

FSN E-Commerce Ventures (NYKAA) - ADD

Company Update

Current Market Price (CMP) Rs.311	Fair Value (FV) Rs 340
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Rationale:

- Nykaa’s FY26 analyst meeting focused primarily on its platforms’ improving penetration, assortment and tech innovations.
- BPC: Expects healthy GMV CAGR of 26-32% over FY26-30.
- Fashion business FY30 GMV to be 3.0-3.5X of FY26 GMV.
- Company-level EBITDA to be 4-5X of FY2026 level by FY30.
- We upgrade estimates but still maintain some buffer versus Nykaa’s guidance.
- We upgrade our FY27-29 EPS estimates by 3-14%, resulting in a revised FV of Rs340 (Rs300 earlier). ADD.

Positives:

- Healthy BPC revenue growth performance, driven by customer addition.
- Fashion: Focus on profitable expansion.
- Expects strong growth in own brands; B2B to turn EBITDA break-even by FY30.
- We expect BPC segment to post revenue CAGR of 26% over FY26-29E.
- We model revenue CAGR of ~27% over FY26-29E.
- We expect Nykaa to show healthy EPS growth over FY27-29E.

Negatives:

- The Others segment continues to report EBITDA losses.

(EPS: Earnings Per Share, CAGR: Compound Annual Growth Rate, GMV-Gross merchandise value, CM- Contribution Margin, EBITDA - Earnings before Interest, Tax, Depreciation, and Amortisation, BPC - Beauty and Personal Care)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com).Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months