

Growth acceleration likely; high hopes, rich valuations restraining

- Nykaa's Q4FY24 revenues were a tad ahead but GP/EBITDA was in-line due to lower gross margin in core BPC segment, a negative. In Q4FY24 GMV/Rev/GP/EBITDA were +32/28/23/32% YoY and FY24 at 28/24/20/35% YoY.
- Nykaa is facing challenge in managing its rapid growth and profitability simultaneously, as investing in growth measures to drive expansion leads to a dip in margins, while focusing on profitability results in slower growth. Moreover, increasing competition, consumption slack, multiple segments under investment mode (viz. fashion, superstore, GCCs etc) are other issues which limit margin/profitability. Margin expansion may remain short in BPC. Fashion remains key growth and margin driver, partly off-set by others.
- In the above backdrop, we alter our revenue estimates by +4/6% for FY25/26E and EBITDA by 4/-2%. Nykaa's large addressable TAM, strong business position in BPC, superior execution and evolution as House of Brands; we expect it to trade at premium. But steep valuations, growth moderations as base inches up and increase in competition are key risks. Reiterate 'Reduce' rating with TP of Rs 160 @ 5x FY26E EV/S (earlier Rs 150 @ 5x FY26E EV/S). At CMP, Nykaa trades at ~100/67x FY25/26E EV/E and 372/164x PE.

Respectable revenue growth in tough macros

Nykaa's Q4FY24 was healthy with GMV growth of 32% YoY (BPC/Fashion/other at 30/27/68%). Revenue grew by 28% (BPC/Fashion/Others 24/27/90%). Core BPC GMV growth was robust, but revenues were a tad soft, yet healthy in backdrop of weak macros. The company invested in marketing/discounts for new consumer recruitments to drive growth.

GP/contribution growth soft; EBITDA healthy

GP grew by 20%(BPC/Fashion 17/28%). It trailed EBITDA due to lower marketing revenues and weak macros driving higher discounting. The fashion business witnessed healthy growth revival for 3rd quarter in a row. Increased marketing spends for 2nd quarter by Nykaa for category expansion and new consumer requirement especially in BPC impacted segment GM and was a negative. ESOP charge, restructuring and investments in GCC countries further impacted the EBITDA margin by 120bps (of which ~40bps is one-time). A modest rise in employee/other expenses led to EBITDA outpacing GP/Contribution growth.

Q4FY24 Result (Rs Mn)

Particulars	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)
Revenue	16,680	13,017	28.1	17,888	(6.8)
Total Expense	15,747	12,310	27.9	16,900	(6.8)
EBITDA	933	707	32.0	988	(5.6)
Depreciation	596	530	12.5	580	2.8
EBIT	336	177	90.5	407	(17.5)
Other Income	71	97	(27.5)	76	(6.9)
Interest	211	188	12.6	218	(3.2)
EBT	196	86	126.7	265	(26.2)
Tax	98	44	125.7	83	19.0
RPAT	97	43	127.8	182	(46.6)
APAT	97	43	127.8	182	(46.6)
			(bps)		(bps)
Gross Margin (%)	42.6	44.2	(166)	42.5	5
EBITDA Margin (%)	5.6	5.4	16	5.5	7
NPM (%)	0.6	0.3	26	1.0	(44)
Tax Rate (%)	50.2	50.5	(23)	31.2	1906
EBIT Margin (%)	2.0	1.4	66	2.3	(26)

CMP	Rs 179
Target / Downside	Rs 160 / 11%
NIFTY	22,598

Scrip Details

Equity / FV	Rs 2,856mn / Rs 1
Market Cap	Rs 512bn
	USD 6.2bn
52-week High/Low	Rs 196/ 122
Avg. Volume (no)	47,81,930
Bloom Code	NYKAA IN

Price Performance	1M	3M	12M
Absolute (%)	4	18	40
Rel to NIFTY (%)	3	16	16

Shareholding Pattern

	Sep'23	Dec'23	Mar'24
Promoters	52.3	52.2	52.2
MF/Banks/FIs	14.3	15.3	17.2
FIs	9.8	10.7	10.3
Public / Others	23.6	21.8	20.3

Valuation (x)

	FY24A	FY25E	FY26E
P/E	1170.4	376.0	165.8
EV/EBITDA	150.4	100.7	68.2
ROE (%)	3.3	10.2	20.4
RoACE (%)	3.3	7.3	13.0

Estimates (Rs bn)

	FY24A	FY25E	FY26E
Revenue	63.9	77.5	93.3
EBITDA	3.5	5.2	7.6
PAT	0.4	1.4	3.1
EPS (Rs.)	0.2	0.5	1.1

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Exhibit 1: Actual vs. Estimates table

Particulars (Rs Mn)	Actual	Estimates	Variance (%)	Remarks
Revenue	16,680	16,155	3.3	Revenue marginally ahead off-set by lower GP margin in BPC segment. PAT below estimates due to higher tax outgo.
GP	7,102	7,086	0.2	
GP %	42.6	43.9	(128 bps)	
EBITDA	933	955	(2.3)	
Margin %	5.6	5.9	(32 bps)	
PAT	97	177	(44.9)	

Source: Company, DART

Exhibit 2: Change in estimates

Particulars (Rs mn)	FY25E			FY26E			Remarks
	Old	New	Chg %/bps	Old	New	Chg %/bps	
Revenue	74,826	77,529	3.6	88,410	93,334	5.6	Increase revenue estimates to factor higher investments led growth acceleration.
GP	32,748	33,283	1.6	39,973	40,108	0.3	
EBITDA	4,953	5,154	4.1	7,832	7,643	(2.4)	
APAT	1,348	1,361	1.0	3,422	3,085	(9.8)	Moderation in GP/EBITDA margin to factor higher investments in new businesses incl. GCC, ESOP costs and lower Oplev in core BPC business
AEPS	0.5	0.5	1.0	1.2	1.1	(9.8)	
Margin %							
GP %	43.8	42.9	(87)	45.2	43.0	(223)	
EBITDA %	6.6	6.6	5	8.9	8.2	(71)	APAT impacted by higher tax
APAT %	1.8	1.8	(4)	3.9	3.3	(59)	

Source: Company, DART

Earning call KTAs

- **Outlook on growth – acceleration likely:** FY24 had been a tad soft for digital companies on account of strong comeback by physical. However, both the BPC and the premium fashion segment have significantly large TAM and, in that backdrop, FY24 growth run-rate is below average and not representative of future growth outlook.
- Also, Nykaa has stepped up its investments (marketing/promotions) to accelerate new consumer recruitment. This too shall help drive growth.
- In Fashion business segment too, Nykaa has seen step-up in growth for 3rd quarter in a row after getting the unit economics in place.
- **Outlook on margin – positive surprise feasible:** The Contribution margin in BPC shall remain in a narrow range with limited room for Oplev.
- **But then, driven by superior growth and associated Oplev in Fashion/other segment and at Consolidated level driven by Oplev in employee expenses, we believe the EBITDA margin improvement shall accelerate and could surprise positively.**

Others

- Increase in competition and consumption pressure in masstige products are key risks.
- Customer expansion remains a strategic priority for the company.

Exhibit 3: Fulfillment costs/order – after witnessing significant efficiencies over past few quarters was under pressure

Particular	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	FY22	FY23	FY24
Orders (Mn)											
- BPC	8.4	8.7	9.7	9.0	9.5	10.0	11.1	11.1	27.0	35.8	41.7
- Fashion	1.6	1.5	1.8	1.4	1.5	1.7	2.0	1.7	5.1	6.3	6.9
- Others	0.3	0.4	0.5	0.4	0.4	0.5	0.6	0.6	0.6	1.5	2.1
Total	10.2	10.6	12.0	10.8	11.4	12.2	13.7	13.4	32.8	43.6	50.7
Fulfillment costs (Rs Mn)											
- BPC	1,007	1,146	993	758	1,022	1,070	1,271	1,160	3,251	3,904	4,523.0
- Fashion	231	208	217	194	231	277	310	251	630	850	1,069.0
- Others	56	100	78	82	104	113	137	139	75	316	493.0
Total	1,294	1,454	1,288	1,034	1,357	1,460	1,718	1,550	3,956	5,070	6,085.0
Fulfillment costs/order (Rs)											
- BPC	120	132	102	84	108	107	115	105	121	109	108
- Fashion	148	137	119	139	154	163	155	148	126	142	155
- Others	211	284	169	205	260	226	228	232	118	226	235
Total	127	142	112	99	123	125	131	126	124	121	125
Chg YoY (%)											
- BPC	(11.2)	7.9	(19.3)	(16.7)	(10.6)	(18.7)	12.0	24.6		(9.5)	-0.5
- Fashion	32.3	17.8	(7.3)	5.1	4.0	19.1	30.7	6.5		12.4	9.4
- Others	159.5	199.2	74.8	10.5	23.4	(20.3)	34.7	13.0		90.5	4.0
Total	(2.8)	18.0	(11.7)	(7.6)	(2.9)	(12.2)	17.5	27.6		(2.0)	3.2

Source: Company, DART; Nykaa has revised classification of fulfilment and S&D costs in Q1FY24

Exhibit 4: Consolidated Quarterly P&L

Particular (Rs Mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Chg YoY (%)	Chg QoQ (%)
Revenue	13,017	14,218	15,070	17,888	16,680	28.1	(6.8)
COGS	7,259	8,032	8,574	10,281	9,577	31.9	(6.8)
Gross Profit	5,758	6,186	6,496	7,607	7,102	23.3	(6.6)
Employee costs	1,273	1,386	1,363	1,479	1,421	11.6	(4.0)
Marketing	1,431	1,597	1,690	2,175	1,856	29.7	(14.7)
Fulfilment	1,035	1,357	1,459	1,718	1,550	20.5	(9.8)
S&D	528	322	346	427	447	61.4	4.7
Other exps	784	790	832	820	896	14.3	9.2
Total Op. Exps	5,051	5,452	5,690	6,620	6,170	22.1	(6.8)
EBITDA	707	735	806	988	933	32.0	(5.6)
D&A	530	519	546	580	596	12.5	2.8
EBIT	177	215	260	407	336	90.5	(17.5)
Finance Costs	188	185	213	218	211	12.6	(3.2)
Other Income	97	67	86	76	71	(27.5)	(6.9)
PBT	86	97	133	265	196	126.7	(26.2)
Tax	44	33	40	83	98	125.7	19.0
PAT	43	65	93	182	97	127.8	(46.6)
AEPS (Rs)	0.1	0.1	0.2	0.4	0.2	127.8	(46.6)

Source: Company, DART

Exhibit 5: Common size statement

Particulars (Rs Mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Chg YoY(bps)	Chg QoQ(bps)
Revenue	100.0	100.0	100.0	100.0	100.0	-	-
COGS	55.8	56.5	56.9	57.5	57.4	166	(5)
Gross Profit	44.2	43.5	43.1	42.5	42.6	(166)	5
Employee costs	9.8	9.7	9.0	8.3	8.5	(126)	25
Marketing	11.0	11.2	11.2	12.2	11.1	13	(103)
Fulfilment	8.0	9.5	9.7	9.6	9.3	(59)	(31)
S&D	4.1	2.3	2.3	2.4	2.7	55	29
Other exps	6.0	5.6	5.5	4.6	5.4	(65)	78
Total Op. Exps	38.8	38.3	37.8	37.0	37.0	(182)	(2)
EBITDA	5.4	5.2	5.4	5.5	5.6	16	7
D&A	4.1	3.7	3.6	3.2	3.6	(50)	33
EBIT	1.4	1.5	1.7	2.3	2.0	66	(26)
Finance Costs	1.4	1.3	1.4	1.2	1.3	(17)	5
Other Income	0.7	0.5	0.6	0.4	0.4	(32)	(0)
PBT	0.7	0.7	0.9	1.5	1.2	51	(31)
Tax	0.3	0.2	0.3	0.5	0.6	25	13
PAT	0.3	0.5	0.6	1.0	0.6	26	(44)
Tax as % of PBT	50.5	33.6	29.9	31.2	50.2	(23)	1,906

Source: Company, DART

Exhibit 6: Operating KPIs

Particulars	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	ChgYoY (%)	ChgQoQ (%)
Number of Visits (Mn)	369.0	395.0	430.0	468.0	447.0	21.1	(4.5)
- BPC	231.0	257.0	271.0	295.0	286.0	23.8	(3.1)
- Fashion	127.0	126.0	144.0	157.0	144.0	13.4	(8.3)
- Others	11.0	12.0	15.0	16.0	17.0	54.5	6.3
MAU* Visitors (Mn)	41.3	44.0	46.8	51.1	49.3	19.3	(3.5)
- BPC	22.5	25.4	26.8	29.6	28.9	28.4	(2.4)
- Fashion	17.3	16.6	17.6	18.8	17.4	0.6	(7.4)
- Others	1.5	2.0	2.4	2.7	3.0	94.8	11.1
Transacting Consumers (Mn)	12.5	12.9	13.9	14.0	14.7	17.6	4.9
- BPC	10.0	10.3	10.7	11.1	11.7	17.0	5.3
- Fashion	2.5	2.6	3.2	2.9	3.0	20.0	3.4
- Others	0.5	0.5	0.6	0.6	0.7	40.0	16.7
Conversion ratio (%)	30.2	29.3	29.6	27.4	29.8	(1.4)	8.8
- BPC	44.4	40.6	39.9	37.5	40.5	(8.9)	7.9
- Fashion	14.5	15.7	17.9	15.4	17.2	19.3	11.8
- Others	32.5	25.0	22.9	22.2	23.3	(28.1)	5.0
Orders (Mn)	10.4	10.9	11.7	13.1	12.8	22.7	(2.3)
- BPC	9.0	9.5	10.0	11.1	11.1	22.9	-
- Fashion	1.4	1.4	1.7	2.0	1.7	21.4	(15.0)
- Others	0.4	0.5	0.5	0.6	0.6	50.0	-
Orders/Customer pa (Nos)	3.3	3.4	3.4	3.7	3.5	4.3	(6.9)
- BPC	3.6	3.7	3.7	4.0	3.8	5.0	(5.0)
- Fashion	2.2	2.2	2.2	2.8	2.3	1.2	(17.8)
- Others	3.2	0.5	0.5	0.6	0.6	(79.9)	9.3
AOV (Rs)	2,344	2,448	2,516	2,763	2,514	7.3	(9.0)
- BPC	1,803	1,849	1,916	2,024	1,788	(0.8)	(11.7)
- Fashion	4,266	4,058	4,061	4,681	4,546	6.6	(2.9)
- Others	3,368	3,561	3,541	4,027	3,966	17.8	(1.5)
GMV (Rs Mn)	24,454	26,678	29,435	36,195	32,173	31.6	(11.1)
- BPC	16,289	18,508	20,016	23,697	21,197	30.1	(10.5)
- Fashion	6,641	6,537	7,628	10,125	8,422	26.8	(16.8)
- Others	1,524	1,633	1,791	2,373	2,554	67.6	7.6

Source: Company, DART

Exhibit 7: Segment wise performance - BPC

Particulars (Rs Mn)	Q4FY23	Q3FY24	Q4FY24	Chg YoY (%/bps)	Chg QoQ (%/bps)	FY23	FY24	Chg YoY (%/bps)
Visits (Mn)	231	295	286	23.8	(3.1)	937	1110	18.5
MAUV (Mn)	22.5	29.6	28.9	28.4	(2.4)	22.7	27.7	21.9
AUTC (Mn)	10.0	11.1	11.7	17.0	5.3	10.0	11.7	17.0
Orders (Mn)	9.0	11.1	11.1	22.9	0.0	35.8	41.7	16.5
AOV (Rs)	1,803	2,024	1,788	(0.8)	(11.7)	1,857	2,000	7.7
GMV (Rs Mn)	16,289	23,697	21,197	30.1	(10.5)	66,492	83,418	25.5
NSV (Rs Mn)	10,238	13,805	12,712	24.2	(7.9)	40,765	49,490	21.4
NSV / GMV (%)	62.9	58.3	60.0	(288)	171	61.3	59.3	(198)
Revenue / NSV (%)	109.4	109.0	109.2	(15)	26	109.9	108.8	(113)
Revenue (Rs Mn)	11,200	15,045	13,887	24.0	(7.7)	44,820	53,856	20.2
COGS (Rs Mn)	6,413	8,903	8,123	26.7	(8.8)	25,912	31,539	21.7
Gross Profit (Rs Mn)	4,787	6,142	5,764	20.4	(6.2)	18,908	22,317	18.0
Fulfilment (Rs Mn)	758	1,271	1,160	53.0	(8.7)	3,904	4,523	15.9
Marketing (Rs Mn)	814	1,359	1,147	40.9	(15.6)	3,268	4,413	35.0
S&D (Rs Mn)	334	224	217	(35.0)	(3.1)	1,167	779	(33.2)
Contribution (Rs Mn)	2,881	3,288	3,240	12.5	(1.5)	10,796	12,602	16.7
Ratio as % of Revenue								
COGS	57.3	59.2	58.5	123	(68)	57.8	58.6	75
GP	42.7	40.8	41.5	(123)	68	42.2	41.4	(75)
Fulfilment	6.8	8.4	8.4	159	(9)	8.7	8.4	(31)
Marketing	7.3	9.0	8.3	99	(77)	7.3	8.2	90
S&D	3.0	1.5	1.6	(142)	7	2.6	1.4	(116)
Contribution	25.7	21.9	23.3	(239)	148	24.1	23.4	(69)
Ratio as % of NSV								
COGS	62.6	64.5	63.9	126	(59)	63.6	63.7	16
GP	46.8	44.5	45.3	(141)	85	46.4	45.1	(129)
Fulfilment	7.4	9.2	9.1	172	(8)	9.6	9.1	(44)
Marketing	8.0	9.8	9.0	107	(82)	8.0	8.9	90
S&D	3.3	1.6	1.7	(156)	8	2.9	1.6	(129)
Contribution	28.1	23.8	25.5	(265)	167	26.5	25.5	(102)

Source: Company, DART

Exhibit 8: Segment wise performance - Fashion

Particulars (Rs Mn)	Q4FY23	Q3FY24	Q4FY24	Chg YoY (%/bps)	Chg QoQ (%/bps)	FY23	FY24	Chg YoY (%/bps)
Visits (Mn)	127	157	144	13.4	(8.3)	504	571	13.3
MAUV (Mn)	17.3	18.8	17.4	0.6	(7.4)	17.3	17.6	1.7
AUTC (Mn)	2.5	2.9	3.0	20.0	3.4	2.5	3.0	20.0
Orders (Mn)	1.4	2.0	1.7	21.4	(15.0)	6.0	6.9	15.0
AOV (Rs)	4,266	4,681	4,546	6.6	(2.9)	3,973	4,741	19.3
GMV (Rs Mn)	6,641	10,125	8,422	26.8	(16.8)	25,696	32,712	27.3
NSV (Rs Mn)	1,859	2,752	2,324	25.0	(15.6)	7,445	9,374	25.9
NSV / GMV (%)	28.0	27.2	27.6	(40)	41	29.0	28.7	(32)
Revenue / NSV (%)	56.5	55.5	57.4	92	195	58.4	56.6	(183)
Revenue (Rs Mn)	1,050	1,526	1,334	27.0	(12.6)	4,348	5,303	22.0
COGS (Rs Mn)	247	356	317	28.3	(11.0)	1,059	1,245	17.6
Gross Profit (Rs Mn)	803	1,170	1,017	26.7	(13.1)	3,289	4,058	23.4
Fulfilment (Rs Mn)	194	310	251	29.4	(19.0)	850	1,069	25.8
Marketing (Rs Mn)	507	657	593	17.0	(9.7)	2,021	2,381	17.8
S&D (Rs Mn)	53	39	41	(22.6)	5.1	257	152	(40.9)
Contribution (Rs Mn)	49	164	132	169.4	(19.5)	162	456	181.5
Ratio as % of Revenue								
COGS	23.5	23.3	23.8	24	43	24.4	23.5	(88)
GP	76.5	76.7	76.2	(24)	(43)	75.6	76.5	88
Fulfilment	18.5	20.3	18.8	34	(150)	19.5	20.2	61
Marketing	48.3	43.1	44.5	(383)	140	46.5	44.9	(158)
S&D	5.0	2.6	3.1	(197)	52	5.9	2.9	(304)
Contribution	4.7	10.7	9.9	523	(85)	3.7	8.6	487
Ratio as % of NSV								
COGS	13.3	12.9	13.6	35	70	14.2	13.3	(94)
GP	43.2	42.5	43.8	57	125	44.2	43.3	(89)
Fulfilment	10.4	11.3	10.8	36	(46)	11.4	11.4	(1)
Marketing	27.3	23.9	25.5	(176)	164	27.1	25.4	(175)
S&D	2.9	1.4	1.8	(109)	35	3.5	1.6	(183)
Contribution	2.6	6.0	5.7	304	(28)	2.2	4.9	269

Source: Company, DART

Exhibit 9: Segment wise performance - Others

Particulars (Rs Mn)	Q4FY23	Q3FY24	Q4FY24	Chg YoY (%/bps)	Chg QoQ (%/bps)	FY23	FY24	Chg YoY (%/bps)
Visits (Mn)	11	16	17	54.5	6.3	57	60	5.3
MAUV (Mn)	1.5	2.7	3.0	94.8	11.1	3.0	2.5	(15.8)
AUTC (Mn)	0.5	0.6	0.7	40.0	16.7	0.5	0.5	-
Orders (Mn)	0.4	0.6	0.6	50.0	-	1.4	2.1	50.0
AOV (Rs)	3,368	4,027	3,966	17.8	(1.5)	3,420	3,977	16.3
GMV (Rs Mn)	1,524	2,373	2,554	67.6	7.6	5,246	8,351	59.2
NSV (Rs Mn)	807	1,309	1,453	80.0	11.0	2,418	4,678	93.5
NSV / GMV (%)	53.0	55.2	56.9	394	173	46.1	56.0	992
Revenue / NSV (%)	95.2	100.7	100.3	518	(34)	93.9	100.4	657
Revenue (Rs Mn)	768	1,318	1,458	89.8	10.6	2,270	4,699	107.0
COGS (Rs Mn)	600	1,023	1,137	89.5	11.1	1,686	3,683	118.4
Gross Profit (Rs Mn)	168	295	321	91.1	8.8	584	1,016	74.0
Fulfilment (Rs Mn)	82	137	139	69.5	1.5	316	493	56.0
Marketing (Rs Mn)	72	115	116	61.1	0.9	304	409	34.5
S&D (Rs Mn)	140	164	189	35.0	15.2	446	610	36.8
Contribution (Rs Mn)	(126)	(121)	(123)	(2.4)	1.7	(482)	(496)	2.9
Ratio as % of Revenue								
COGS	78.1	77.6	78.0	(14)	37	74.3	78.4	411
GP	21.9	22.4	22.0	14	(37)	25.7	21.6	(411)
Fulfilment	10.7	10.4	9.5	(114)	(86)	13.9	10.5	(343)
Marketing	9.4	8.7	8.0	(142)	(77)	13.4	8.7	(469)
S&D	18.2	12.4	13.0	(527)	52	19.6	13.0	(667)
Contribution	(16.4)	(9.2)	(8.4)	797	74	(21.2)	(10.6)	1,068
Ratio as % of NSV								
COGS	74.3	78.2	78.3	390	10	69.7	78.7	900
GP	20.8	22.5	22.1	127	(44)	24.2	21.7	(243)
Fulfilment	10.2	10.5	9.6	(59)	(90)	13.1	10.5	(253)
Marketing	8.9	8.8	8.0	(94)	(80)	12.6	8.7	(383)
S&D	17.3	12.5	13.0	(434)	48	18.4	13.0	(541)
Contribution	(15.6)	(9.2)	(8.5)	715	78	(19.9)	(10.6)	933

Source: Company, DART

Exhibit 10: Segment wise performance - Total

Particulars (Rs Mn)	Q4FY23	Q3FY24	Q4FY24	Chg YoY (%/bps)	Chg QoQ (%/bps)	FY23	FY24	Chg YoY (%/bps)
GMV (Rs Mn)	24,454	36,195	32,173	31.6	(11.1)	97,434	1,24,481	27.8
NSV (Rs Mn)	12,904	17,866	16,489	27.8	(7.7)	50,628	63,542	25.5
NSV / GMV (%)	52.8	49.4	51.3	(152)	189	52.0	51.0	(92)
Revenue / NSV (%)	100.9	100.1	101.2	27	102	101.6	100.5	(110)
Revenue (Rs Mn)	13,018	17,889	16,679	28.1	(6.8)	51,438	63,858	24.1
COGS (Rs Mn)	7,260	10,282	9,577	31.9	(6.9)	28,657	36,467	27.3
Gross Profit (Rs Mn)	5,758	7,607	7,102	23.3	(6.6)	22,781	27,391	20.2
Fulfilment (Rs Mn)	1,034	1,718	1,550	49.9	(9.8)	5,070	6,085	20.0
Marketing (Rs Mn)	1,393	2,131	1,856	33.2	(12.9)	5,593	7,203	28.8
S&D (Rs Mn)	527	427	447	(15.2)	4.7	1,870	1,541	(17.6)
Contribution (Rs Mn)	2,804	3,331	3,249	15.9	(2.5)	10,476	12,562	19.9
Ratio as % of Revenue								
COGS	55.8	57.5	57.4	165	(6)	55.7	57.1	139
GP	44.2	42.5	42.6	(165)	6	44.3	42.9	(139)
Fulfilment	7.9	9.6	9.3	135	(31)	9.9	9.5	(33)
Marketing	10.7	11.9	11.1	43	(78)	10.9	11.3	41
S&D	4.0	2.4	2.7	(137)	29	3.6	2.4	(122)
Contribution	21.5	18.6	19.5	(206)	86	20.4	19.7	(69)
Ratio as % of NSV								
COGS	56.3	57.6	58.1	182	53	56.6	57.4	79
GP	44.6	42.6	43.1	(155)	49	45.0	43.1	(189)
Fulfilment	8.0	9.6	9.4	139	(22)	10.0	9.6	(44)
Marketing	10.8	11.9	11.3	46	(67)	11.0	11.3	29
S&D	4.1	2.4	2.7	(137)	32	3.7	2.4	(127)
Contribution	21.7	18.6	19.7	(203)	106	20.7	19.8	(92)

Source: Company, DART

Exhibit 11: Key Assumptions – Operating and Financials

	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY23	FY24	FY25E	FY26E	FY27E
BPC											
Orders (Mn)	27.0	35.8	41.7	49.2	57.1	65.1	32.7	16.5	18.0	16.0	14.0
AOV (Rs)	1,857	1,857	2,000	2,030	2,060	2,091	-	7.7	1.5	1.5	1.5
GMV (Rs Mn)	50,089	66,492	83,418	99,871	117,588	136,061	32.7	25.5	19.7	17.7	15.7
NSV (Rs Mn)	30,822	40,765	49,490	58,883	69,676	81,025	32.3	21.4	19.0	18.3	16.3
Revenue (Rs Mn)	33,997	44,820	53,856	64,183	75,947	88,317	31.8	20.2	19.2	18.3	16.3
Contribution (Rs Mn)	6,675	10,796	12,602	15,032	18,283	21,066	61.7	16.7	19.3	21.6	15.2
Contribution (%)	19.6	24.1	23.4	23.4	24.1	23.9	445	(69)	2	65	(22)
Fashion											
Orders (Mn)	5.0	6.0	6.9	8.4	10.1	11.9	20.0	15.0	21.7	20.0	18.0
AOV (Rs)	3,400	3,973	4,741	4,816	4,889	4,962	16.9	19.3	1.6	1.5	1.5
GMV (Rs Mn)	17,516	25,696	32,712	40,438	49,254	58,992	46.7	27.3	23.6	21.8	19.8
NSV (Rs Mn)	5,728	7,445	9,374	11,667	14,333	17,314	30.0	25.9	24.5	22.9	20.8
Revenue (Rs Mn)	3,254	4,348	5,303	6,631	8,182	9,927	33.6	22.0	25.0	23.4	21.3
Contribution (Rs Mn)	165	162	456	747	1,145	1,707	(1.8)	181.5	63.9	53.2	49.0
Contribution (%)	5.1	3.7	8.6	11.3	14.0	17.2	(134)	487	267	272	320
Others											
Orders (Mn)	0.6	1.4	2.1	2.8	3.7	4.6	121.1	50.0	35.0	30.0	25.0
AOV (Rs)	2,728	3,420	3,977	4,135	4,280	4,430	25.4	16.3	4.0	3.5	3.5
GMV (Rs Mn)	1,727	5,246	8,351	11,723	15,774	20,407	203.8	59.2	40.4	34.6	29.4
NSV (Rs Mn)	566	2,418	4,678	6,620	8,987	11,728	327.2	93.5	41.5	35.7	30.5
Revenue (Rs Mn)	487	2,270	4,699	6,716	9,206	12,132	366.1	107.0	42.9	37.1	31.8
Contribution (Rs Mn)	(180)	(482)	(496)	(559)	(575)	(523)	167.8	2.9	12.8	2.8	(9.1)
Contribution (%)	(37.0)	(21.2)	(10.6)	(8.3)	(6.2)	(4.3)	1,573	1,068	223	208	194
Overall											
Orders (Mn)	32.6	43.2	50.7	60.4	70.8	81.6	32.5	17.3	19.2	17.2	15.1
AOV (Rs)	2,126	2,255	2,455	2,516	2,578	2,642	6.1	8.9	2.5	2.5	2.5
GMV (Rs Mn)	69,332	97,434	124,481	152,033	182,616	215,460	40.5	27.8	22.1	20.1	18.0
NSV (Rs Mn)	37,116	50,628	63,542	77,170	92,996	110,068	36.4	25.5	21.4	20.5	18.4
Revenue (Rs Mn)	37,738	51,438	63,858	77,529	93,334	110,376	36.3	24.1	21.4	20.4	18.3
Contribution (Rs Mn)	6,660	10,476	12,562	15,220	18,853	22,250	57.3	19.9	21.2	23.9	18.0
Contribution (%)	17.6	20.4	19.7	19.6	20.2	20.2	272	(69)	(4)	57	(4)
Employee Costs (Rs Mn)	3,264	4,918	5,649	6,327	7,023	7,725	50.7	14.9	12.0	11.0	10.0
Other Exps (Rs Mn)	1,558	2,861	3,338	3,738	4,187	4,689	83.7	16.7	12.0	12.0	12.0
EBITDA (Rs Mn)	1,636	2,559	3,462	5,034	7,516	9,702	56.5	35.3	45.4	49.3	29.1
EBITDA (%)	4.3	5.0	5.4	6.5	8.1	8.8	64	45	107	156	74

Source: Company, DART

Exhibit 12: Valuation Snapshot – EV/Sales

Description	FY25E	FY26E	FY27E
Revenue (Rs Mn)	77,529	93,334	110,376
EV/Revenue (x)	5.0	5.0	5.0
EV (Rs Mn)	387,646	466,672	551,880
Net debt/(cash)	7,278	9,505	8,406
Equity Value (Rs Mn)	380,368	457,167	543,474
No of O/s shares (Mn)	2,856	2,856	2,856
Target Price (Rs) (A+B+C)	134	160	190
CMP (Rs)	177	177	177
Upside/(Downside) %	(25.4)	(10.8)	6.1

Source: Company, DART

Exhibit 13: Sensitivity of Nykaa's EV/Sales multiple

Revenue (Rs Bn)	FY25	FY26
EV/Sales (x)		
3	76	89
5	128	150
7	184	217
9	233	275
11	285	337

Source: Company, DART

Exhibit 14: Valuation Snapshot – EV/EBITDA

Description	FY25E	FY26E	FY27E
Revenue (Rs Mn)	5,154	7,643	9,835
EV/Revenue (x)	50.0	50.0	50.0
EV (Rs Mn)	257,720	382,149	491,765
Net debt/(cash)	7,278	9,505	8,406
Equity Value (Rs Mn)	250,443	372,643	483,359
No of O/s shares (Mn)	2,856	2,856	2,856
Target Price (Rs) (A+B+C)	88	130	170
CMP (Rs)	179	179	179
Upside/(Downside) %	(50.8)	(27.4)	(5.7)

Source: Company, DART

Financial Performance

Profit and Loss Account

(Rs Mn)	FY23A	FY24A	FY25E	FY26E
Revenue	51,438	63,856	77,529	93,334
Total Expense	48,878	60,395	72,375	85,691
COGS	28,657	36,464	44,246	53,227
Employees Cost	4,917	5,649	6,327	7,023
Other expenses	15,304	18,282	21,802	25,442
EBIDTA	2,560	3,462	5,154	7,643
Depreciation	1,733	2,242	2,539	2,802
EBIT	827	1,219	2,616	4,841
Interest	746	828	914	908
Other Income	302	299	314	324
Exc. / E.O. items	0	0	0	0
EBT	384	690	2,016	4,256
Tax	136	253	655	1,170
RPAT	248	437	1,361	3,085
Minority Interest	0	0	0	0
Profit/Loss share of associates	0	0	0	0
APAT	248	437	1,361	3,085

Balance Sheet

(Rs Mn)	FY23A	FY24A	FY25E	FY26E
Sources of Funds				
Equity Capital	2,852	2,856	2,856	2,856
Minority Interest	141	188	282	423
Reserves & Surplus	10,928	9,766	11,127	13,441
Net Worth	13,780	12,622	13,983	16,297
Total Debt	7,985	9,695	9,927	11,117
Net Deferred Tax Liability	1,466	814	871	910
Total Capital Employed	23,372	23,319	25,064	28,748

Applications of Funds

Net Block	6,378	6,071	5,717	6,102
CWIP	0	0	0	0
Investments	4,066	5,006	5,865	6,805
Current Assets, Loans & Advances	19,056	22,929	26,480	29,818
Inventories	10,051	11,920	13,746	14,846
Receivables	1,635	2,416	2,447	3,148
Cash and Bank Balances	414	758	2,650	1,612
Loans and Advances	0	0	0	0
Other Current Assets	6,956	7,835	7,637	10,212
Less: Current Liabilities & Provisions	6,127	10,687	12,998	13,977
Payables	2,654	3,867	5,378	5,647
Other Current Liabilities	3,474	6,820	7,621	8,330
<i>sub total</i>				
Net Current Assets	12,929	12,243	13,482	15,841
Total Assets	23,372	23,319	25,064	28,748

E – Estimates

Important Ratios

Particulars	FY23A	FY24A	FY25E	FY26E
(A) Margins (%)				
Gross Profit Margin	44.3	42.9	42.9	43.0
EBIDTA Margin	5.0	5.4	6.6	8.2
EBIT Margin	1.6	1.9	3.4	5.2
Tax rate	35.4	36.7	32.5	27.5
Net Profit Margin	0.5	0.7	1.8	3.3
(B) As Percentage of Net Sales (%)				
COGS	55.7	57.1	57.1	57.0
Employee	9.6	8.8	8.2	7.5
Other	29.8	28.6	28.1	27.3
(C) Measure of Financial Status				
Gross Debt / Equity	0.6	0.8	0.7	0.7
Interest Coverage	1.1	1.5	2.9	5.3
Inventory days	71	68	65	58
Debtors days	12	14	12	12
Average Cost of Debt	10.7	9.4	9.3	8.6
Payable days	19	22	25	22
Working Capital days	92	70	63	62
FA T/O	8.1	10.5	13.6	15.3
(D) Measures of Investment				
AEPS (Rs)	0.1	0.2	0.5	1.1
CEPS (Rs)	0.7	0.9	1.4	2.1
DPS (Rs)	0.0	0.0	0.0	0.0
Dividend Payout (%)	0.0	0.0	0.0	0.0
BVPS (Rs)	4.8	4.4	4.9	5.7
RoANW (%)	1.8	3.3	10.2	20.4
RoACE (%)	2.4	3.3	7.3	13.0
RoAIC (%)	2.5	3.4	7.9	14.2
(E) Valuation Ratios				
CMP (Rs)	179	179	179	179
P/E	2064.8	1170.4	376.0	165.8
Mcap (Rs Mn)	5,11,650	5,11,650	5,11,650	5,11,650
MCap/ Sales	9.9	8.0	6.6	5.5
EV	5,19,221	5,20,587	5,18,928	5,21,155
EV/Sales	10.1	8.2	6.7	5.6
EV/EBITDA	202.8	150.4	100.7	68.2
P/BV	37.1	40.5	36.6	31.4
Dividend Yield (%)	0.0	0.0	0.0	0.0
(F) Growth Rate (%)				
Revenue	36.3	24.1	21.4	20.4
EBITDA	56.8	35.2	48.9	48.3
EBIT	23.8	47.3	114.5	85.1
PBT	(18.9)	80.0	192.1	111.1
APAT	(40.0)	76.4	211.3	126.7
EPS	(40.0)	76.4	211.3	126.7

E – Estimates

Cash Flow

Particulars	FY23A	FY24A	FY25E	FY26E
Profit before tax	384	690	2,016	4,256
Depreciation & w.o.	1,733	2,242	2,539	2,802
Net Interest Exp	746	828	914	908
Direct taxes paid	(951)	(1,312)	(655)	(1,170)
Change in Working Capital	(3,290)	(2,513)	(1,714)	(4,175)
Non Cash	(24)	67	0	0
(A) CF from Operating Activities	(1,403)	2	3,099	2,621
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(2,082)	(1,107)	(409)	(1,057)
Free Cash Flow	(3,484)	(1,105)	2,690	1,564
(Inc.)/ Dec. in Investments	3,296	788	1,659	18
Other	181	218	0	0
(B) CF from Investing Activities	1,396	(101)	1,249	(1,039)
Issue of Equity/ Preference	288	279	0	(771)
Inc./(Dec.) in Debt	1,263	2,200	233	1,190
Interest exp net	(334)	(558)	(914)	(908)
Dividend Paid (Incl. Tax)	0	0	0	0
Other	(1,169)	(1,479)	(1,775)	(2,130)
(C) CF from Financing	49	443	(2,457)	(2,620)
Net Change in Cash	42	344	1,892	(1,038)
Opening Cash balances	372	413	757	2,649
Closing Cash balances	413	757	2,649	1,611

E – Estimates

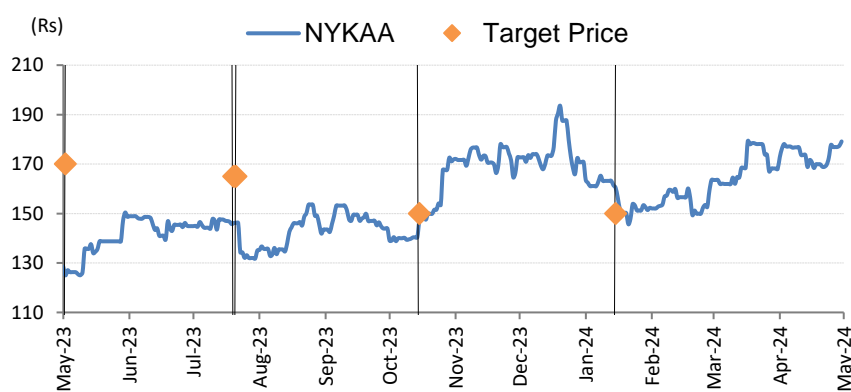
Notes

DART RATING MATRIX

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
May-23	BUY	170	125
Aug-23	Buy	165	146
Aug-23	BUY	165	146
Nov-23	Reduce	150	147
Feb-24	Reduce	150	160

*Price as on recommendation date

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