

27 June 2025

India | Equity Research | Company Update

FSN E-Commerce Ventures

Consumer Staples & Discretionary

Analyst day takeaway: Nykaa Now, House of Nykaa and fashion profit growth in focus

On 26th Jun 25, Nykaa hosted an Analyst Day, outlining its strategy across segments. Management is targeting ~25% GMV CAGR in BPC over FY25–30, leveraging both penetration and premiumisation. Nykaa Now (two-hour delivery), aimed at countering quick commerce (QC), is now live across >40 stores in seven cities. Scale-up in this segment and its impact on profitability shall be keenly watched. Nykaa aims to scale fashion GMV by 3–4x by FY30, with EBITDA breakeven by FY26 and reach mid-to-high single-digit EBITDA margin by FY28. Management plans to scale its House of Nykaa (beauty) portfolio to INR 60bn GMV by FY30, implying ~30% GMV CAGR. We maintain our **ADD** rating on the stock with an unchanged TP of INR 230.

Investor meeting

Management, in the investor day presentation, shared its strategic priorities and growth outlook across core business segments. Below is a summary:

Beauty

Management stated that it is targeting mid-20% GMV growth in the beauty segment over the medium term, driven by both volume expansion and premiumisation.

To sustain growth, Nykaa is executing three key strategic initiatives: 1) Driving penetration through digital campaigns, regional influencer partnerships (28k+ creators), and expansion into tier-2/3 markets via kiosks and physical stores. 2) Premiumisation, led by content-driven education ('Stepification'), aspirational branding (e.g., Nykaa Luxe, FragTok), and AI-led personalisation such as skin analysers and concern-based recommendations. 3) Delivering convenience through localised fulfilment infrastructure with 44 warehouses, 40+ rapid hubs, and same/next-day delivery in top cities.

It has also launched Nykaa Now, which is live across seven metro cities. It fulfils orders within 30–120 minutes. From a portfolio standpoint, Nykaa is expanding into adjacent high-growth categories such as fragrances, bath & body, and clean beauty.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	79,498	1,05,172	1,31,064	1,62,396
EBITDA	4,739	7,837	10,547	14,374
EBITDA Margin (%)	6.0	7.5	8.0	8.9
Net Profit	661	2,813	4,310	6,741
EPS (Rs)	0.2	1.0	1.5	2.4
EPS % Chg YoY	104.4	325.8	53.2	56.4
P/E (x)	881.2	207.0	135.1	86.4
EV/EBITDA (x)	123.9	75.1	55.8	40.8
RoCE (%)	5.6	14.7	18.6	22.7
RoE (%)	5.0	19.0	23.4	28.2

Manoj Menon
manoj.menon@icicisecurities.com
+91 22 6807 7209
Abhisek Banerjee
abhisek.banerjee@icicisecurities.com
Jayram Shetty
jayram.shetty@icicisecurities.com

Market Data	
Market Cap (INR)	584bn
Market Cap (USD)	6,784mn
Bloomberg Code	NYKAA IN
Reuters Code	FSNE BO
52-week Range (INR)	230 /155
Free Float (%)	48.0
ADTV-3M (mn) (USD)	24.3

Price Performance (%)	3m	6m	12m
Absolute	20.4	26.1	16.3
Relative to Sensex	14.4	20.6	10.3

ESG Score	2023	2024	Change
ESG score	63.9	62.9	(1.0)
Environment	37.8	37.2	(0.6)
Social	61.4	64	2.6
Governance	79.8	80.4	0.6

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports
01-06-2025: [Q4FY25 results review](#)
11-02-2025: [Q3FY25 results review](#)

The company aims to deepen its presence in tier-2/3 cities, where beauty consumption is rising rapidly due to improved internet access, aspirational spending, and rising awareness. Over 80–90mn online beauty shoppers are expected in India by FY30, offering a significant runway for user acquisition.

Store count is expected to grow to 500 by FY30. Management expects the beauty segment to maintain EBITDA margins despite investments in new stores and tech.

Fashion

Nykaa Fashion is focusing on the premium segment, distinguishing itself from peers that compete in mass fashion. It has best-in-class AOV (~2x industry average). Nearly 85% of its customer base comprises Gen-Z and young millennials, and over 70% of traffic comes from iOS and premium Android devices.

Looking forward, management stated that Nykaa Fashion is targeting 3–4x GMV growth over the next five years, supported by: 1) new customer acquisition; 2) growth in brand assortment; 3) improved customer experience through personalisation. Management expects its unit economics to improve steadily, as marketing spends as a % of NSV, likely falls from 29.4% in FY25 to ~15% in FY30, while new customer GMV contribution also gradually declines as the repeat base strengthens.

The company expects to achieve EBITDA breakeven in FY26, mid-to-high single-digit EBITDA in FY28 and ~10% EBITDA margin at steady-state driven by improved marketing efficiency, higher own-brand mix, and overhead leverage.

House of Brands

Nykaa has built a portfolio of 12 consumer brands under the House of Nykaa, spanning categories across beauty and fashion. This portfolio generated INR 2.1bn in GMV in FY25E, with INR 1.7bn contributed by beauty brands and ~INR 0.4bn from fashion-owned brands.

Key brands include:

Dot & Key: Dot & Key scaled 12x in GMV over three years. It leads in sunscreens, eye creams, and face masks, with a strong offline footprint (20k+ stores), high D2C retention (50%+), and entry into global markets like GCC.

Kay Beauty: It is among the top 5 makeup brands on Nykaa, with strength in blush and lipstick categories. It recently expanded to the UK via SpaceNK, with selective launches in Oxford Street and other major locations.

Nykaa Cosmetics: A mass-premium makeup brand that serves Gen-Z with trend-led formats such as Lip Cloud and Superlight foundation. It has served over 8mn customers and has a wide offline presence with 38k+ distribution points.

Looking forward, Nykaa expects to grow the House of Nykaa (beauty) portfolio to INR 60bn GMV by FY30, implying a ~30% CAGR. This growth shall be driven by deeper category presence, increased offline distribution, expansion into adjacent high-growth segments like fragrances, bath & body, and clean beauty, and selective global forays starting with GCC and the UK. The company plans to launch more differentiated brands that address whitespaces in premium beauty and fashion. Additionally, Nykaa plans to grow its House of Nykaa fashion brands in categories such as lingerie, Indian wear, and athleisure, with a focus on trend-first, high-margin segments.

Management expects profitability to improve as the brand portfolio matures. Owned brands already offer better contribution margins than third-party sales, and Nykaa plans to increase the share of own brands in overall beauty and fashion GMV.

eB2B superstore

Management plans to quadruple the scale of Superstore over the next few years and achieve EBITDA break-even at that level. The company expects growth to come from geographical expansion (targeting 3,200+ cities and 19,000+ pin codes), category deepening, and higher mix of beauty and wellness products, which have better margins than general FMCG.

A key focus area is improving unit economics. Between FY23–25, Nykaa reduced fulfilment cost/order by ~60%, warehouse cost/order by ~40%, and S&D cost/order by ~50%. Gross profit per order has improved by 1.5x, and the company expects further improvement to 2.5x via scale, better zonal warehousing, reduced RTO, and tech-led productivity.

Other strategic points

- Company aims to become AI-native by FY26 with 30% organisation-wide productivity gains, 50%+ AI-generated code, and 70%+ CS load handled via bots. Tools such as Nykaa Muse, Pulse, semantic search, and voicebots to drive long-term moat
- Capex intensity is expected to normalise. After peaking in FY23–24 with heavy investment in warehouse and tech infra, most of the future capex shall be directed towards store expansion and AI adoption, with limited incremental strain on the balance sheet. Internal accruals are expected to fund growth, and free cash flow generation is likely to strengthen post FY26.
- Working capital optimisation has reduced from 44 days to 34 days in FY25.

Valuation

We maintain our **ADD** rating on the stock with a DCF-based target price of INR 230.

Risks

Key downside risks: 1) Chasing growth at elevated levels can dilute gross margin. 2) Success in fashion business can be difficult given higher competition in the category.

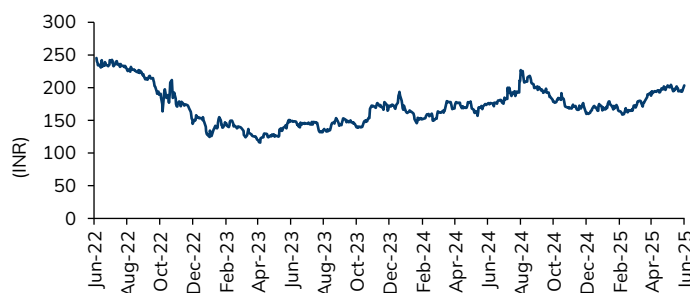
Key upside risk: 1) Competition in e-BPC space weakens further.

Exhibit 1: Shareholding pattern

%	Sep'24	Dec'24	Mar'25
Promoters	52.2	52.2	52.2
Institutional investors	32.0	32.6	34.0
MFs and others	17.0	18.2	19.6
FIs/Banks	0.0	0.0	0.4
Insurance	4.6	5.1	5.2
FIIIs	10.4	9.3	8.8
Others	15.8	15.2	13.8

Source: Bloomberg, I-Sec research

Exhibit 2: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 3: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales	79,498	1,05,172	1,31,064	1,62,396
Operating Expenses	74,759	97,335	1,20,518	1,48,022
EBITDA	4,739	7,837	10,547	14,374
EBITDA Margin (%)	6.0	7.5	8.0	8.9
Depreciation & Amortization	2,664	3,047	3,583	4,181
EBIT	2,075	4,791	6,964	10,193
Interest expenditure	1,073	1,188	1,195	1,199
Other Non-operating Income	273	259	93	116
Recurring PBT	1,275	3,862	5,861	9,110
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	538	972	1,475	2,293
PAT	737	2,890	4,386	6,817
Less: Minority Interest	(76)	(76)	(76)	(76)
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	737	2,890	4,386	6,817
Net Income (Adjusted)	661	2,813	4,310	6,741

Source Company data, I-Sec research

Exhibit 4: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	26,771	32,184	39,056	48,965
of which cash & cash eqv.	2,172	794	1,014	3,165
Total Current Liabilities & Provisions	11,618	15,225	18,794	23,064
Net Current Assets	15,153	16,959	20,262	25,901
Investments	2	2	2	2
Net Fixed Assets	2,717	2,864	2,979	3,043
ROU Assets	3,299	3,480	3,897	4,315
Capital Work-in-Progress	32	32	32	32
Total Intangible Assets	2,668	2,668	2,668	2,668
Long Term Loans & Advances	102	134	167	207
Deferred Tax assets	2,580	2,580	2,580	2,580
Total Assets	28,178	30,870	35,267	42,069
Liabilities				
Borrowings	9,614	9,614	9,614	9,614
Deferred Tax Liability	-	-	-	-
Provisions	186	247	307	381
Other Liabilities	1,359	1,359	1,359	1,359
Equity Share Capital	2,859	2,859	2,859	2,859
Reserves & Surplus	10,154	12,967	17,277	24,017
Total Net Worth	13,013	15,826	20,136	26,877
Minority Interest	414	414	414	414
Total Liabilities	28,178	30,870	35,267	42,069

Source Company data, I-Sec research

Exhibit 5: Quarterly trend

(INR mn, year ending March)

	Jun-24	Sep-24	Dec-24	Mar-25
Net Sales	17,461	18,747	22,672	20,618
% growth (YOY)	22.8	24.4	26.7	23.6
EBITDA	961	1,037	1,408	1,334
Margin %	5.5	5.5	6.2	6.5
Other Income	73	55	55	90
Extraordinaries	-	-	-	-
Net Profit	96	1,00	261	203

Source Company data, I-Sec research

Exhibit 6: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	4,666	1,011	3,105	5,384
Working Capital Changes	211	(3,742)	(3,645)	(4,170)
Capital Commitments	(1,272)	(1,472)	(1,769)	(2,111)
Free Cashflow	3,394	(461)	1,336	3,273
Other investing cashflow	(782)	138	(264)	(228)
Cashflow from Investing Activities	(2,054)	(1,334)	(2,034)	(2,339)
Issue of Share Capital	181	-	-	-
Interest Cost	(757)	(873)	(878)	(883)
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	-	-	-	-
Others	220	1,721	1,928	2,135
Cash flow from Financing Activities	(1,822)	(1,055)	(851)	(895)
Chg. in Cash & Bank balance	790	(1,378)	221	2,150
Closing cash & balance	3,189	794	1,014	3,165

Source Company data, I-Sec research

Exhibit 7: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	0.2	1.0	1.5	2.4
Adjusted EPS (Diluted)	0.2	1.0	1.5	2.4
Cash EPS	1.2	2.1	2.8	3.8
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	4.6	5.5	7.1	9.4
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	24.5	32.3	24.6	23.9
EBITDA	36.9	65.4	34.6	36.3
EPS (INR)	104.4	325.8	53.2	56.4
Valuation Ratios (x)				
P/E	881.2	207.0	135.1	86.4
P/CEPS	175.1	99.4	73.8	53.3
P/BV	44.7	36.8	28.9	21.7
EV / EBITDA	123.9	75.1	55.8	40.8
P / Sales	7.3	5.5	4.4	3.6
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	43.7	45.1	45.3	45.5
EBITDA Margins (%)	6.0	7.5	8.0	8.9
Effective Tax Rate (%)	42.2	25.2	25.2	25.2
Net Profit Margins (%)	0.9	2.7	3.3	4.2
Net Debt / Equity (x)	0.6	0.5	0.4	0.2
Net Debt / EBITDA (x)	1.6	1.1	0.8	0.4
Fixed Asset Turnover (x)	16.1	16.5	16.4	16.4
Working Capital Days	66	64	59	57
Inventory Turnover Days	72	71	67	64
Receivables Days	13	12	10	9
Payables Days	32	33	31	31
Profitability Ratios				
RoCE (%)	5.6	14.7	18.6	22.7
RoE (%)	5.0	19.0	23.4	28.2
RoIC (%)	6.3	15.6	19.2	24.3

Source Company data, I-Sec research

This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet_babbar@icicisecuritiesinc.com, Rishi_agrawal@icicisecuritiesinc.com and Kadambari_balachandran@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)
BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return

ANALYST CERTIFICATION

I/We, Manoj Menon, MBA, CMA; Abhisek Banerjee, MBA; Jayram Shetty, 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. 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. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager, Research Analyst and Alternative Investment Fund. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities AIF Trust's SEBI Registration number is IN/AIF3/23-24/1292 ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Institutional Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Retail Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances. This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities 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.

ICICI Securities 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.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates 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 ICICI Securities nor Research Analysts and their relatives 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.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

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

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk free return to the investors.

ICICI Securities Limited has not used any Artificial Intelligence tools for preparation of this Research Report.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, **E-mail Address** : complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Bhavesh Soni Email address: headservicequality@icicidirect.com Contact Number: 18601231122
