

Research Report

FSN E-Commerce Ventures Ltd



Prepared By-

ANUJ SHARMA

EQUITY RESEARCH ANALYST

About

FSN E-commerce Ventures Ltd. (FSNEV) popularly known as "Nykaa" is a digitally native consumer technology platform, delivering a content-led, lifestyle retail experience to consumers. The company has a diverse portfolio of beauty, personal care, and fashion products, including owned brand products manufactured by it. Company operates India's largest specialty beauty retail network with 265 beauty stores across 90 cities, underscoring its expanding offline footprint and omnichannel strength. Nykaa offers a wide assortment with ~4,200 beauty brands and ~5,000 fashion brands, reinforcing its leadership as a comprehensive lifestyle platform.

Business Segments

A) Beauty (75.5% GMV): The beauty customer base has scaled to ~34 million, supported by strong brand equity and rising online adoption. The House of Nykaa portfolio of 7 owned brands is a key margin driver, delivering ₹1,700+ crore GMV at a ~48% five-year CAGR across makeup, skincare, fragrance, and clean beauty.

B) Fashion (24.4% GMV): Nykaa Fashion is the company's fastest-growing non-beauty segment, driven by a curated, discovery-led marketplace spanning 4,400+ brands from luxury to everyday wear.

Synopsis of Financials

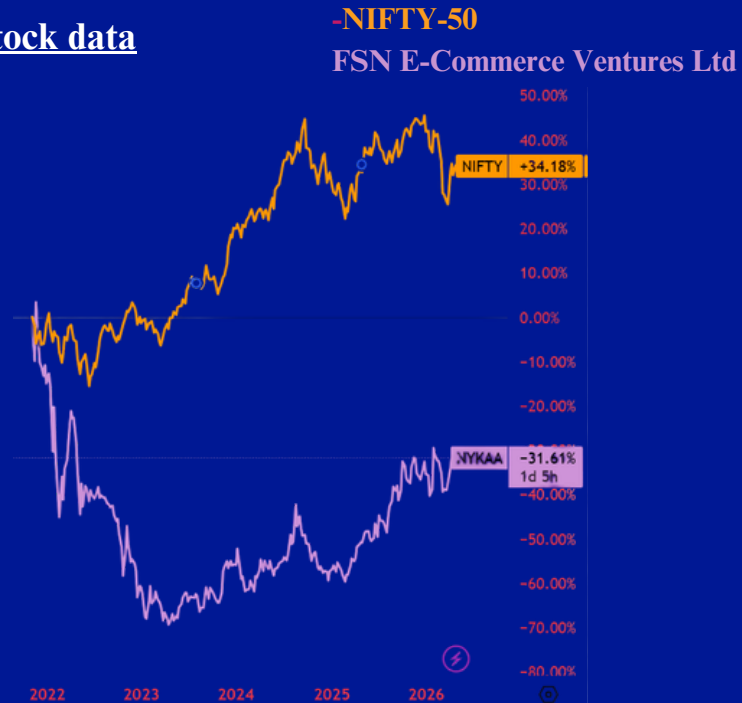
Q3 FY26: Financial performance:

- GMV: INR 5,795cr (+28% YoY). Net revenue: INR 2,873cr (+27% YoY).
- EBITDA: INR 230cr; 8.0% margin (record; +63% YoY). CFO:
- PAT: INR 68cr; 2.4% margin, +156% YoY.
- ROCE 19.1% annualized (vs 11.3% in FY25).

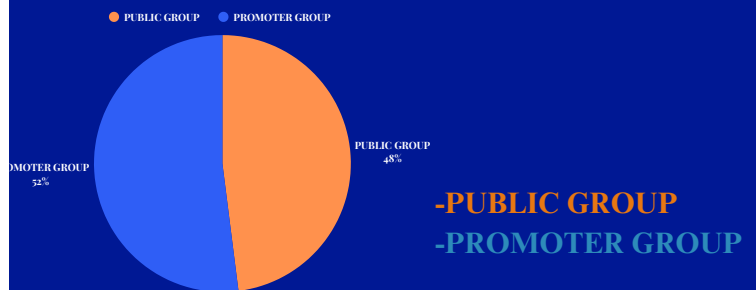
Stock data (as 29th April 2026)

Nifty Price	: 24,287.70
52 week High (in Rs.)	: 285.60
52 week Low (in Rs.)	: 188.12
Market Cap. (in Crore)	: 77,013.53
NSE Code	: INE388Y01029

Stock data



Shareholding Pattern (March 2025)



Financial Summary

Particular	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Sales -	2,441	3,774	5,144	6,386	7,950
Sales Growth %	38.10%	54.61%	36.30%	24.14%	24.50%
Expenses +	2,283	3,610	4,887	6,039	7,475
Operating Profit	158	164	257	347	475
OPM %	6%	4%	5%	5%	6%
Net Profit +	62	41	21	40	72
EPS in Rs	6.82	0.14	0.07	0.11	0.23
Dividend Payout %	0%	0%	0%	0%	0%

Quarterly Results

Particular	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Sales -	1,746	1,875	2,267	2,062	2,155	2,346	2,873
YOY Sales Growth %	22.81%	24.40%	26.74%	23.61%	23.41%	25.14%	26.73%
Expenses -	1,650	1,771	2,126	1,928	2,014	2,187	2,644
Material Cost %	57%	56%	56%	56%	55%	55%	55%
Employee Cost %	9%	9%	8%	8%	8%	8%	7%
Operating Profit	96	104	141	133	141	159	230
OPM %	6%	6%	6%	6%	7%	7%	8%
Other Income -	7	5	6	9	9	7	-10
Other income normal	7.33	5.45	5.53	8.95	9.33	8.03	6.26
Interest	21	24	32	30	30	31	29
Depreciation	60	64	70	73	76	79	81
Profit before tax	22	21	45	40	44	55	110
Tax %	36%	37%	39%	52%	44%	40%	38%
Net Profit +	14	13	26	19	24	33	68

Source: Screener

Key Ratios

Sr. No.	Ratio	Numerator	Denominator	March 31, 2025	March 31, 2024 (Refer note 56)	% change	Reason for variance
1	Current ratio	Current assets	Current liabilities	1.97	2.33	(16%)	
2	Debt equity ratio*	Total Debt	Shareholder's equity	0.05	0.05	(6%)	
3	Debt service coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses + finance cost	Debt service = Interest & Lease Payments + Principal Repayments	7.66	8.96	(15%)	
4	Return on equity ratio	Net Profits after taxes	Average Shareholder's Equity	6%	8%	(2%)	
5	Inventory turnover ratio	Cost of goods sold	Average Inventory	2.02	1.22	65%	Improvement on account of efficient working capital management during the year.
6	Trade receivable turnover ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	5.14	3.02	70%	
7	Trade payable turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	4.80	5.03	(4%)	
8	Net capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets - Current liabilities	2.08	0.75	178%	Improvement on account of efficient working capital management during the year.
9	Net profit ratio	Net Profit	Net sales = Total sales - sales return	23%	39%	(16%)	
10	Return on capital employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt - Deferred Tax Asset	6%	6%	(0%)	
11	Return on investment	Interest income on fixed deposit	Average investment in fixed deposit	5%	8%	(3%)	

Source: Annual Report

Yearly Results

Particulars	March 2021	March 2022	March2023	March2024	March2025
Equity Capital	15	47	285	286	286
Reserves	475	1,292	1,093	977	1,015
Borrowings	333	593	798	969	1,321
Other Liabilities	479	714	773	1,169	1,358
Total Liabilities	1,302	2,646	2,950	3,401	3,980
Fixed Assets	231	483	699	668	835
CWIP	2	24	31	30	37
Investments	1	0	38	34	0
Other Assets	1,067	2,138	2,182	2,668	3,108
Total Assets	1,302	2,646	2,950	3,401	3,980

Synopsis Quarter Results

Concall Notes - Feb-2026: Key Highlights

Q3 FY26 Snapshot (Consolidated): Growth + Record Profitability:

- GMV: INR 5,795cr (+28% YoY). Net revenue: INR 2,873cr (+27% YoY). Management reiterated sustained execution: “almost 13, 14 quarters of mid-20s growth on a sustainable basis.”
- Gross profit: INR 1,297cr; gross margin 45.2% (management called it a “slight improvement” and later CFO: “highest in the last 13 quarters”), +31% YoY gross profit growth.
- EBITDA: INR 230cr; 8.0% margin (record; +63% YoY). CFO: +180 bps YoY margin improvement “driven by strong focus on driving efficiencies across the P&L.”
- PAT: INR 68cr; 2.4% margin, +156% YoY. Includes one-time provision ~INR 16cr for new Labour Code. Management: PAT would have been INR 78cr (2.7%) excluding this.
- Balance sheet efficiency: Fixed asset turnover 10.5x; working capital days 30 (improved 4 days YoY for 9M); ROCE 19.1% annualized (vs 11.3% in FY25).

Segment Performance: Beauty Strong, Fashion Re-accelerating with Rapid Loss

Narrowing:

Beauty (BPC) – scale + multi-engine margin expansion

- GMV: INR 4,302cr (+27% YoY); NSV +29% YoY (acceleration vs 26% last year, per Chairperson).
- EBITDA margin: 10.1% (Q3); 9.4% (9M). Chairperson attributed strength to: “strong omnichannel performance... improving unit economics in eB2B... [and] growth outperformance in House of Nykaa with... strong margin expansion.”

Fashion – growth revival + operating leverage showing

- GMV: ~INR 1,500cr (+31% YoY); NSV +25% YoY (gap vs GMV acknowledged; “reasons... deep dive later” but not quantified).
- EBITDA margin: -2.0% vs -5.4% last year (+340 bps). 9M fashion EBITDA margin -3.7%. Drivers cited: marquee brand wins (notably H&M), strong festive sale, robust customer acquisition, and platform efficiency work.

Highlights



Net Revenue

Rs 2,873 Cr

27%

YoY Growth

Gross Profit

Rs 1,297 Cr

45.2% | 31%

% of NR | % YoY

EBITDA

Rs 230 Cr

8.0% | 63%

% of NR | % YoY

PAT

Rs. 68 Cr

2.4% | 156%

% of NR | % YoY

Peer Comparison

Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
Meesho	177.30		81088.75	0.00	-490.68	-678.67	3517.60	31.32	-8.71
FSN E-Commerce	268.45	507.69	76867.52	0.00	67.74	178.56	2873.26	26.73	9.59

Source: Screener

Final Outlook

NYKAA: HOLD | LTP: 269 . 12

Summary:

Nykaa is a fast-growing e-commerce company with strong brand positioning in beauty and lifestyle products. The company has delivered consistent revenue growth over the years, supported by its strong online presence and expanding offline stores. However, profitability remains low due to high marketing, logistics, and expansion costs. Recent results show improvement in margins and profits, especially in the beauty segment, while the fashion segment is still improving. Overall, the company is growing well but is still in a profit-building phase.

Recent Performance (Q3 FY26 – Easy View):

- GMV: ₹5,795 Cr (+28% YoY)
- Revenue: ₹2,873 Cr (+27% YoY)
- EBITDA Margin: 8% (improving)
- Net Profit: ₹68 Cr (+156% YoY)
- ROCE improved to 19.1%

Business Overview (Simple Explanation):

Nykaa is a digital-first beauty & fashion platform.

Main segments:

- Beauty & Personal Care (~75%) » main profit driver
- Fashion (~25%) » fast-growing but lower margins

Key strengths:

- 4,000+ beauty brands & 5,000+ fashion brands
- Strong online + offline (265 stores) presence
- Own brands (House of Nykaa) give higher margins

Final Verdict: HOLD

Nykaa is a high-growth company with strong brand value, but low profitability and rising costs limit near-term returns.

HOLD for long-term growth potential

Disclaimer: The information provided on this blog is for general informational purposes only and is not intended as financial advice. While we aim to provide accurate information, please conduct your own research before making any investment decisions. This content is for informational purposes only and should not be construed as financial advice. Always consult with a financial advisor before investing.

This blog may contain links to external websites for your convenience. We do not endorse the content or views expressed in these external sites and are not responsible for their accuracy or reliability.

By using this blog, you acknowledge that you have read and understood this disclaimer and agree to its terms.