Dated: 10 Nov 2025

FSN E-Commerce Ventures (NYKAA) - REDUCE

Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.246	**Rs.215**

Rationale:

- Nykaa posted revenue growth of 25% yoy, aided by a 30% yoy growth in overall GMV.
- BPC reported 28% yoy growth in GMV and revenue growth of 25% yoy.
- Fashion reported 37% yoy growth in GMV and a lower 21% yoy revenue growth.
- BPC contribution margin/EBITDA margin expanded 30/100 bps yoy, despite aggressive investment in customer acquisition.
- Fashion's EBITDA margin increased 871 bps yoy, as fixed costs in the business were controlled.
- We trim near-term EPS estimates, but assume higher mediumterm growth for the BPC and fashion businesses.
- We roll forward to December 2027, with a revised DCF-based FV of Rs215 (previously Rs195).

(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)

Positives:

- Healthy BPC revenue growth performance, driven by customer addition.
- BPC CM improves yoy on better gross margins and cost leverage.
- Focus on customer acquisition and better assortment.
- Fashion GMV accelerates to 37% yoy.

Negatives:

- Fulfillment cost increases on higher costs from Nykaa Now and Nykaa Fashion.

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

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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