



August 14, 2025

**National Stock Exchange of India Limited**

**BSE Limited**

**Symbol: NYKAA**

**Scrip Code: 543384**

Dear Sir / Madam,

**Subject: Transcript of the Conference Call for Analyst / Investors**

Please find enclosed herewith transcript of the Analyst / Investor Conference Call held on August 12, 2025, with regards to the Unaudited Standalone and Consolidated Financial Results for the quarter ended June 30, 2025.

This intimation is being submitted pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We request you to take the above information on records.

Thanking You,

Yours faithfully,

**For FSN E-Commerce Ventures Limited**

Neelabja Chakrabarty  
**Company Secretary & Compliance Officer**

Encl.: As Above



“FSN E-Commerce Ventures Limited (Nykaa)

Q1 FY '26 Earnings Conference Call”

August 12, 2025



**MANAGEMENT:** **MS. FALGUNI NAYAR – EXECUTIVE CHAIRPERSON, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER**  
**MR. ANCHIT NAYAR – EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER, BEAUTY**  
**MS. ADWAITA NAYAR – CO-FOUNDER, EXECUTIVE DIRECTOR, CHIEF EXECUTIVE OFFICER, NYKAA FASHION AND HEAD OF OWNED BRANDS**  
**MR. VISHAL GUPTA – CHIEF EXECUTIVE OFFICER, NYKAA DISTRIBUTION**  
**MR. ABHIJEET DABAS – EXECUTIVE VICE PRESIDENT AND BUSINESS HEAD, NYKAA FASHION**  
**MR. P. GANESH – CHIEF FINANCIAL OFFICER**

**Moderator:** Hi. Good evening, everyone. This is Michelle from Chorus Call. Welcome to FSN E-Commerce Ventures Limited Q1 FY '26 Earnings Call. From the management at Nykaa, we have

**Ms. Falguni Nayar**, Executive Chairperson, MD and CEO;

**Mr. Anchit Nayar**, Executive Director and CEO, Beauty;



**Ms. Adwaita Nayar**, Co-Founder of Nykaa, ED and CEO, Nykaa Fashion and Head of Owned Brands

**Mr. Vishal Gupta**, CEO, Nykaa Distribution

**Mr. Abhijeet Dabas**, Executive Vice President and Business Head for Nykaa Fashion

**Mr. P. Ganesh**, Chief Financial Officer

Before we start, we would like to point out that some of the statements made in today's call may be forward-looking in nature, and a disclaimer to this effect has been included in the earnings presentation shared with you earlier. Kindly note that this call is meant for investors and analysts only. By participating in this event, you consent to such recording, distribution and publication. All participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation from management concludes.

With that, over to you Falguni ma'am for opening remarks.

**Falguni Nayar:**

Welcome, everyone, to Nykaa's quarterly results highlights. Just really happy to report that the strong growth momentum continues with this quarter GMV coming at 26% year-on-year growth and the GMV being INR 4,182 crores for the quarter. On a net revenue basis, also, the number is at INR 2,155 crores, which is stacking up as a 23% year-on-year growth in net revenue.

On the gross profit, I am happy to report that as a percentage of net revenue, gross profit has come out at 44.6%, which is about 27% growth year-on-year with gross profit stands at INR 962 crores.

Also, EBITDA continues to be at 6.5% of net revenue. And in absolute, it's coming out at INR 141 crores. That is 46% year-on-year growth. PAT has been reported for this quarter at INR 24 crores, which is a 1.1% of net revenue and a 79% year-on-year growth.

I think the momentum has been strong across both Beauty and Fashion with the GMV growth for the quarter being at 26% year-on-year for the Beauty business, and the number is INR 3,208 crores for the quarter.

Just want to remind everyone that this is based on a vertical reporting where our Beauty vertical is omni-channel beauty, e-comm, physical retail, House of Nykaa brands in Beauty as well as the Nykaa Superstore is all under this vertical.

And on the Fashion business, we have again seen a GMV growth of 25% on a year-on-year basis. The number is INR 964 crores for the quarter. And the Fashion is also reported on what we call as a vertical basis, where it includes fashion.com, fashion private brands as well as it includes the Nykaa Man platform, the lifestyle part of Nykaa Man and the LBB business that was acquired by Nykaa Fashion.



On the NSV basis, the growth in Beauty was at 25% year-on-year. And for Fashion, the NSV growth was slightly lower at 20% on a year-on-year basis. It was due to composition of the growth that it has led to 20% year-on-year growth at the NSV level.

On the EBITDA margin front, I think we are happy to report that the Beauty business EBITDA has improved from 8.5% a year ago to 9% this quarter. So 9% EBITDA for the Beauty business this quarter, which is an improvement of 0.5% over the similar quarter a year ago. And in the Fashion also, while EBITDA, albeit is still negative at minus 6.2%, it's a huge improvement from about a year ago where about 300 basis points has been a reduction in the EBITDA losses. And currently, the EBITDA margin stands at minus 6.2%.

So strong performance across all of the verticals, except Nykaa Fashion owned brands, where we are right now taking a little bit slower, consolidating our position and then grow faster from there. But there will be more information going forward.

In terms of Nykaa at one glance, we now have 45 million customers who have ever bought on Nykaa. That's a 30% year-on-year growth and a pretty healthy growth of customer acquisition across the board. On Beauty stores, we are now at 250 beauty stores across 82 cities. It is the largest specialized beauty store network in the country, of course, well beyond any other network that exists, much smaller networks.

On the brands front, we now have about 9,000-plus brands across Beauty and Fashion. Almost 400 new brands were launched in the first quarter. Beauty launched about 100 brands and Fashion had a strong quarter with about 300 new brands being launched.

As you are all aware, we have launched a quick delivery service called Nykaa Now. It promises to be best in beauty products are being delivered between 30 to 120 minutes. It's an offering that our customers have liked. You'll hear more about it when Anchit speaks about it. We have rolled it out in 7 cities with 50-plus rapid stores and almost 1.3 million orders have been served till date on this network.

With all of this, the annualized GMV across all the platforms of Nykaa is about \$2 billion, a pretty healthy number, and we are really proud of what we've been able to build and create. We also decided to continue the brand building at Nykaa. And with this, we have brought on board a number of brand icons that champion the Nykaa values.

Sharvari Wagh has come in as an ambassador for Nykaa retail business. And you would have seen her films, I'm sure if you're a passionate buyer of Nykaa, a consumer of Nykaa, you would have seen these ads that we've done with her.

Lisa Haydon has come in as a brand ambassador, she's a global icon, and we've taken her as a brand ambassador for Nykaa Luxe. Again, a lot of experiential events are being rolled out for the Luxe business that you'll see later.

Rasha Thadani is our brand ambassador for Nykaa Cosmetics business. Rasha is full of energy style and bold approach to beauty and the young customers really relate to her. So it's been an



excellent choice for Nykaa Cosmetics. And Shanaya Kapoor and Ishaan Khatter have come on board to be the brand ambassador for Nykaa Fashion.

And with great style that they both have and upcoming rising stars of Bollywood. I think we're really happy to have iconic team of both Ishaan and Shanaya to represent our Nykaa Fashion business. With that, we move on further.

With that, I hand over to Anchit to talk about the beauty multi-brand retail business. Thank you.

**Anchit Nayar:**

Okay. Thank you very much for that introduction. So for the multi-brand beauty retail business, I think, again, it's been a good quarter, good start to the year. GMV was at INR 3,208 crores, about 26% growth year-over-year. Annual unique transacting customers at 16.5 million as of Q1 FY '26 and again, 26% growth year-over-year.

The third metric we want to call out has been our average order values have grown at 4% to just over INR 2,000 and I'll just make a note that you can see that both our core objectives as a platform, which is penetration and premiumization, seem to be playing out well.

You can see the penetration objective being achieved through the growth in AUTC, and you can see the premiumization objective of ours now starting to play out nicely on average order value as well. And both combined are driving healthy GMV growth of 26%, which we believe is ahead of the market growth.

So every quarter, we talk about the growing relevance and the growing importance of India on the global stage when it comes to Beauty and Nykaa continues to spearhead to be the partner of choice for global brands as they look to enter the India market. This quarter was no different. We had some of the most iconic global brands launch with Nykaa.

As you can see, first and foremost, Chanel Beauty & Fragrance, which is one of the world's most marquee luxury beauty brands, has launched in India in a partnership with Nykaa. We are the only multi-brand retail platform to be retailing Chanel in India at this point in time.

We've also launched Armani Beauty, Supergoop, Anua, Aestura and a few more brands that are listed on the page. So we continue to see a lot of demand of brands wanting to enter India. And given the kind of consumer base, the kind of scale, our specialization and our O+O strategy, we continue to remain and continue to be seen as the partner of choice for India for global brands.

Just double-clicking on why we are seen as partner of choice beyond just the size and scale of our platform and consumer base, it's also the fact that we have a full stack marketing capabilities, which we are able to provide to our brand partners. And here, you can see a couple of examples of some of the marketing we do on behalf of our brand partners.

One is, of course, digital and non-digital marketing, both on-platform and off-platform. And on the middle of the screen, you can see the kind of on-app brand storytelling and brand experiences, which we have built for our brand partners, which is considerably more immersive and experiential that you see on most other platforms in India at this point in time.



And lastly, on the right-hand side of the page, you'll see that in addition to on-platform and off-platform marketing, we also have the ability to target our consumers across WhatsApp, App Push, Emailer. So the fact that we can use all of these tools and use all these tools for a very large consumer base makes us a very, very strong marketer, and that is a very important skill set for brands as they look to find a partner for India. Now just spending a minute on premiumization. As I said, both premiumization and penetration are 2 core objectives for Nykaa.

On the premiumization front, we have doubled down our efforts this year and this quarter, especially with something we're calling the Nykaa Luxe Weekender. As part of that, we launched Lisa Haydon as the face of Nykaa Luxe. Nykaa Luxe is our assortment of all luxury and prestige beauty brands, which is also the largest assortment of luxury and prestige beauty brands in the country.

We support the launch of the new face with very robust on-platform and off-platform marketing, including CRM as well as experiences both in our physical retail stores as well as in other physical points of sale, whereby consumers can come and educate themselves and experience luxury beauty at its finest.

And this, of course, is a large content and education play that gets combined very seamlessly with a very strong commercial strategy. And on the right-hand side, you can see that all of these content campaigns are being commercialized very effectively through on-site curations and commercial offers.

This quarter, we again have had a very interesting and a very marquee I would say, campaign along with L'Oreal Paris. So as many of you know, L'Oreal is the largest beauty company in the world. We have a very deep relationship with L'Oreal over the past many years and we continue to strengthen that relationship.

And in Q1, L'Oreal Paris chose Nykaa as its official partner for their Cannes Film Festival in France. And as you can see, again, a perfect example of how Nykaa ties content and commerce together. We live streamed this event directly from Cannes to the doorstep of all the Indian consumers who are watching on the Nykaa app. We also streamed and all the content on our social media platforms for all of our social media followers.

We also got access to exclusive content, which we created along with L'Oreal, leveraging Alia Bhatt, the brand ambassador to be, again, available on Nykaa platforms as well as offline in-store activations, including this beautiful L'Oreal Paris pop-ups, which we did across multiple stores, across multiple cities.

And finally, capitalizing on all of this great amplification and unique content creation by creating a commercial peg, which is on the right-hand side of the screen, again, you can see, which included very strong commercial offers as well as exclusive launches during this 10-day period of the partnership.



And this is just an example that shows how Nykaa is much more than just a point of sale or just a transactional relationship with brands. It truly is a very deep consumer-first 360-degree content to commerce relationship we have with all of our key partners.

Spending a minute on retail. This quarter was important because we have managed to cross the 250-store milestone. So today, we are and have been for the past few quarters, India's largest beauty specialist network in terms of offline. We are now present in 82 cities.

This quarter, we launched in 3 new cities and 2 new airports. And our retail space grew by about 36% year-over-year to 2.5 lakh plus square feet. In terms of some of the financial metrics, retail continues to put up strong growth numbers at 33% growth on GMV year-over-year. Like-for-like growth is again double digit.

So a lot of the growth is, yes, coming from new store openings, but very, very healthy like-for-like growth, which is a good sign of the health of the business. And finally, the entire store network is profitable and has been for the past several quarters. Just to again recap for the listeners on this call, the different formats which we currently have.

We have obviously Nykaa Luxe store format, which are at about 85 stores, 10 of which are what we call flagship stores. So these are much larger floor plates at about 2,500 square feet plus. These are very experience-led stores with giving brands a lot of space to do their storytelling, a lot of in-store experiences like skin consultations and beauty services.

This is a store which is now present in several key metros. The Luxe, the Nykaa Luxe store, we have 75 of those across Tier 1, Tier 2 cities as well. And finally, Nykaa On Trend and Nykaa Kiosk, which are our slightly smaller store formats. They lend themselves very well to Tier 2, Tier 3 expansion, and they have more affordable brands and products in these stores, which make them perfect for a younger consumer. So as you can see, we have Nykaa Luxe stores, which again help us to premiumize the consumer.

And then we have Nykaa On Trend and Nykaa Kiosk stores, which help us to drive further penetration of beauty into smaller cities. So both our premiumization and penetration objectives also playing out nicely and being helped by physical retail.

Just spending a minute on experiential retail. We believe that retail is all about experience and young consumers are looking not just for a point of sale, but a space where they can educate themselves and entertain themselves, something which we call as edutainment.

And these are some of the services which we're now offering across a vast majority of our stores. In Q1 alone, we hosted over 50 events across various cities in India in our stores. Our stores also today now offer free makeovers as well as paid makeovers, and we did about 63,000 makeovers in Q1 alone. We also offer skin consultations and facials, nail spa services and hair styling services. So very unique, Nykaa is leading the way in terms of driving experiential retail as the future of retail in India.



Spending a minute on Nykaa Now, something which we spoke about on the Annual Day as well as in the last quarter earnings. We have made significant progress in terms of the rollout and expansion of Nykaa Now. Today, we are present in across 7 cities, and we have over 50 rapid stores and almost 1.3 million plus orders have been delivered through Nykaa Now over the past several months since we launched Nykaa Now.

So Nykaa Now, again, is part of our broader strategy of improving speed and convenience while not compromising on the quality of the product, the quality of the experience that we are providing to our consumers.

And so you can see that today, Nykaa Now is actually the largest assortment of beauty products in India are provided through Nykaa Now. So we have the largest assortment of beauty products available within 30 minutes to 2 hours' worth of delivery. And you can see that this business is scaling sustainably, and it is also getting a lot of consumer traction in the 7 cities in which we are currently present.

Finally, in Q1, we also host the Nykaa Pink Summer sale. And this year, the sale was again a successful sale. We grew at about 33%. And it is India's largest beauty sale with 2.9 million orders being delivered during that 10-day period across 19,000 pin codes. We had orders come from 99% of all Indian pin codes placed an order on the Nykaa app during the sale. We sold 1 lipstick every 2 seconds; 16 fragrances were sold every 1 minute and over 400,000 luxury products were bought during the sale on our platform, and we drove a reach of almost 0.5 billion.

And you can see, as I said, again, this resulted in a 33% growth on GMV, 42% growth on GMV for prestige and premium beauty brands on our platform and 51% growth on customer acquisition. So again, the sale is a good example of how again, both the objectives of premiumization and penetration are being achieved through these metrics on the bottom of your screen.

And with that, I'll pass it over to Adwaita to take you through the House of Nykaa Brands business. Thank you.

**Adwaita Nayar:**

Thank you, Anchit. So Q1 has been quite strong for the House of Nykaa brands. These are the brands that we build ourselves. And you can see that the Q1 annualized GMV number is about INR 2,700 crores. It's grown 57% year-on-year. And if we look at this over the last 5 years, the entire business has scaled 7x.

There's been a host of brands that we built internally and a couple of acquisitions along the way. If I had to talk about Q1's highlights, I would say that Dot & Key, one of the brands that we acquired about 4 years ago, has now crossed INR 1,500 crores in GMV on an annualized basis, and it's the number 1 skin care brand on Nykaa today with a strong distribution strategy outside of Nykaa as well.

And the second big highlight of Q1 is that Kay Beauty, which is our brand in partnership with Katrina Kaif is going global in the next couple of weeks, launching with Space NK in the U.K. and I think that will open more doors globally speaking as well. With that,





we can move on. Double-clicking on just the beauty side of our own brands portfolio. So in Q1, our beauty brands delivered about INR 578 crores of GMV. And on the right-hand side, you can see the split across various channels. And you can see how year-on-year, there are slight shifts.

But in a nutshell, in Q1 FY '26, about 46% of the business came from Nykaa online, 8% came from Nykaa stores and 46% from others, which is a mix of third-party e-commerce platforms, but also GT, MT and Nykaa's distribution business, so Nykaa Superstore business.

So there is a diversification of distribution going on, and these brands are being built holistically across various platforms. We can move on. Double-clicking on Dot & Key, which is, like I said, a brand that we're really proud of this quarter. It is the number 1 skin care brand on Nykaa and by many metrics, amongst the largest D2C skin care brands out there in India today.

It had a very big new launch this season, which was the Niacinamide Pink Strawberry serum that the brand launched. In terms of highlights, like I said, it's INR 1,500 crores of top line. But I think importantly, the EBITDA margins on this business are in the high teens.

So there is a lot of profitability in this side of the business. It has a very strong distribution strategy across Nykaa and other platforms as well, 250 Nykaa beauty stores, 30,000 selective doors via the Superstore business, and it is strengthening its presence across categories, whether that's being number 1 in skin care, moisturizer and sunscreen, all very large skin categories that are very hard to disrupt and very competitive. So I think it is an owe to the strength of the brand and the strength of the product that they have.

Moving on. Nykaa Cosmetics, which is sort of our namesake brand. It's a brand that we've been building over the last 6 to 7 years in a very serious manner. It has now crossed INR 350 crores of GMV run rate. It's had some very strong launches this quarter, whether that's the Matte To Last Bullet lipstick or the 9 in 1 eyeshadow palette.

Both those launches have actually propelled the brand to being number 1 in lipstick as a category and eye shadow as a category, which are again massive categories on Nykaa.com. But again, this brand as well has distribution outside of Nykaa, including a very large GT presence for this brand.

I think what I'm really proud of for this brand is now 20% of revenue comes from new launches. And I think that's a marker of a lot of our innovations really hitting well. Moving on. I'll just show you a quick video about one of the recent launches in Nykaa Cosmetics. And these videos are really to give you a sense and flavor of how we're trying to build these brands in a very holistic manner.

A couple of other quick updates on some of our smaller brands that are now gaining momentum. Three of them in particular, Wanderlust, which is our Bath & Body brand. It is now the fifth largest brand on the site from a bath and body perspective. Then we've got Nykaa Skin, which is the number 1 sheet mask and face oil brand. It's also had a very strong face wash launch recently.



And the third is Earth Rhythm, an acquisition. A company in which we have 70% plus share at the moment, which again is a brand that we're really focused on growing where we're trying to bring the goodness of the earth to meet the science of skin care and trying to build a proposition there. So all these brands are now picking up, and I think there will be very big growth engines for the future.

Moving on. Just briefly touching on our fashion brands. This is a smaller part of the portfolio. So it is about INR 97 crores of GMV in Q1. The growth is particularly focused on Nykaa platforms. I think there's been like sort of a strategy to focus more on our internal platforms and less on external.

And that's what you see here with the overall year-on-year growth being 7%, but the growth on Nykaa platforms being 26%. There's been a lot of just sort of reenergizing the brands on the platform and making it much more focused on what gaps they can fill on the platform and what value they can add there.

And so you can see that also reflected in the pie charts on the right, where you see that the Nykaa share of business is going up and channels like GT for at least fashion are being deprioritized. That's definitely not the story in beauty. But in fashion, we do feel that a more focused strategy, a more focused distribution strategy is the way to go.

I'll double-click quickly on just one fashion brand, which is Nykd, which is our lingerie brand. This is one brand where we feel we have excellent product market fit. And in 3 years, it is now an INR 170 crores brand. This is focused on lingerie, very much focused on comfort and innovation. It is amongst the top-selling lingerie brands even on Amazon and of course, on Nykaa Fashion, it's number 1.

But again, this is a brand where we're going for 360-degree distribution, and we'll try to make it a brand that really stands on its own 2 feet, and we feel that we have a lot of customer love for this brand.

So with that, I'll hand over to Vishal, who will be speaking about the Superstore business.

**Vishal Gupta:**

Thanks, Adwaita. Good evening, friends. We had yet another quarter of good performance on our path to profitable scale. We have increased our customer base by 45% with a little bit more than 3 lakh transacting retailers. We have added about 1 lakh retailers across 100 cities in 1 year, and we are now in 1,100-plus cities, which resulted in a 40% growth in GMV, almost touching INR 300 crores for the quarter and which takes us to about 9% contribution to the beauty GMV.

Next. And we have reached such a size and scale, which is quite meaningful to our brand partners, and we continue to attract and refresh our brand partners. And you can see on the slide, we added 14% more brands, and you can see some of the popular names that we have added. And our scale also meaningful enough to actually do justice to distribution of our own brands like Adwaita spoke about in beauty, and we have increased that by 8x in last 1 year.

Not only that, we are also on a path to profitability, we are driving premiumization with 11% growth in ASP and almost half of our portfolio is the much more profitable part, premium part of our portfolio.

We are also leveraging a lot of technology and digital to drive our field force productivity with a lot of gamification and also a shift in how the sales force engages the retailers from only physical to physical and digital in terms of how they interact with the retailers, while orders are obviously always placed on the app.

Next. And this is resulting in continuous improvement in our profitability with 139 bps improvement in gross margins, which is contributed by increase in contribution of our owned brands and 23% higher visibility income because of our size and scale. Our contribution margin improved by 309 bps.

Again, scale benefit and field force productivity through digital channels contributing to that and overall operating leverage, resulting in a 515 bps improvement in EBITDA margins. So overall, a good quarter on track with our expectations.

And with that, I will hand over to Abhijeet for the fashion piece.

**Abhijeet Dabas:**

Thanks, Vishal. Next slide. So good evening, everyone. On the fashion side, again, we are very happy to share with you that we continue to bring back growth to the fashion business. Some of you will recall that quarter 4 of the last financial year was already an upswing in growth for fashion, and we have continued to see that same trajectory continue.

Fashion grew 25% year-on-year in terms of GMV, reaching just north of INR 960 crores. From our estimates, this is significantly higher than the rate at which the market grew in the first quarter of this year.

And we believe that this is now sustainably going to be the case going forward. Along with that, also very happy to share that we improved on our bottom line from minus 9.2% EBITDA in the same quarter last year to minus 6.2%, which is a significant 304 bps improvement year-on-year. So both on growth and profitability, we believe we are headed exactly in the right direction.

Going forward. A large part of that growth came from our continuing efforts to acquire new customers. New customer acquisition grew north of 30% year-on-year, which reflected in traffic, but more importantly, also the active user base that we have because that's the more important number that we track in our business, which is what percentage of our user base is active over a more recent time period.

So across the funnel, we saw the goodness of new customer acquisition play out right from the total visits to the number of active users to overall also the cumulative customer base. And as a result, marketing cost also as a percentage of NSV improved year-on-year from 27.4% to 26.4%.

Next slide. Another big plank of our strategy has been much like on the Beauty and Personal Care side, to bring in marquee international brands into the country. And very happy to share

that this portfolio of brands outstripped even the pace of growth for the platform overall. Our portfolio of international brands, which is what we call the global store in our word, grew by 70% year-on-year.

And as a result, their contribution to the business grew by more than 500 bps. You see some of the names of these brands on the slide. Partnerships like Revolve, partnerships like Foot Locker and some of the others that you see on the slide are the ones which significantly grew over the last quarter.

Next slide. In the Investor Day, we had spoken about how we are not just a platform which sells a product at a price, but we are a platform which is differentiated by the way in which we sell fashion. We talk about trends, we talk about occasions.

And towards that end, we created a property called the Nykaa Fashion Edit in this last quarter. Still early days, but we are seeing very, very strong traction from our consumers in how they engage and shop from the NF Edit stores. These are stores which are occasion-based, influencer-led, festive-led.

We use a combination of manually curated trends as well as now tech-enabled ways of scraping the Internet for various kinds of trends that we can find and try to curate assortment real time for those trends. It is just one attempt, and you will see many more like these in the months to come, one attempt to become a trend-first platform and not just a platform which sells fashion merchandise.

Next slide. Two sub-categories within the fashion portfolio again outstripped the overall platform growth. We grew the men business by 74% year-on-year, and that meant the contribution of the men business in the overall pie went from 12% to 16%. Women still contributes the lion's share of business to our overall size of business. But within that, men's significantly increased in salience over the last year.

And also kids continues to grow. Just like last year, we saw good growth in spite of a tough year in the kids business. This year, again, we are seeing very healthy 67% year-on-year growth on the kids side. We have continued to add marquee brands across all categories. You see some names towards the bottom half of this slide. Many of these brands have come on to the platform only in the last 3 to 6 months.

And within a short span of time, they are contributing to the top 5 or 10 brands in their respective categories, names like Snitch, Rare Rabbit, Hopscotch and so on. All of these are recent additions, but very quickly have grown to prominence in the last 6 months in their respective categories.

Next slide. To summarize, and this is the last slide, again, we've had a quarter where we have been able to grow at a significantly higher pace than the market overall, which has reflected in also efficiencies flowing in. And we believe that this is a structural improvement and confident that this same performance will reflect in the quarters to come as well.

So that's all from the fashion section. Thank you.

**P. Ganesh:**

Thank you, Abhijeet. Yes. So we'll start with a quick look at the financial performance, and I'm happy to share with all of you that continuing from the momentum of last year, we have started financial year FY '26 on a very strong note.

Our revenue from operations grew by 23% during the quarter to INR 2,155 crores. We have seen robust top line growth of mid-20s consistently now for several quarters with both of our core business verticals outperforming the industry. Profitability has also seen a meaningful improvement.

Our EBITDA margin in Q1 also expanded by more than 100 basis points on a Y-o-Y basis and stood at 6.5% for the quarter, driven by a strong focus on driving efficiencies across the P&L. Our PAT grew 79% on a Y-o-Y basis, which is 3x of Y-o-Y revenue growth, delivering a 1.1% PAT margin during the quarter.

Going to the next slide. Yes, this slide provides a snapshot of our profit and loss statement. I'd like to highlight and discuss a few of the elements in greater detail. Gross margin saw a healthy 132 basis points improvement Y-o-Y during the quarter, standing at 44.6%, which is the highest since Q3 FY '23. This margin expansion was supported by strong performance from House of Nykaa Beauty brands and improving marketing and service income.

Our fulfillment expenses remained relatively steady at 9.4% despite increased order volume and rollout of our faster delivery propositions. Our fulfillment expenses, therefore, in spite of rolling out our rapid stores, which Anchit also covered, have continued to remain steady.

And when we come to our marketing and S&D expenses, these are coming higher at 15.2% for the quarter versus 14.2% in the same quarter last year, which is a 101 basis points increase. Marketing expense is higher as we continue to invest in customer acquisition across both beauty and fashion businesses, which will help drive long-term growth for these verticals. S&D has increased with strong performance of a few of our House of Nykaa brands such as Dot & Key across third-party channels, which has also led to higher commission costs.

Our employee and other expenses, as you can see, have seen a marked improvement with leverage benefits starting to kick in. So let's now move to the next slide. This slide gives a snapshot of our vertical results. As we can see from this slide, we have seen strong growth in both businesses at NSV and both businesses have delivered healthy EBITDA margin improvement. Beauty business witnessed about 50 basis points Y-o-Y expansion, while fashion expanded by about 300 basis points.

The next slide gives a more detailed view of the vertical reporting across the business verticals. And we can see cost efficiencies is delivering a blended EBITDA improvement of about 100 basis points. Going ahead, if we can move to the next. That's right. Now let's spend some time looking at our balance sheet ratios.

Our continued and relentless focus on driving efficiency on the balance sheet side, that's evident from the ratios that are on this slide. Our fixed asset turnover stood at 9.5x for the quarter vs 9.1x in FY25. Our working capital efficiency had improved further, with working capital days now coming in at 32 versus 34 in FY '25 and 42 in FY '24. ROCE also has been consistently improving over the years and now stands at 12.7% at One Nykaa level.

Going to the next slide. So this is an update I would like to share. Our Board has approved the acquisition of the remaining 40% stake in Nudge, a Nutricosmetics beauty supplement brand for a consideration of INR 14.2 lakhs. We initially incorporated Nudge in April 2022 with Onesto Labs Private Limited, which was responsible for business operations, whereas Nykaa held a 60% stake in this company.

The company reached a peak revenue of INR 1.7 crores in FY '24, whereas FY '25 numbers came in at about INR 35 lakhs. With this acquisition taking our stake to 100%, we expect a sharper strategic focus, accelerated decision-making under health and wellness.

We see a significant opportunity in this category, and we believe with Nudge, we have the right infrastructure and capabilities to capitalize on this opportunity. With that, I would like to now hand it back to the Moderator for Q&A. Thank you.

**Moderator:** Thank you very much, Sir. We will now begin the Q&A session. If you would like to ask a question, please click on the ask a question tab and separately you can also type in your questions in the text box provided. Before asking the questions to the management, please introduce yourself, providing your name and your organization name. If possible, you may switch on your video as well. Please limit yourself to maximum of two questions so we can accommodate as many as possible. Ladies and Gentlemen, while the question queue assembles.

**Moderator:** We'll take the first question from Aditya. Please accept the prompt. Unmute yourself, and introduce yourself and proceed with your questions. As the current participant is not answering, we will move on to our next questionnaire. And the question is from the line of Sachin Dixit.

**Moderator:** As the current participant is not answering, we will move on to our next questionnaire. And the question is from the line of Sachin Dixit.

**Sachin Dixit:** This is Sachin Dixit from JM Financial. So I had a couple of questions. My first question was regards to the mix of beauty business, right? So while I do understand that there is sensitivity with regards to sharing the exit margins of different channels of BPC, but can you share some directional color on where we stand on margins for our physical stores as well as House of Nykaa brands? And where do you see them moving as you proceed ahead?

**Anchit Nayar:** Okay. Maybe I can kick that off. So thank you for the question. So look, as you rightly said, the Beauty segment is composed of 4 very different businesses, one being beauty.com, which is the e-commerce platform. Second is the physical retail stores. Third is the House of Brands and the fourth is eB2B. So, all 4 actually have relatively very different types of margin profiles. We are obviously, we've not given the breakout in terms of what the exact margin profile is of each business.

But what I can say is that the dot-com business being more mature, more established, has a stronger profitability than what the weighted average is. And the retail stores also, as I mentioned on my slide, it's a profitable store network. So that business is also profitable. And the owned brands business, as you know, consumer brand space, they have the kind of gross margins are what they are. They're healthy. So even that business has a decent margin profile and an improving one.

Finally, the last business is the Superstore business, which is also part of the Beauty segment, and that has a very different profile, as we've mentioned in the past. That's a volume, that's a scale business, but the margins are lower. And I think we've also shared with you that currently, that business is still loss-making, but is on the path to profitability.

So those are the 4 very different businesses. As I said, 3 out of 4 of them are profitable today and some more than others in terms of overall profitability. But all, I would say, in a good place. And most importantly, all 4 businesses that make up the beauty vertical have room to improve their profitability from here on out as well through different levers.

**Sachin Dixit:** Sure, Anchit. So my question was largely focused on the House of Brands and the physical stores piece. So directionally, do you see the margins improving, I don't know, maybe 300 basis points Y-o-Y or like how much margin improvement.

**Falguni Nayar:** Because these are consolidated, difficult to predict, but definitely, House of Brands has additional margins at One Nykaa level compared to just the retailer margins that are given to retailers. So I think it is a mix like Anchit said.

**Sachin Dixit:** I just wanted to understand the mix. I'll move on. So my second question is trying to...

**Falguni Nayar:** The mix also changes quarter-to-quarter. So it's very difficult to give it's a composition.

**Sachin Dixit:** That's okay. That's okay. I understand. So moving on to the second question. This is largely to understand where the investment is going when I look at the beauty vertical, right? So we do see that marketing expenses have risen Q-o-Q, Y-o-Y as well, and they were already inching upwards in the previous year. So some color on like is this investment going into acquiring more aggressively or incremental customer acquisition is becoming costlier?

What is happening there? Secondly, on the other expenses piece, right, I see that piece has grown by almost similar growth rate, if not roughly exactly same to revenue growth rate as well for Beauty business. So where is that investment going, if you can break that down for me?

**Falguni Nayar:** I'll answer that. I think on marketing, we are clearly acquiring new customers. We don't think marketing is getting more expensive. I think the opportunity for accelerating acquisition is there and our own corporate profitability supports a more aggressive acquisition on the beauty front. And in all of the beauty businesses, so there's a store rollout on an aggressive basis.

There's new customer acquisition on an aggressive basis. Owned brands, we are accelerating our growth, which we reported earlier in the presentation and eB2B is growing as per plan. So I

think there is a significant marketing investment. And also, we are doing more brand building investment also a little bit more.

**Anchit Nayar:**

Yes. But just to add to that, one piece, of course, is that it's not that it's getting more expensive. It's just that we are seeing opportunity to increase our investment because there is more growth to be had. So that's a positive. I think the other aspect of why the marketing investment is looking higher is, again, back to the mix, right?

And the House of Brands, Nykaa House of Brands has had a superlative growth this quarter. And so it is starting to play a bigger role in terms of the overall mix to business. And given the margin profile they have, given the gross margin that business has, it can also afford higher marketing spend as a percent.

So it does have slightly higher marketing spend as a percent of sales versus the dot-com and the retailer businesses. And as they continue to grow faster than the platform business and they continue to become a larger percent of the overall revenue mix, it's also reflecting in the marketing as a percent of sales at the segment level. I hope that helps to answer your question on the marketing piece.

**P. Ganesh:**

Yes. Just to add on the other expenses question, which you had. Number one, when you look at the beauty vertical, other expenses have remained in the same range versus a year ago as well as versus the immediate preceding quarter. What I'd like to add over here is that this is a combination of G&A, employee expenses as well as our web and tech expenses. And I would like to add over here that we continue to invest in terms of web and tech. But in terms of percentage, this has remained range bound.

**Sachin Dixit:**

Sure, Ganesh. So largely, I mean, the general assumption would have been we could see more operating leverage on that piece, so which is why the question. So if you can give slightly more color on how it's rising, what is the investment exactly?

**Falguni Nayar:**

On G&A or marketing?

**Sachin Dixit:**

On the other expenses piece.

**Falguni Nayar:**

Other expense. No, I think on other expenses, there is a slight investment going on in the various areas of technology where we are doing upfront investment and then plan to recover it as Software-as-a-Service over a period of time for a couple of clients now, and that is what we intend to do going forward. And I think that's on the tech side. And I think on the other one, I think overall expenses are under control.

**Anchit Nayar:**

There's also depreciation, amortization of the stores, right, which we're rolling out as well as employee expenses, right? So there's a couple of different things in there.

**P. Ganesh:**

Yes, Sachin, so just to add over here, when you look at employee cost, G&A, etc., there is some amount of optimization, which is coming in. But given that from time to time, we do invest in our web and tech expenses, which is why on an overall, it's at the same level.



**Sachin Dixit:** Thank you and congrats on a decent set of results.

**Moderator:** We'll take the next question from Kapil.

**Kapil Singh:** Hi, Good evening. This is Kapil from Nomura. Thanks for taking my questions. My question is more general on the demand conditions for both BPC and Fashion segments. What are you observing currently? Do you see improving trajectory for next year for the market in general and for yourself as well? So it would be helpful if you can share some color over there.

The second question is on price inflation and AOVs rising. So I want to understand what is the general price increase we are seeing for both the segments, BPC and Fashion. Just trying to understand how much of the AOV increase is coming from pricing and how much of it would be coming from premiumization.

**Anchit Nayar:** Okay. I can kick it off on the BPC side. So I think it's clearly, we're living in very strange times, I think, to say the least. And there is clearly uncertainty. And I think there is some amount of pressure that remains on urban. Again, I'll only talk urban because, as you know, our business is less weighted towards rural. But on the urban side, clearly, there is some pressure. So there are areas where the pressure is easing, but there are areas where the pressure remains there.

So I think as you look at other names who also reported, I think it's a mixed bag. So I think there has been improvement in some areas, but in other areas, there seems to be uncertainty. But I think what's important is despite an uncertain environment, I think Nykaa has delivered very, very, I would say, commendable results on the BPC side at mid-20s growth.

And coupled with the macro environment also, it has been a very competitive set of players focusing their energies and efforts on the BPC space over the past several quarters, as I'm sure you're aware, quick commerce players, horizontal players, specialist beauty players. So despite a very, very, I would say, a lot of attention and a lot of focus on this category, Nykaa continues to deliver market-beating growth despite already being the largest player in the space, right?

So I think with the uncertain and a mixed bag of macro indicators and a highly elevated state of competition over the past several quarters, in light of that, I think the growth we've put up is commendable and that bodes well, I think, for us for the coming quarters as well because we do think that certain pressures will ease in terms of competition and also certain pressures should ease and as we get more clarity on the way things shake out with some of the macro and the trade concerns which we are facing.

I think as some of those things shake out to the positive, I think that will only be a positive for our business and for the category. And if somebody would like to add on fashion, I'll pass it over to them.

**Abhijeet Dabas:** I'll keep it brief because I think Anchit covered the macro picture quite well. Last year was, I think, after many years of very strong growth in online fashion overall coming out of COVID, last year was a year which saw slower growth for the industry at large. We feel like things are

improving. And there is uncertainty, as we all know. As Anchit rightly said, we live in strange times.

But again, on the fashion side, irrespective of short-term uncertainties, we believe that with some of the fundamental resets we have done to the business and strategically just investing behind the right pillars, which is customer acquisition, working more closely with brand partners and so on and so forth, we believe that us coming from the place where we are, we are a much younger business on the fashion side, we will continue to outstrip market growth in the coming quarters.

When we spoke about a similar question a few months ago, we did say that things should get better this year compared to last year. But again, from the Nykaa perspective, the fashion business should very comfortably outstrip market growth whichever way it goes in the coming quarters.

**Falguni Nayar:**

I think what I'd like to say is that the growth is very deliberate. It's not coming easily because of the environment. And Nykaa is doing a lot of optimization strategies, and we are not seeing the marketing cost per view or cost per impression going up, but that's for ours, the way we are doing it. So I can't comment on the whole industry.

So I think overall, we do feel that there is opportunity available for Nykaa to grow rapidly, both for its platforms and also for its owned brands. And similarly, we are feeling for the Superstore, and we are grabbing all of the growth that we are able to garner in a deliberate manner, and we are able to do it in the guardrail that we always set for ourselves.

**Kapil Singh:**

The second question was on AOV, inflation and premiumization. If you could break it down, whatever are your thoughts?

**Falguni Nayar:**

I think the inflationary AOV growth was some time ago, 6 quarters ago, I think inflation has been held down now for a while. So I think most of the AOV growth is due to premiumization. It's a very small growth because it's on a very large base. And at certain level, new customers are being added from far off markets like Tier 2 and 3 markets. So I think in light of that, all of the AOV growth is based on personalization journeys, which are so much more possible now with improved AI and ability to use all of that into our platforms.

**Moderator:**

We'll take the next question from Vijit Jain.

**Vijit Jain:**

Hi, thank you. This is Vijit Jain from Citi. My first question is great performance on Dot & Key as well this quarter again. I can see that the GMV is now double digit of the total GMV there, and it's still the run rate growth rate is 100% Y-o-Y. If you can talk a little bit about where Dot & Key could go in the next 2 to 3 years in terms of run rate it could hit?

And secondly, the margins as well, you already have highlighted that currently, this is high teens EBITDA margins. With this kind of a growth rate with high teens margins currently, where could it go, that you would like to call out? That's my first question.

**Adwaita Nayar:** Yes. So I can take that. So I think it's been a really good sort of couple of months and a couple of quarters for Dot & Key. I do see that the growth is continuing in a very strong manner. I think they've got very strong categories that they're playing in, whether it's sunscreen, moisturizer, both where they have market leadership position and they continue to take share. But also the serum play that they're trying to get into, this is a new category where there's a lot of growth possible where they have relatively less share compared to those other 2 categories.

So I think there's a lot of acceleration possible there. So yes, I see the growth continuing in a strong manner, probably not 100% year- on-year for many more quarters, but there is very significant growth that we're seeing here. I think what we have more certainty on though is on the margin side. I do feel that there is a clear path to even higher margins here.

And I think here, we're looking at all the strong FMCG brand companies, both in India and globally, where 20% is what most companies strive for with these types of brands, and we will work towards that. So both, we do see growth continuing in a very strong way, and there's further margin expansion possible as well.

**Falguni Nayar:** And just the last thing I can add to what Adwaita said is that the brand has grown quite wide in terms of its distribution and is doing GT/MT distribution along with being on 3P platforms. And basically, all areas of distribution are being done well. And I think as you're aware we are taking a couple of owned brands international, like we've begun with Kay Beauty, and I think Dot & Key also may have an opportunity in future to go global.

**Vijit Jain:** Got it. And just double-clicking on that margins comment, right? So I mean, in this, you are both the manufacturers as well as retailers, right? So the 20% plus margins, I know on your own platform as retailer, you're making close to 10%. So is that how I should think about the breakup there? I know you distribute it through third party as well. But 10% as you a retailer on that brand and 10% you as a manufacturer. Is that how one should think about it?

**Adwaita Nayar:** So actually, that sort of high teens EBITDA margin as mentioned on that slide is all sort of accounted for all type transactions with Nykaa platform. So they are paying sort of platform standard margins to Nykaa, both on e-commerce and on retail.

**Vijit Jain:** Yes. Okay. Yes. My second question and my last question here. Is there any tangible benefit that you guys will have from the U.K., India deal? I know that includes cosmetics. And I know some of your partners that you've called out in the past are U.K.-based. So I'm just wondering what impact that has on everything from what you can sell on the platform at what prices as well as your margins there?

**Falguni Nayar:** It could have some positive this thing Anchit, do you want to go? But I think it depends on the supply chain.

**Anchit Nayar:** Yes, yes. I think you covered it. I mean, yes, there are brands of ours, which are U.K., I mean, founded by U.K. founders, but I think a lot of it depends on where the manufacturing is being done. So we're looking into it. And yes, there are some brands where it could be a net positive.

And any benefit that's there, we will take a call on whether that gets passed along to the consumer in the form of pricing or we try to keep that as a margin benefit.

So I think it's all being evaluated. It's yet to be seen. But I wouldn't expect it to be meaningful because, as you know, most global beauty brands of size and scale are either U.S. or Europe or Asia-based. So the U.K. is a few high-quality brands, but the scale is still small.

**Moderator:** The next question is from Anand GC. Please accept the prompt, unmute your audio and video. Introduce yourself and proceed with the question. As the current participant is not answering, we'll take the next text question, which is from Latika Chopra from JP Morgan. And the question is marketing expenses as a percent of NSV for Beauty vertical have risen quarter-to-quarter and year-to-year. Which subsegment has driven this? Where are you this trending over the coming quarters?

**Anchit Nayar:** Okay. Maybe I'll take that. So Latika, as we mentioned earlier, some of this increase in marketing spend as a percent of sales can be attributed, as I said, to mix impact, the fact that certain brands within our House of Brands portfolio have seen significant growth and are now accounting for a larger percent of our overall revenue mix within the Beauty segment. And some of them do have a higher spend in terms of marketing as a percent of sales than the retailer businesses.

So as they continue to grow faster than the retail than the platform business, albeit off of a smaller base, and they have a slightly higher marketing spend in percentage terms. That is why the Beauty segment is showing higher spend in percentage terms. That's one major reason. And the second, as we also mentioned earlier, is there is a tremendous amount of opportunity to continue to go behind quality customer acquisition.

It's a strategy which we've been following for the past several quarters, which we've discussed openly with you as well in the past about India, there is a huge room for penetration of this category. There is a huge room for digitization of beauty in India, and there's a huge room for premiumization.

And we want to continue to lead that growth. We want to continue to be category creators, and we are continuing to invest behind customer acquisition as part of that plan. So I think it's a combination of both, but we are seeing meaningful outcomes in terms of new customers acquired and strong GMV growth as well basis that investment which we're making.

**Moderator:** The next question is from Gaurav Singhal. And the question is, are you on track to meet your Investor Day guidance of breaking even in fashion at EBITDA level sometime this year?

**Abhijeet Dabas:** Yes. So the short answer to that is that, yes, we retain that guidance, and we are seeing positive movement in the bottom line, as we've already shared. So we are on track to breaking even during this year.

**Moderator:** And the next question is, how is new versus repeat ratio in BPC this quarter? Are higher marketing spends leading to more GMV from new customers?



**Anchit Nayar:** Share of GMV coming from new customers. So I don't think we are disclosing the mix of business between new and repeat. But as we've said in the past, we are very lucky to have a very, I would say, very sticky, very loyal base of consumers, and we do a lot to continue to drive existing shoppers to shop more frequently and to shop for more items on the platform. So what we call as repeat customer annual consumption value is a priority of ours.

And repeat buyers contribute a majority of the business on our platform. That being said, new customer acquisition is also an important driver of growth, but it's also more than a driver of growth in the quarter in which those customers are acquired. It is a driver of future growth, and it's an investment for future business and products, future premiumization opportunity on that customer base. So it is a priority of ours.

It's, in fact, increased in terms of prioritization over the past several quarters, new customer acquisition, and it continues to grow very, very well. But in terms of mix, it's not something we are disclosing. But as we've said in the past, majority of our business does still come from repeat buyers.

**Moderator:** Ladies and gentlemen, that was the last question we can take today. You may reach out to Nykaa's Investor Relations team for any additional queries. I would now like to hand the conference over to the management for closing comments. Thank you, and over to you.

**Falguni Nayar:** Thank you very much, everyone, for being on the call with us, and I hope we've given adequate direction to all your questions, but thank you very much for being with us again today. And thank you very much to my team for being here again today.

**Anchit Nayar:** Thank you.

**P. Ganesh:** Thank you. Thanks, everyone.

**Moderator:** Thank you, members of the management. On behalf of FSN E-Commerce Ventures Limited, that concludes this conference. Thank you for joining us, and you may now exit the meeting. Thank you.