Portfolio Analysis Report

This document provides a detailed analysis of the portfolio, generated by the LangGraph agent.

# Overview

The portfolio includes two distinct entities: Nykaa (FSN E-Commerce Ventures Limited) and Ace Limited.  
  
\*\*Nykaa (FSN E-Commerce Ventures Limited):\*\*  
Nykaa demonstrated robust financial performance in FY25, with its Gross Merchandise Value (GMV) reaching Rs. 15,604 Crores, marking a 25% year-over-year growth. Net Revenue stood at Rs. 7,950 Crores, up 24% YoY. The company achieved an EBITDA of Rs. 474 Crores (6.0% margin, +54 bps YoY) and a Profit After Tax (PAT) of Rs. 72 Crores (0.9% margin, +28 bps YoY). Return on Capital Employed (ROCE) improved to 11.3% in FY25 from 7.5% in the previous year, and working capital days were optimized to 34 days.  
The "One Nykaa" strategy has driven a 42% CAGR in GMV from FY20 to FY25, significantly outpacing the overall India E-commerce CAGR of ~20% during the same period. The cumulative customer base has grown 5x to over 42 million, with app downloads increasing 6x to 176 million. The company has raised a total capital of $140 million to date, supporting its diverse ecosystem.  
  
India's market presents a significant growth opportunity, with its GDP projected to reach $6.2 trillion by FY30, becoming the 3rd largest economy globally. The retail market is expected to surpass $1.5 trillion by 2030, and the e-commerce market is forecast to grow from ~$60 billion in FY25 to $170-190 billion by FY30. Lifestyle categories, particularly Beauty & Personal Care (BPC) and Fashion, are key drivers. The BPC market is estimated at $24 billion (FY25) and is projected to grow to $40-45 billion by 2030, with online BPC CAGR at 23-25%. The online fashion market, currently $18 billion, is anticipated to reach $55-60 billion by 2030, with a 22-25% online CAGR. India's e-retail shopper base is expected to exceed 400 million by FY30, with Gen Z influencing a significant portion of consumption.  
  
Nykaa's performance across its key business segments includes:  
\* \*\*Beauty multi-brand retail:\*\* Achieved a GMV of Rs 11,780 Crores in FY25, supported by 237 physical stores and a cumulative customer base of over 34 million. Contribution margins reached 22.0% in FY25. The company aims for mid-20% growth and plans to expand to 500 stores by FY30.  
\* \*\*Fashion:\*\* Recorded a GMV of Rs 3,800 Crores in FY25, partnering with over 4,400 brands and serving more than 8 million cumulative customers. Nykaa Fashion aims to grow 3-4x in the next five years and targets EBITDA breakeven by FY26E, with a long-term goal of ~10% EBITDA margin.  
\* \*\*House of Nykaa (Owned Brands):\*\* Generated Rs 1,700 Crores in GMV from beauty owned brands and Rs 430 Crores from fashion owned brands in FY25. The portfolio comprises 12 consumer brands, positioning its beauty segment as India’s 2nd largest homegrown beauty brands portfolio. Notable brands like Dot & Key (skincare) saw GMV reach ~Rs 900 Crores in FY25. The ambition is to grow the organic portfolio at a 30% CAGR to Rs. 6000 Crores GMV.  
\* \*\*eB2B (Superstore by Nykaa):\*\* Launched in Sep-21, this segment achieved a GMV of Rs 940 Crores in FY25, serving 276,000 transacting retailers across 1,100 cities. The business has tripled its GMV in the last two years and targets profitability (break-even) at 4x its current scale, driven by geographic and portfolio expansion.  
  
Strategically, Nykaa is transitioning from a "Digital Native" to an "AI Native" platform, embedding AI at the core of its customer experience and operations. FY26 goals include initiating over 40 GenAI initiatives, aiming for 50% AI-generated code, handling 70% of customer service load via AI, and achieving 30% organization-wide productivity gains.  
  
\*\*Ace Limited:\*\*  
Ace Limited reported a Gross Merchandise Value (GMV) of Rs 36,980.8 million and Net Revenue of Rs 4,666.9 million for FY24. For the nine months ending Q3 FY25 (YTD FY25), GMV reached Rs 38,414 million, with Net Revenue at Rs 4,814 million. The company's operations showed an EBITDA loss of Rs 1,561.0 million in FY24, improving to a loss of Rs 529 million for YTD FY25. In Q3 FY25, EBITDA was -Rs 121 million, an improvement from -Rs 475 million in Q3 FY24, with the EBITDA margin improving to -7%. The contribution margin has consistently remained at 76%.  
  
As of Q3 FY25, Ace Limited's total orders reached 107,000, with a 3% month-over-month GMV growth in Q3 FY25. The company's net debt stood at Rs 1025 million in Q3 FY25, and its gross cash position was -Rs 1,090 million. The company's runway improved to 18 months in Q3 FY25 from 15 months in FY24.  
A Board of Directors meeting on April 15, 2023, approved fundraising of US$50 million from Awesome Venture Capital and noted an inquiry from the Ministry of Corporate Affairs regarding certain accounting practices.

## References

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# Financial Review

## Financial Review  
  
This section provides a review of the financial performance and strategic financial initiatives of the portfolio companies, Nykaa (FSN E-COMMERCE VENTURES LIMITED) and Ace Limited.  
  
### Nykaa (FSN E-COMMERCE VENTURES LIMITED)  
  
Nykaa demonstrated robust financial performance in FY25, characterized by strong topline growth and improving profitability. The company's Gross Merchandise Value (GMV) reached Rs. 15,604 Crores, reflecting a 25% year-over-year (YoY) growth, while Net Revenue grew by 24% YoY to Rs. 7,950 Crores. Profitability saw significant improvement, with EBITDA increasing by 37% YoY to Rs. 474 Crores, expanding the EBITDA margin by 54 basis points to 6.0%. Profit Before Tax (PBT) surged by 85% YoY to Rs. 127 Crores (1.6% margin), and Profit After Tax (PAT) grew by 81% YoY to Rs. 72 Crores (0.9% margin). The Return on Capital Employed (ROCE) also improved significantly to 11.3% in FY25 from 7.5% in the previous year.  
  
Over the past five years (FY20-FY25), Nykaa has shown consistent revenue growth, with revenue from operations climbing from Rs. 1,768 Crores in FY20 to Rs. 7,950 Crores in FY25. EBITDA has also expanded from Rs. 84 Crores in FY20 to Rs. 474 Crores in FY25, with margins increasing from 4.7% to 6.0%. The ROCE similarly improved from 4.6% to 11.3% over the same period. The company's net worth stood at Rs. 1,343 Crores in FY25, with Rs. 62 Crores added during the year, and working capital days optimized by 10 days to 34 days.  
  
Growth has been diversified across various verticals and channels. Beauty's GMV grew at a 36% 5-year CAGR, while Fashion's GMV saw an impressive 83% 5-year CAGR. Channel-wise, GT (including eB2B) and 3P Channels recorded the highest 5-year CAGRs at 103% and 96% respectively, followed by Retail (45%) and Online Platform (39%). The company's owned brands have scaled 8x in five years, achieving a 53% 5-year CAGR. In FY25, the Beauty segment reported an EBITDA margin of 8.9%, while the Fashion segment's EBITDA margin was -8.3%. The consolidated EBITDA margin for One Nykaa was 6.1% in FY25. New customer acquisition rates were strong, with Beauty growing at approximately 20% 5-year CAGR and Fashion at 80% 5-year CAGR. The cumulative customer base expanded five-fold from 8 million in FY20 to 42 million in FY25. Operational efficiencies are evident in reduced fulfillment expenses (from 14.7% of NSV in FY20 to 13.4% in FY25) and marketing spends (from 13.3% of NSV in FY20 to 9.5% in FY25). The company's warehouse network expanded from 18 to 44, serving 21 cities (up from 7), and order-to-delivery (O2D) time improved from 4.5 to 2.0 days. Capital expenditure has been efficiently utilized, with peak investments in warehouse/office infrastructure largely complete. The total capital raised by Nykaa to date stands at $140 million, supporting a consolidated FY25 GMV of $1.9 billion.  
  
Looking ahead, Nykaa projects continued strong growth. The online beauty market is expected to grow to $40-45 billion by 2030 (23-25% online CAGR), and the online fashion market to $55-60 billion (22-25% online CAGR). Nykaa's Beauty segment aims for mid-20% GMV growth, targeting 83 million cumulative customers and 500 physical stores by FY30. The House of Nykaa (owned brands) portfolio targets Rs. 6000 Crores GMV by FY30, with a 30% CAGR. The Fashion segment aims for 3-4x growth in the next five years, with a clear path to profitability, targeting EBITDA breakeven by FY26E and a steady-state EBITDA margin of approximately 10%. The eB2B Superstore segment also projects significant growth to ~$1,000 million by 2030, with a path to profitability at 4x its current scale.  
  
### Ace Limited  
  
Ace Limited's financial performance for FY24 and the first three quarters of FY25 (YTD FY25) shows continued growth in operational metrics but remains in an EBITDA negative position, albeit with an improving trend. For YTD FY25, the company reported 107,000 orders, an increase from 105,600 orders in FY24. GMV for YTD FY25 reached Rs. 38,414 million, up from Rs. 36,980.8 million in FY24, with quarterly growth rates fluctuating (e.g., Q2 FY25 saw 13% month-over-month GMV growth). The take rate was 12.45% in Q3 FY25.  
  
Net Revenue for YTD FY25 was Rs. 4,814 million, compared to Rs. 4,666.9 million in FY24, with quarterly growth rates ranging from 1.3% to 11.7%. Despite a consistent contribution margin of 76% across Q1-Q3 FY25, the company recorded a negative EBITDA of -Rs. 529 million for YTD FY25, an improvement from -Rs. 1,561.0 million in FY24. The EBITDA margin in Q3 FY25 was -7%, showing an upward trend from -34% in Q1 FY24. Key expenses for YTD FY25 included Rs. 768 million for cash backs/discounts, Rs. 384 million for logistics, Rs. 1,800 million for employee costs, Rs. 1,041 million for SG&A, and Rs. 1,350 million for advertising.  
  
As of Q3 FY25, Ace Limited reported negative gross cash of -Rs. 1,090 million and net debt of Rs. 1,025 million. The company's headcount stood at 155 employees. The company's runway was estimated at 18 months as of Q3 FY25. In April 2023, the Board approved fundraising of US$ 50 million from Awesome Venture Capital. The company is currently addressing an inquiry from the Ministry of Corporate Affairs regarding certain accounting practices.

## References

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# Risks

Macroeconomic HeadwindsFinancial Performance Concerns (Ace Limited)Regulatory Scrutiny (Ace Limited)Uncertainty of Forward-Looking Statements

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# Strategic Insights

### Strategic Insights for Nykaa (FSN E-Commerce Ventures Limited)  
  
\*\*Market Dynamics & Opportunities:\*\*  
India's economy is projected to be the 3rd largest globally by FY30, with GDP per capita reaching $4-4.5K. The retail market is expected to surpass $1.6 trillion by FY30, and the e-commerce market is forecasted to grow from ~$60 billion (FY25) to ~$170-190 billion (FY30E). While consumption faced short-term stress due to inflation (FY23-25), the long-term e-commerce trajectory remains robust, driven by increasing internet penetration and a growing digital ecosystem. Discretionary spending, particularly in Beauty, Personal Care (BPC), and Fashion, is poised for significant growth, with these categories expected to drive a substantial portion of e-commerce expansion. The online BPC market is projected to reach $40-45 billion by FY30, and the online fashion market $55-60 billion. India's e-commerce shopper base is the fastest growing globally, expected to exceed 400 million by FY30E. Gen Z, comprising 26% of India's population in FY25, is a pivotal shopper base, influencing a significant portion of lifestyle category spending, and their direct spending is expected to more than double by FY30E. Increased consumer affluence is leading to higher annual spending and purchase frequency in both BPC and Fashion across all income levels and geographies.  
  
\*\*Nykaa's Performance & Strategic Pillars:\*\*  
Nykaa's 'One Nykaa' strategy has resulted in a 6x GMV growth from FY20 to FY25, reaching Rs 15,600 Cr, outpacing India's overall e-commerce growth. The cumulative customer base has grown 5x to over 42 million. The company's diversified investments across Beauty multi-brand retail, Fashion, House of Nykaa (owned brands), and Superstore (eB2B) have fueled this expansion.   
  
\* \*\*Beauty Multi-Brand Retail:\*\* Achieved Rs 11,780 Cr GMV (FY25) with 237 physical stores. The strategy focuses on 'Penetration' (acquiring new users, expanding physical and digital reach into Tier 2/3 cities) and 'Premiumization' (driving higher consumption through aspirational marketing, AI-enabled recommendations, and exclusive brand partnerships). Nykaa holds the #1 position in omnichannel premium beauty in India, with its top 10% customers spending 9x more than the average.  
\* \*\*Fashion:\*\* Reached Rs 3,800 Cr GMV (FY25), demonstrating strong product-market fit with a 55% CAGR since FY21. Nykaa Fashion is positioned as a trend-forward platform for premium customers, aiming for 3-4x growth in the next five years. It targets EBITDA breakeven by FY26E and a mid-to-high single-digit EBITDA margin by FY28E, reaching ~10% at steady state.  
\* \*\*House of Nykaa (Owned Brands):\*\* The portfolio of 12 beauty and fashion brands generated Rs 2,100 Cr GMV in FY25, growing at a 5-year CAGR of ~48%+. Key brands like Kay Beauty and Dot & Key have shown significant growth, with Dot & Key's GMV exploding ~12x to Rs 900 Cr in FY25. The ambition is to grow the organic portfolio to Rs 6,000 Cr GMV at a 30% CAGR.  
\* \*\*Superstore (eB2B):\*\* Tripled its business in the last two years to Rs 9,406 Mn GMV (FY25), primarily serving Tier 2+ cities (89% of sales). It caters to 3.7 lakh retailers across 1,100 cities via 16 warehouses. The eB2B segment aims for profitability at 4x its current scale through geographic and portfolio expansion.  
\* \*\*Technology & AI:\*\* Nykaa is transitioning from a 'Digital Native' to an 'AI Native' platform, aiming for significant productivity gains and enhanced customer experiences. FY26 goals include 40+ GenAI initiatives, 50% AI-generated code, 70% customer service load handled by AI, and 30% organization-wide productivity gains.  
\* \*\*Operational Efficiency & Financial Health:\*\* Nykaa has consistently expanded its EBITDA margin, reaching 6.0% in FY25, while continuing to invest in growth businesses. Working capital days improved to 34 days (FY25), and ROCE increased to 11.3% (FY25). The company has a disciplined approach to capital allocation, focusing on profitable growth, free cash flow generation, and strategic investments.  
  
### Strategic Insights for Ace Limited  
  
\*\*Financial Performance (Q3 FY25 & FY24):\*\*  
Ace Limited reported a GMV of Rs 13,570 million for Q3 FY25, with a 3% month-over-month growth. Net Revenue stood at Rs 1,689 million for Q3 FY25, growing 2.5% MoM. The company maintained a strong Contribution Margin of 76% across FY24 and into FY25. However, Ace Limited is currently operating at a loss, with an EBITDA of -Rs 121 million in Q3 FY25, representing a -7% margin. Gross cash was -Rs 1,090 million in Q3 FY25, and Net Debt was Rs 1,025 million. The company's runway was estimated at 18 months as of Q3 FY25.  
  
\*\*Key Corporate Developments (as of April 15, 2023):\*\*  
\* The Board of Directors approved and adopted the annual accounts for the financial year ended March 31, 2023.  
\* Dillgent LLP was reappointed as the statutory auditors for FY23-24, subject to shareholder approval.  
\* The Board approved a fundraising proposal to raise US$ 50 million from Awesome Venture Capital.  
\* The company noted an inquiry from the Ministry of Corporate Affairs (MCA) regarding certain accounting practices and instructed management to cooperate fully with the inquiry.

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