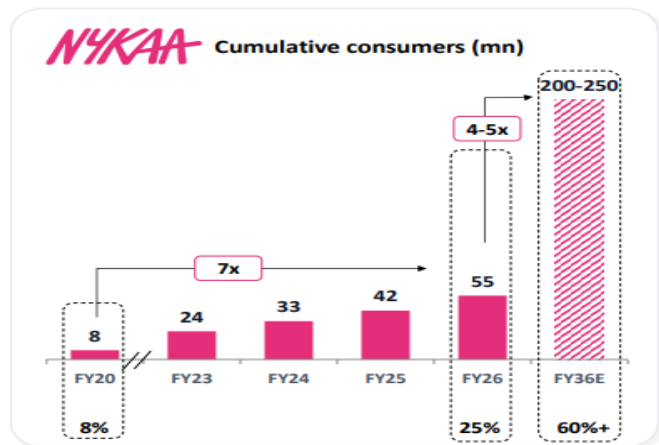
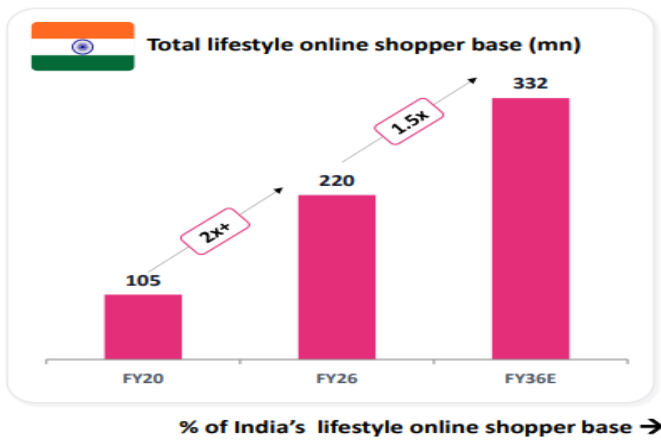


Source: Company, HSIE Research



Source: Company, HSIE Research

India's lifestyle online shopper base doubled over FY20-26, while Nykaa's consumer base scaled 7x over the same period. With the total market projected to reach 332 million, Nykaa has a massive expansion runway.



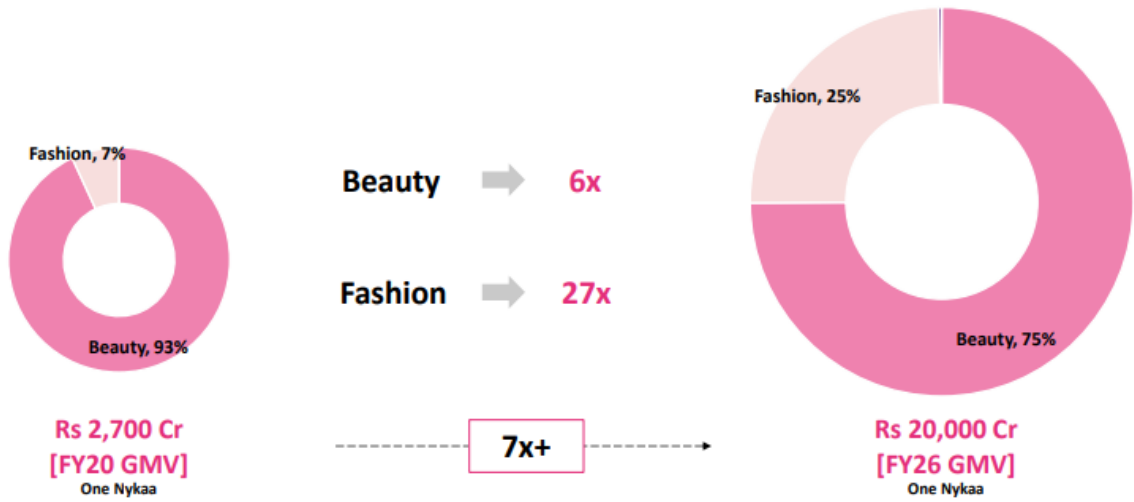
Source: Company, HSIE Research

Nykaa's diversified portfolio of B2C, B2B, Digital, Physical & Consumer Brands serving \$100bn TAM

India BPC Online	India BPC Organized Offline	India BPC Unorganized Offline	India Fashion Online	Beauty Consumer brand TAM
\$14 bn	\$13 bn	\$14 bn	\$48 bn	\$42 bn
<p>India's largest online beauty destination + Curated men's BPC platform</p>	<p>India's largest beauty retail network</p>	<p>Wide distribution of BPC brands across undeserved channels via technology + Assisted GT/MT for HOUSE OF NYKAA</p>	<p>India's #1 destination for trend-first, style-forward + Men focussed curated fashion</p>	<p>7 beauty consumer brands</p>
\$12 bn [Wellness]				\$12 bn [Wellness]

Source: Company, HSIE Research

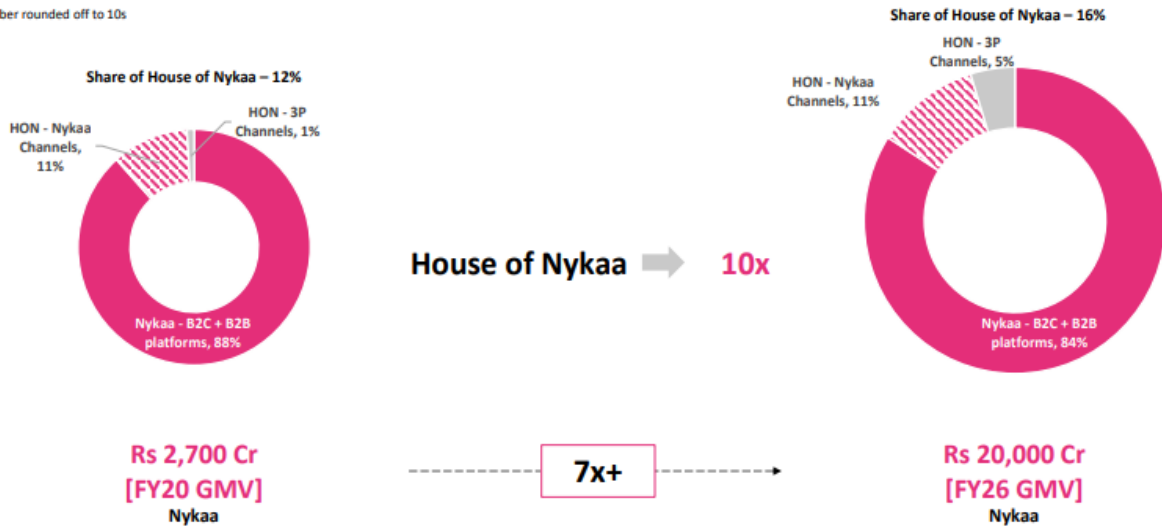
Beauty GMV has grown 6x over FY20-27, while Fashion has grown 27x over the same period (on a low base)



Source: Company, HSIE Research

Share of House of Nykaa in GMV has grown from 12% in FY20 to 16% in FY26

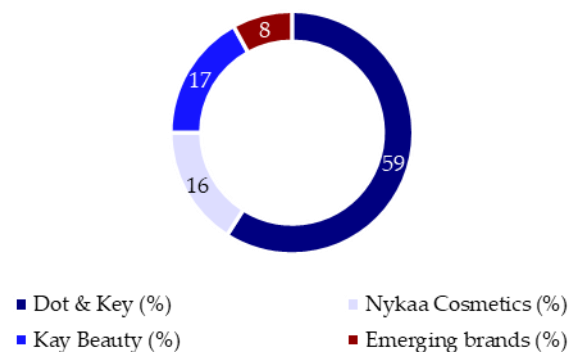
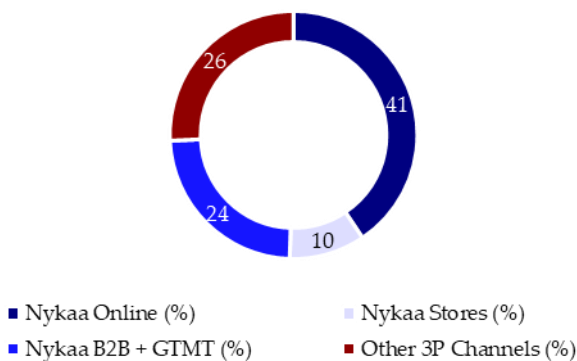
GMV number rounded off to 10s



Source: Company, HSIE Research

House of Nykaa - NSV split by channel - FY26

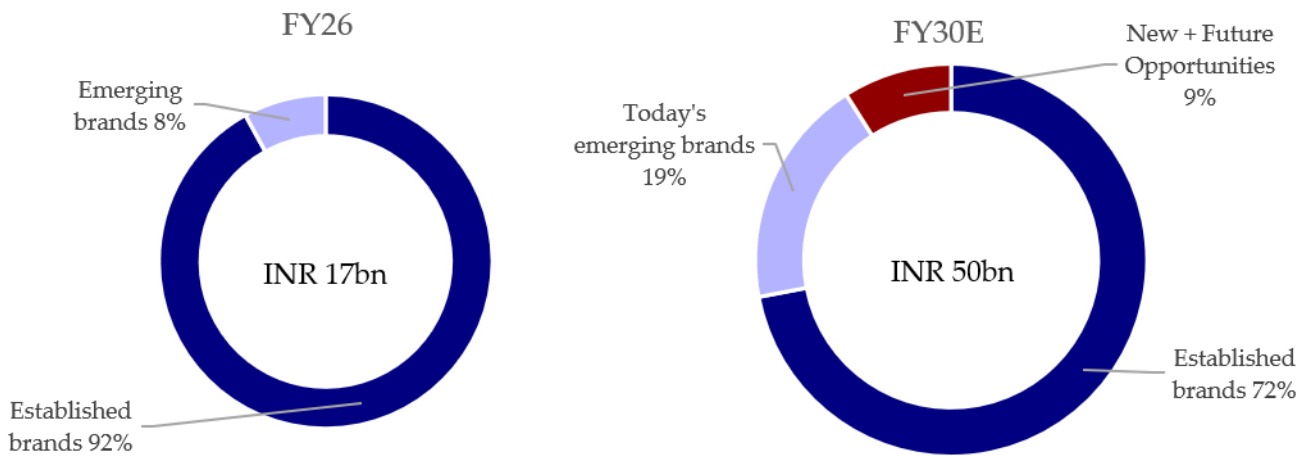
House of Nykaa - Portfolio of brands – FY26



Source: Company, HSIE Research

Source: Company, HSIE Research

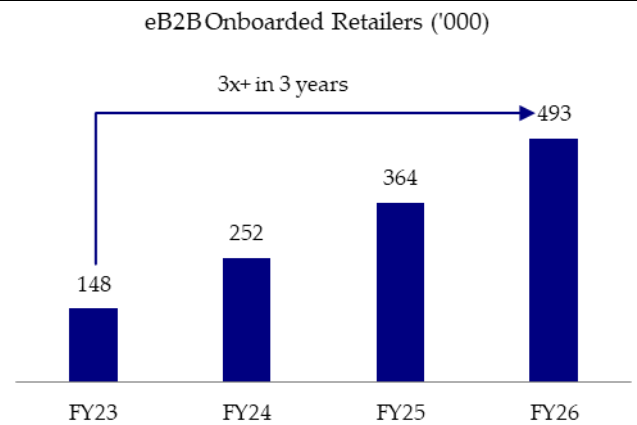
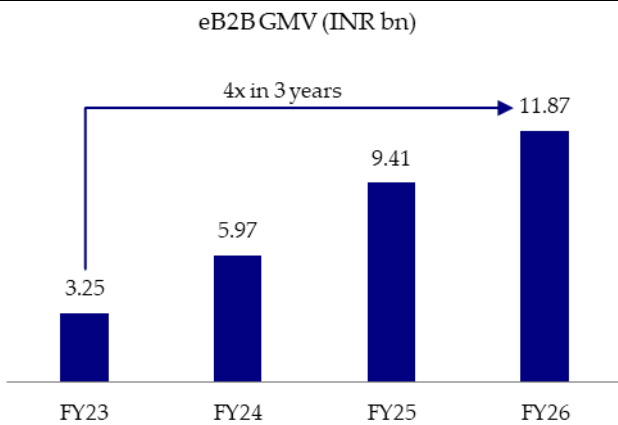
HON's NSV is projected to scale from INR17bn to INR50bn by FY30, with the contribution from established brands moderating from 92% to 72%



Source: Company, HSIE Research

eB2B GMV scaled 4x over FY23-26 to INR11.9bn

...driven by 3x growth in onboarded retailers

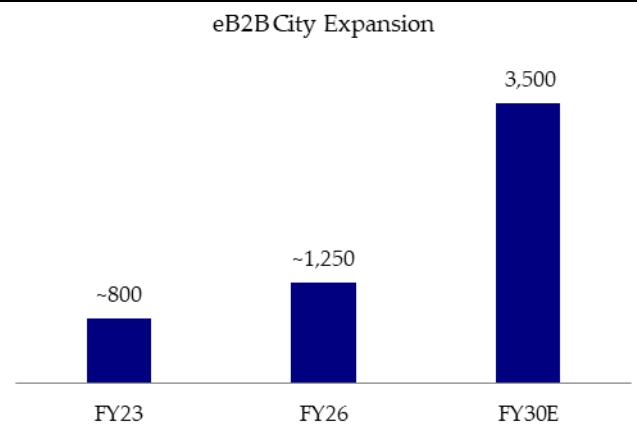
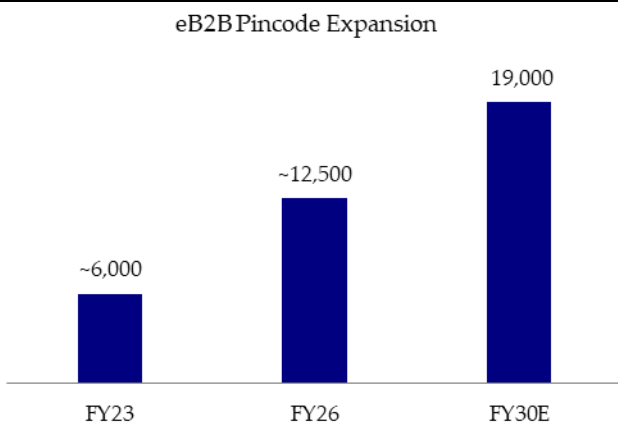


Source: Company, HSIE Research

Source: Company, HSIE Research

eB2B business aims to reach 19,000 pin codes by FY30...

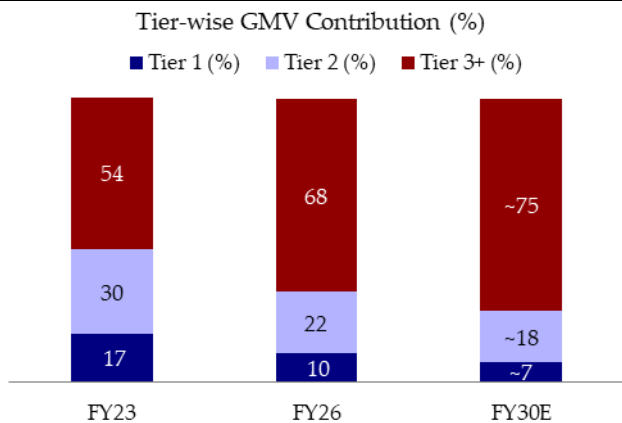
....and expand city reach to 3,500 cities



Source: Company, HSIE Research

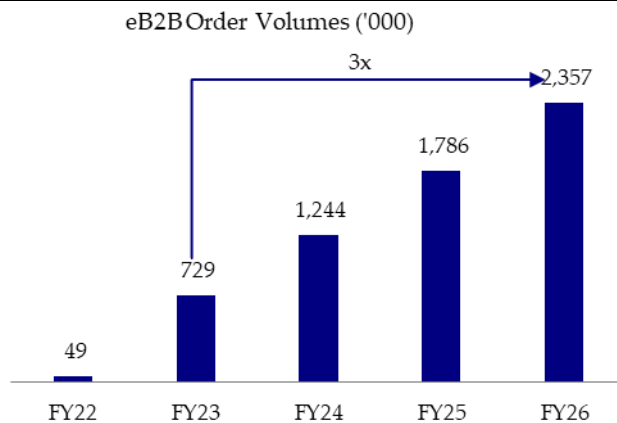
Source: Company, HSIE Research

eB2B - Tier-wise GMV Contribution (%)



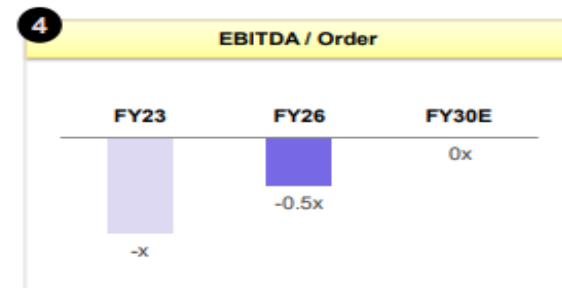
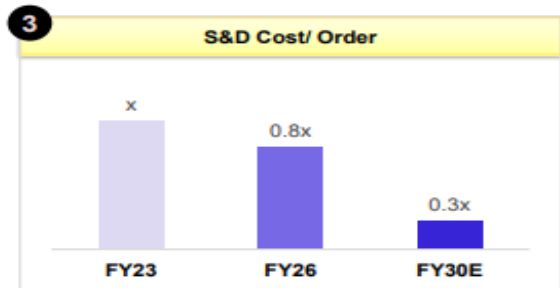
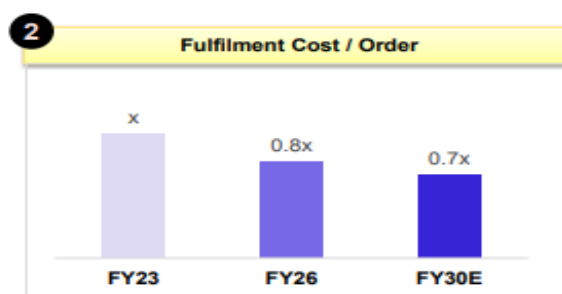
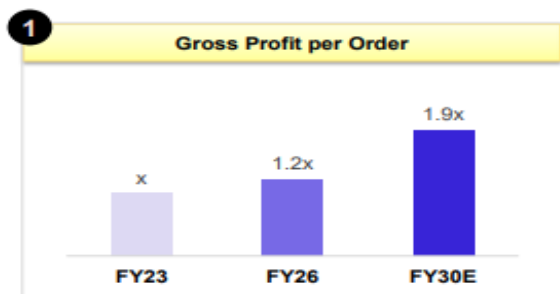
Source: Company, HSIE Research

eB2B order volumes grew 3x over FY23-26



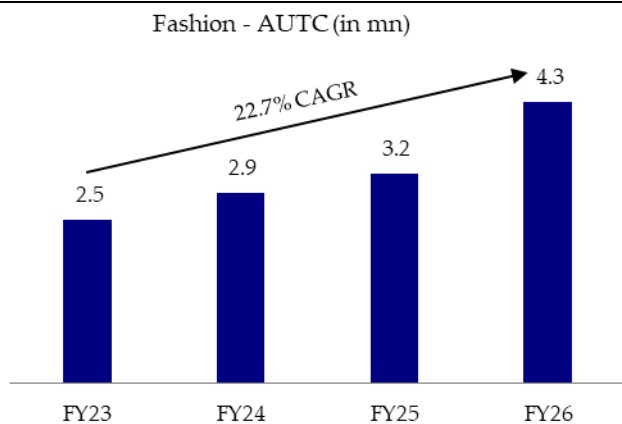
Source: Company, HSIE Research

eB2B's path to breakeven



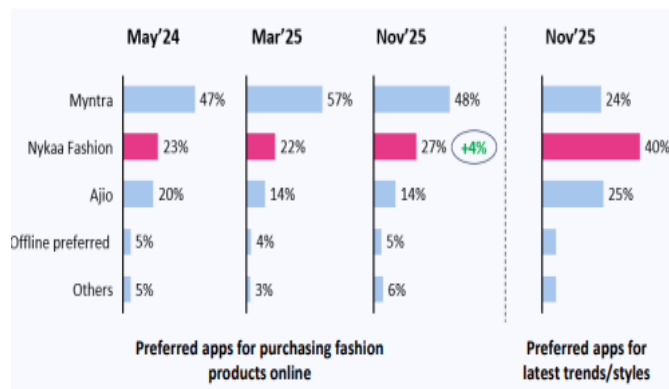
Source: Company, HSIE Research

Fashion AUTC clocked ~23% CAGR over FY23-26



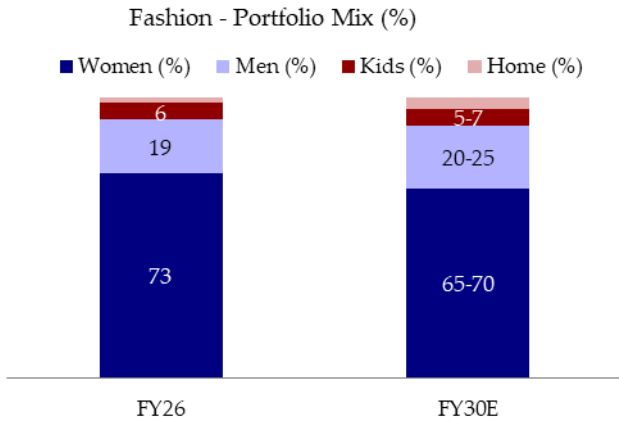
Source: Company, HSIE Research

Nykaa Fashion is India's 2nd most preferred platform



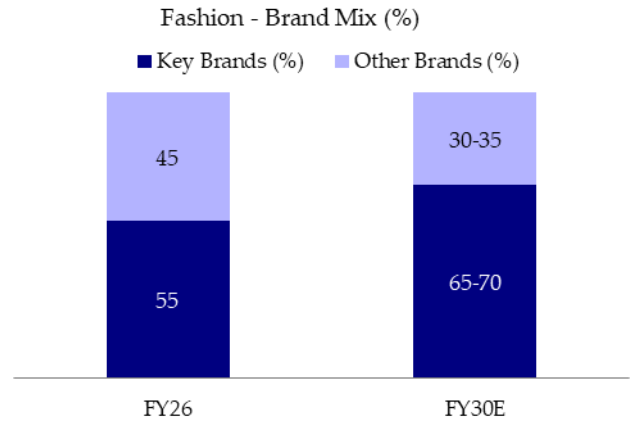
Source: Company, HSIE Research

Women to retain at 65-70% share by FY30; Men & kids to gain share



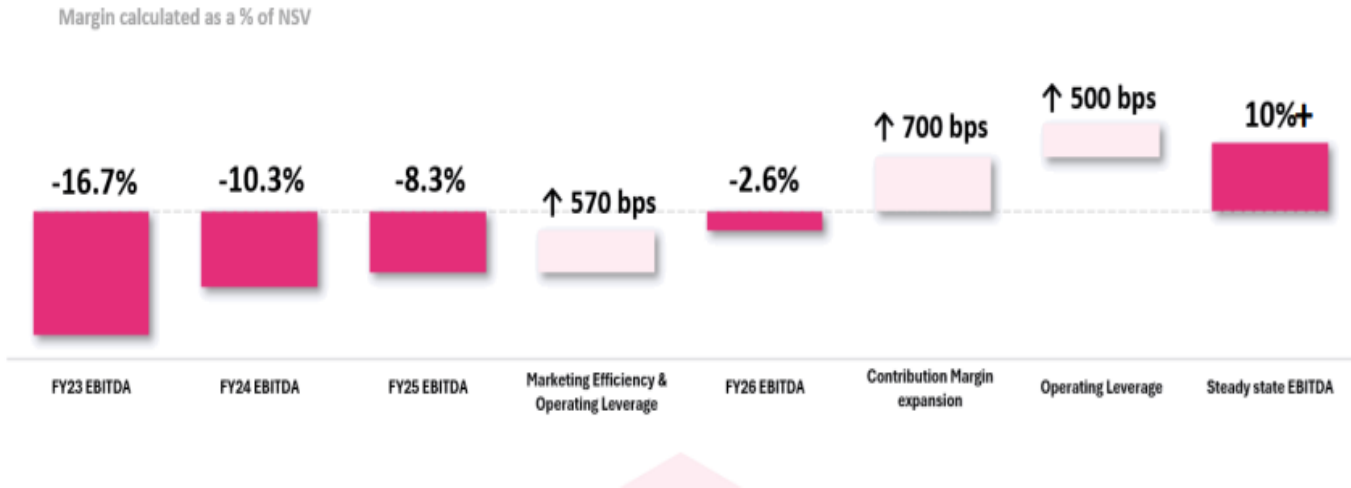
Source: Company, HSIE Research

Key brands are projected to grow faster and account for 65-70% of the fashion business share



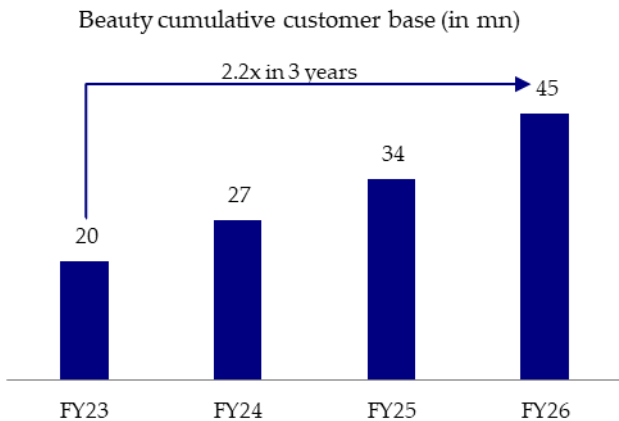
Source: Company, HSIE Research

Nykaa aims for steady-state EBITDAM in fashion segment through strong repeat buying leading to marketing efficiencies and significant leverage in overhead costs as business scales

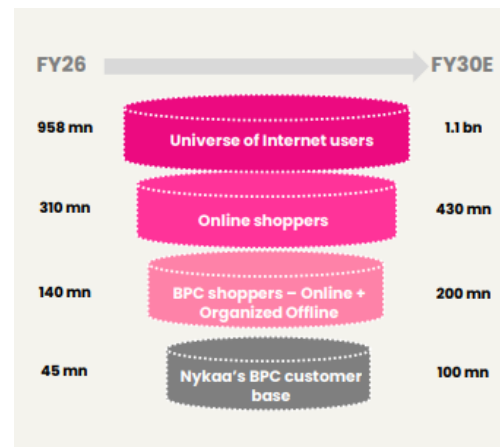


Source: Company, HSIE Research

Nykaa's BPC AUTC grew 2.2x over FY23-26 to reach 45mn consumers and management aims to reach 100mn consumers by FY30

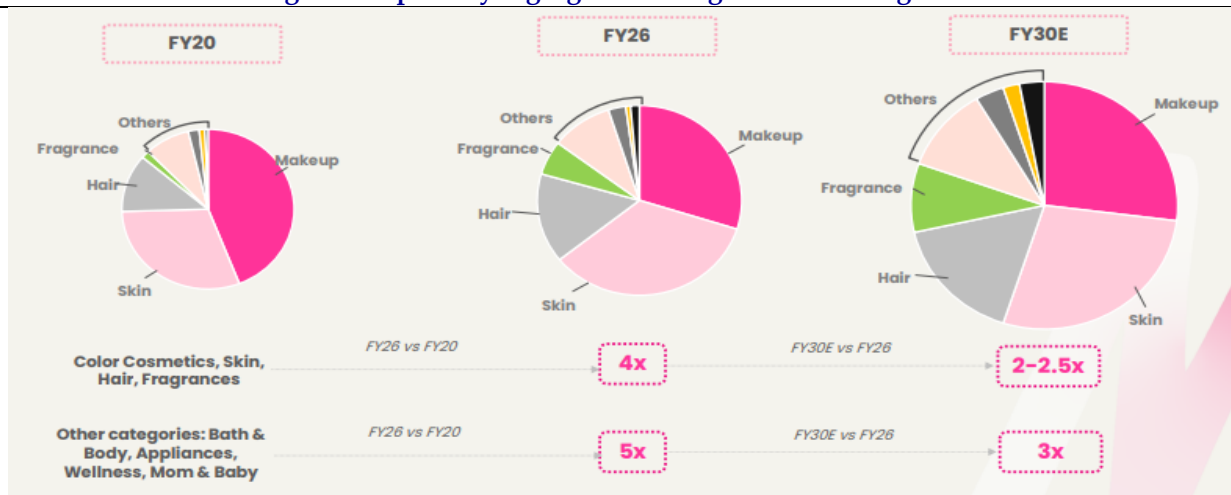


Source: Company, HSIE Research



Source: Company, HSIE Research

Significant cross-category headroom allows Nykaa to deepen customer wallet share and expand its lifestyle footprint. Fragrances and wellness emerge as the primary high-growth categories anchoring this acceleration.



Source: Company, HSIE Research

Income statement

Year End (March)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E
Net Revenues	17,675	24,409	37,739	51,438	63,856	79,498	1,00,224	1,24,201	1,51,931	1,82,976
Growth (%)	59.0	38.1	54.6	36.3	24.1	24.5	26.1	23.9	22.3	20.4
Material Expenses	10,142	14,926	21,300	28,657	36,464	44,727	55,065	68,223	83,470	1,00,577
A&P Expense	2,022	1,695	4,781	6,946	8,913	12,112	15,370	17,984	21,794	25,968
Fulfilment expenses	1,730	2,177	3,956	4,548	4,903	6,003	9,590	11,972	14,726	17,755
Employee Expense	1,956	2,330	3,259	4,917	5,649	6,661	7,715	9,326	10,669	12,241
Rent Expenses	66	83	106	213	325	426	507	640	798	980
Other Expenses	949	1,632	2,704	3,597	4,142	4,832	4,453	5,189	5,766	6,466
EBITDA	811	1,567	1,633	2,560	3,462	4,739	7,523	10,865	14,707	18,989
EBITDA Growth (%)	295.2	93.3	4.2	56.8	35.2	36.9	58.7	44.4	35.4	29.1
EBITDA Margin (%)	4.6	6.4	4.3	5.0	5.4	6.0	7.5	8.7	9.7	10.4
Pre IND AS EBITDA	273	1,054	874	1,179	1,658	2,517	4,721	7,393	10,475	13,910
Pre IND AS EBITDA Growth (%)	(1,011.6)	285.6	(17.1)	34.9	40.6	51.8	87.6	56.6	41.7	32.8
Pre Ind AS EBITDA Margin (%)	1.5	4.3	2.3	2.3	2.6	3.2	4.7	6.0	6.9	7.6
Depreciation	595	716	964	1,733	2,242	2,664	3,203	4,006	4,757	5,406
EBIT	215	851	668	828	1,219	2,075	4,320	6,859	9,950	13,583
EBIT - Pre IND AS	61	747	483	517	706	1,369	3,365	5,800	8,768	12,126
Other Income (Including EO Items)	103	118	270	302	299	273	328	353	617	1,144
Interest	443	307	465	746	828	1,073	1,171	1,378	1,576	1,782
Interest - Pre IND AS	303	177	263	397	515	741	807	904	994	1,093
PBT	(124)	661	473	384	690	1,274	3,476	5,833	8,991	12,945
Total Tax	39	45	60	136	253	538	1,263	1,468	2,263	3,258
PAT before share of associate earnings	(163)	616	413	248	437	737	2,213	4,365	6,728	9,687
Share of associate earnings	-	-	-	(39)	(40)	(16)	-	-	-	-
RPAT	(163)	616	413	210	397	721	2,213	4,365	6,728	9,687
Exceptional Gain/(loss)	-	-	-	-	-	-	-	-	-	-
Adjusted PAT	(163)	616	413	210	397	721	2,213	4,365	6,728	9,687
APAT Growth (%)	(33.4)	(477.3)	(33.0)	(49.2)	89.6	81.3	207.1	97.2	54.1	44.0
Adjusted EPS (Rs)	(0.3)	1.3	0.9	0.1	0.1	0.3	0.7	1.5	2.3	3.4
EPS Growth (%)	(33.4)	(477.3)	(33.0)	(91.6)	89.4	81.1	182.6	114.0	54.1	44.0

Balance sheet

Year End (March)	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
SOURCES OF FUNDS										
Share Capital - Equity	146	151	474	2,852	2,856	2,859	2,863	2,863	2,863	2,863
Reserves	3,076	4,749	12,925	10,928	9,766	10,154	11,517	17,746	26,868	39,413
Total Shareholders' Funds	3,221	4,899	13,399	13,780	12,622	13,013	14,380	20,610	29,732	42,277
Minority Interest	7	8	56	141	188	414	641	641	641	641
Long Term Debt	2	17	9	4	-	1,102	183	183	183	183
Short Term Debt	2,673	1,858	3,321	4,600	6,804	8,512	7,289	6,289	5,289	5,289
Total Debt	2,675	1,875	3,330	4,604	6,804	9,614	7,472	6,472	5,472	5,472
Lease Liabilities	1,450	1,452	2,596	3,381	2,891	3,592	4,906	6,160	7,414	8,668
Net Deferred Taxes	3	247	22	-	-	-	-	-	-	-
Other Non-current Liabilities & Provns	471	850	2,889	1,373	712	1,359	17	17	17	17
TOTAL SOURCES OF FUNDS	7,827	9,332	22,292	23,280	23,217	27,991	27,416	33,899	43,276	57,074
APPLICATION OF FUNDS										
Net Block	841	921	2,032	3,547	3,699	4,410	4,490	4,501	4,448	4,521
CWIP	8	20	98	20	61	32	93	93	93	93
Other Non-current Assets	2,097	2,274	4,342	6,061	6,481	7,594	8,955	10,135	11,314	12,494
Total Non-current Assets	2,946	3,215	6,471	9,628	10,241	12,036	13,538	14,728	15,855	17,107
Inventories	4,453	4,981	8,756	10,051	11,920	14,175	16,422	20,417	24,975	30,078
Debtors	984	766	945	1,635	2,416	2,466	2,894	3,586	4,387	5,283
Other Current Assets	1,067	1,568	7,617	6,316	6,687	8,945	10,059	12,885	15,762	18,983
Cash & Equivalents	1,794	2,490	2,670	1,869	2,742	2,173	3,202	3,856	8,478	14,397
Total Current Assets	8,299	9,805	19,989	19,872	23,765	27,759	32,576	40,744	53,602	68,741
Creditors	3,133	3,162	3,621	2,654	3,867	6,348	7,325	8,907	10,688	12,621
Other Current Liabilities & Provns	285	526	548	3,566	6,922	5,456	11,373	12,666	15,493	16,153
Total Current Liabilities	3,418	3,688	4,168	6,220	10,789	11,804	18,698	21,573	26,181	28,774
Net Current Assets	4,881	6,117	15,821	13,652	12,976	15,955	13,878	19,171	27,420	39,967
TOTAL APPLICATION OF FUNDS	7,827	9,332	22,292	23,280	23,217	27,991	27,416	33,899	43,276	57,074

Cash flow statement

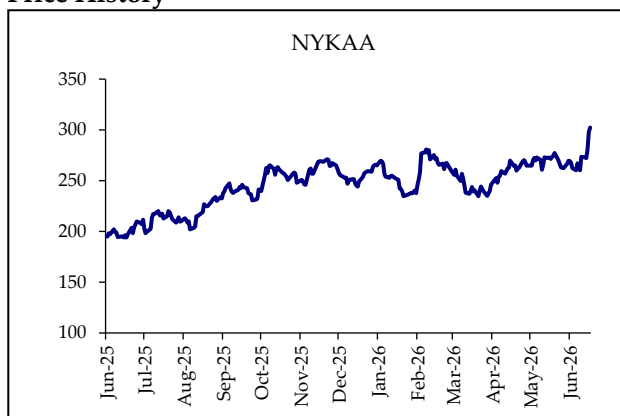
Year ending March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Reported PBT	(124)	753	473	384	690	1,275	3,302	5,833	8,991	12,945
Non-operating & EO Items	(24)	172	58	(24)	67	41	269	(353)	(617)	(1,144)
Interest Expenses	443	307	465	746	828	1,073	1,171	1,378	1,576	1,782
Depreciation	595	671	835	1,733	2,242	2,664	3,203	4,006	4,757	5,406
Working Capital Change	(786)	(273)	(4,649)	(3,290)	(2,513)	211	(151)	(4,639)	(3,627)	(6,628)
Tax Paid	(43)	(132)	(722)	(951)	(1,312)	(597)	(1,352)	(1,468)	(2,263)	(3,258)
OPERATING CASH FLOW (a)	62	1,498	(3,540)	(1,402)	3	4,666	6,443	4,758	8,816	9,103
Capex	888	(437)	(1,448)	(2,784)	(1,107)	(1,562)	(1,518)	(1,605)	(1,654)	(1,857)
Free Cash Flow (FCF)	949	1,062	(4,988)	(4,186)	(1,105)	3,104	4,925	3,154	7,162	7,246
Investments	(739)	(897)	(4,746)	3,999	788	(588)	(274)	-	-	-
Non-operating Income	1	36	166	181	218	96	203	353	617	1,144
INVESTING CASH FLOW (b)	149	(1,297)	(6,028)	1,396	(101)	(2,054)	(1,589)	(1,252)	(1,038)	(713)
Debt Issuance/(Repaid)	1,153	46	1,195	929	1,643	2,044	(2,906)	(2,378)	(2,576)	(1,782)
FCFE	2,103	1,107	(3,793)	(3,257)	538	5,148	2,019	775	4,586	5,464
Share Capital Issuance	5	6	8,727	288	279	312	708	-	-	-
Dividend	-	-	-	-	-	-	-	-	-	-
Others	(471)	(429)	(652)	(1,169)	(1,479)	(4,476)	(2,132)	(474)	(581)	(689)
FINANCING CASH FLOW (c)	687	(377)	9,270	49	443	(2,120)	(4,331)	(2,852)	(3,157)	(2,471)
NET CASH FLOW (a+b+c)	898	(176)	(297)	42	344	492	523	654	4,622	5,919
EO Items, Others	-	-	-	-	-	-	-	-	-	-
Closing Cash & Equivalents	1,756	2,477	2,670	1,487	2,399	2,172	3,200	3,854	8,476	14,395

Key Ratios

	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
PROFITABILITY (%)										
GPM	42.6	38.9	43.6	44.3	42.9	43.7	45.1	45.1	45.1	45.0
EBITDA Margin	4.6	6.4	4.3	5.0	5.4	6.0	7.5	8.7	9.7	10.4
EBIT Margin	1.2	3.5	1.8	1.6	1.9	2.6	4.3	5.5	6.5	7.4
APAT Margin	(0.9)	2.5	1.1	0.4	0.6	0.9	2.0	3.5	4.4	5.3
RoE	(5.9)	15.2	4.5	1.5	3.0	5.6	16.2	25.0	26.7	26.9
RoIC (or Core RoCE)	5.5	12.3	4.4	2.6	3.7	5.2	11.0	18.9	23.0	26.2
RoCE	6.2	10.5	5.2	3.0	4.0	5.2	10.7	17.6	20.5	22.0
RoE*	(5.9)	15.0	4.5	1.5	2.9	5.5	15.8	24.4	26.3	26.5
RoIC (or Core RoCE)*	2.2	13.8	3.9	1.9	2.4	4.0	10.5	20.3	25.8	29.7
RoCE*	4.4	10.9	4.8	2.4	3.5	5.2	11.8	20.3	23.6	25.0
EFFICIENCY										
Tax Rate (%)	(31.5)	6.8	12.7	35.4	36.7	42.2	36.3	25.2	25.2	25.2
Total Asset Turnover (x)	2.9	3.6	1.9	2.4	3.1	3.1	4.1	4.1	4.4	4.3
Fixed Asset Turnover (x)	18.6	22.0	19.6	14.8	15.1	15.5	14.8	14.8	15.1	15.4
Inventory (days)	92.0	74.5	84.7	71.3	68.1	65.1	59.8	60.0	60.0	60.0
Debtors (days)	20.3	11.5	9.1	11.6	13.8	11.3	10.5	10.5	10.5	10.5
Other Current Assets (days)	22.0	23.4	73.7	44.8	38.2	41.1	36.6	37.9	37.9	37.9
Payables (days)	64.7	47.3	35.0	18.8	22.1	29.1	26.7	26.2	25.7	25.2
Other Current Liab & Provsns (days)	5.9	7.9	5.3	25.3	39.6	25.0	41.4	37.2	37.2	32.2
Cash Conversion Cycle (days)	63.7	54.2	127.2	83.6	58.5	63.3	38.9	45.0	45.5	51.0
Net D/E (x)	0.3	(0.1)	0.0	0.2	0.3	0.6	0.3	0.1	(0.1)	(0.2)
Interest Coverage (x)	0.5	2.8	1.4	1.1	1.5	1.9	3.7	5.0	6.3	7.6
PER SHARE DATA (Rs)										
EPS	(0.3)	1.3	0.9	0.1	0.1	0.3	0.7	1.5	2.3	3.4
CEPS	1.0	2.9	2.9	0.7	0.9	1.2	1.8	2.9	4.0	5.3
Dividend	-	-	-	-	-	-	-	-	-	-
Book Value	7.1	10.6	28.4	4.8	4.4	4.6	5.0	7.2	10.4	14.8
VALUATION										
P/E (x)	(871)	231	345	4,110	2,170	1,198	424	198	129	89
P/BV (x)	42	29	11	63	68	66	60	42	29	20
EV/EBITDA (x)	2,997.1	795.3	977.1	733.0	522.8	346.1	184.1	117.3	82.3	61.5
EV/Revenues (x)	46.4	34.3	22.6	16.8	13.6	11.0	8.7	7.0	5.7	4.7
OCF/EV (%)	0.0	0.2	(0.4)	(0.2)	0.0	0.5	0.7	0.5	1.0	1.1
FCF/EV (%)	0.1	0.1	(0.6)	(0.5)	(0.1)	0.4	0.6	0.4	0.8	0.8
FCFE/Mkt Cap (%)	0.3	0.1	(0.4)	(0.4)	0.1	0.6	0.2	0.1	0.5	0.6
Dividend Yield (%)	-	-	-	-	-	-	-	-	-	-

Source: Company, HSIE Research

Price History



Rating Criteria

- BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: >10% Downside return potential

Disclosure:

We, **Jay Gandhi, MBA & Vedant Mulik, CA** authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Research Analyst or his/her relative or HDFC Securities Ltd. does not have any financial interest in the subject company. Also Research Analyst or his relative or HDFC Securities Ltd. or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Further Research Analyst or his relative or HDFC Securities Ltd. or its associate does have/does not have any material conflict of interest.

Any holding in stock – NO

HDFC Securities Limited (HSL) is a SEBI Registered Research Analyst having registration no. INH000002475.

Disclaimer:

This report has been prepared by HDFC Securities Ltd and is solely for information of the recipient only. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite or the particular circumstances of an individual investor; readers are requested to take professional advice before investing. This report may have been refined using AI tools to enhance clarity and readability.

Nothing in this document should be construed as investment advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in securities of the companies referred to in this document (including merits and risks) and should consult their own advisors to determine merits and risks of such investment. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete. HSL is not obliged to update this report for such changes. HSL has the right to make changes and modifications at any time.

This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction.

If this report is inadvertently sent or has reached any person in such country, especially, United States of America, the same should be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published in whole or in part, directly or indirectly, for any purposes or in any manner.

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk. It should not be considered to be taken as an offer to sell or a solicitation to buy any security.

This document is not, and should not, be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. This report should not be construed as an invitation or solicitation to do business with HSL. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments.

HSL and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

HSL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report. As regards the associates of HSL please refer the website.

HSL or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

HSL or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction in the normal course of business.

HSL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither HSL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. HSL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the subject company or third party in connection with the Research Report.

Please note that HDFC Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Murli V Karkera Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600

For grievance redressal contact Customer Care Team Email: customercare@hdfcsec.com Phone: (022) 3901 9400

HDFC Securities Limited, SEBI Reg. No.: NSE, BSE, MSEI, MCX: INZ000186937; AMFI Reg. No. ARN: 13549; PFRDA Reg. No. POP: 11092018; IRDA Corporate Agent License No.: CA0062; SEBI Research Analyst Reg. No.: INH000002475; SEBI Investment Adviser Reg. No.: INA000011538; CIN - U67120MH2000PLC152193

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Mutual Funds Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

HDFC Securities

Institutional Equities

Unit No. 1602, 16th Floor, Tower A, Peninsula Business Park,

Senapati Bapat Marg, Lower Parel, Mumbai - 400 013

Board: +91-22-6171-7330 www.hdfcsec.com