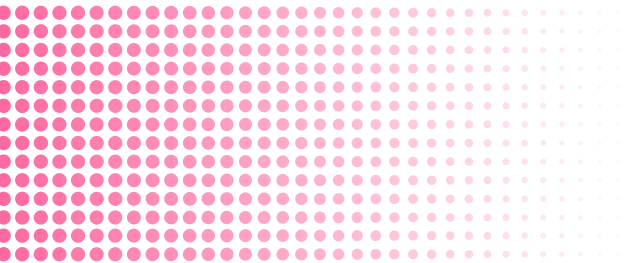


FINANCIAL STATEMENT ANALYSIS REPORT

(FY 2021 to FY-2025)

NYKAA



Presented By :
Safeed mohd

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1. Introduction

1.1 Report Overview

This report presents a detailed financial statement analysis of Nykaa, covering its performance over the FY-21 to FY-25. The analysis is based on publicly available financial data, focusing on profitability, liquidity, solvency, and operational efficiency. By examining trends in key financial metrics, the report aims to evaluate how effectively the company has managed its resources, generated returns, and sustained its market position in the competitive beauty and lifestyle sector.

1.2 Objectives of the Study

The primary objectives of this study are:

- To assess Nykaa's overall financial health using key ratios and performance indicators.
- To identify growth patterns, profitability trends, and cost structures over the review period.
- To analyze how internal and external factors have influenced the company's financial position.
- To provide insights that can assist stakeholders in making informed decisions regarding investment, strategy, or operational improvements.

2. Company Profile – Nykaa

2.1 Company Background

Nykaa, officially known as FSN E-Commerce Ventures Limited, is a leading Indian lifestyle and beauty retailer founded in 2012 by Falguni Nayar. Headquartered in Mumbai, Nykaa began as an online platform specializing in beauty and personal care products and has since expanded into fashion, wellness, and lifestyle categories. The company operates through a hybrid model, combining an extensive e-commerce platform with a growing offline presence via Nykaa Luxe and Nykaa On Trend stores. Over the years, Nykaa has established itself as a trusted destination for premium, authentic products, partnering with both domestic and international brands.

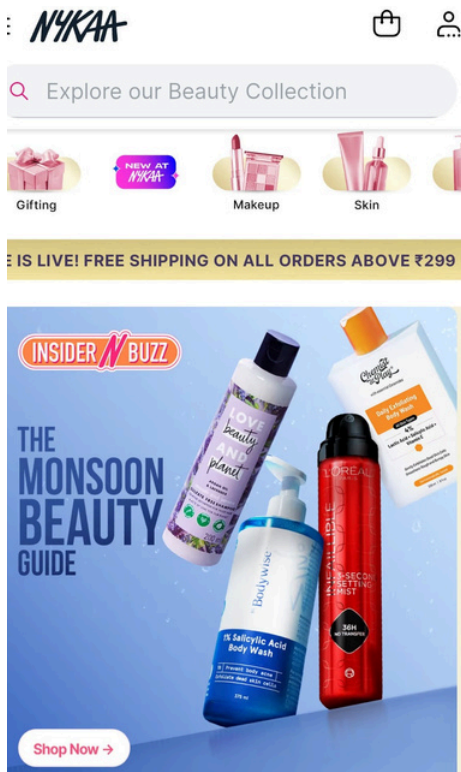
2.2 Vision, Mission & Values

- Vision: To be India's most preferred and trusted beauty and lifestyle destination, offering customers a world-class shopping experience both online and offline.
- Mission: To inspire and enable every individual to look and feel their best by providing access to a wide range of authentic products, expert advice, and engaging content.

Core Values:

- Customer Centricity: Placing the customer at the heart of every decision.
- Integrity: Upholding transparency and trust in operations and partnerships.
- Innovation: Continuously evolving with trends, technology, and consumer needs.
- Quality Assurance: Delivering only genuine, high-quality products.

Nykaa's Key Business Segments



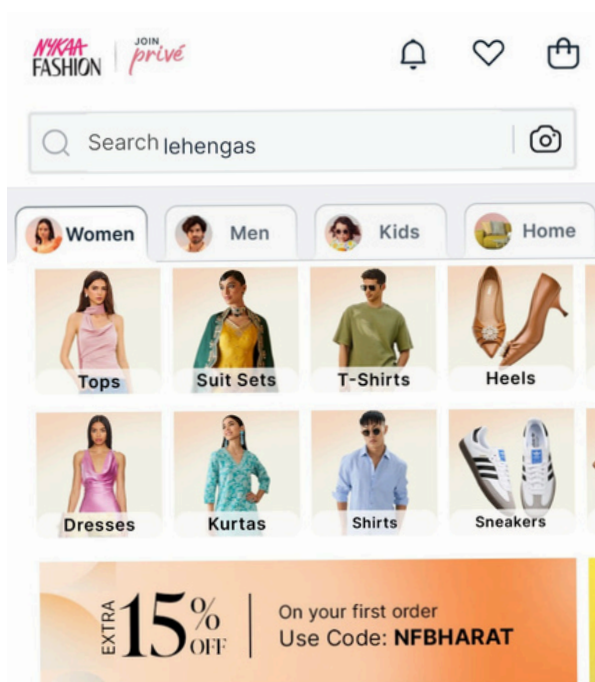
Nykaa Beauty

Core beauty and personal care platform

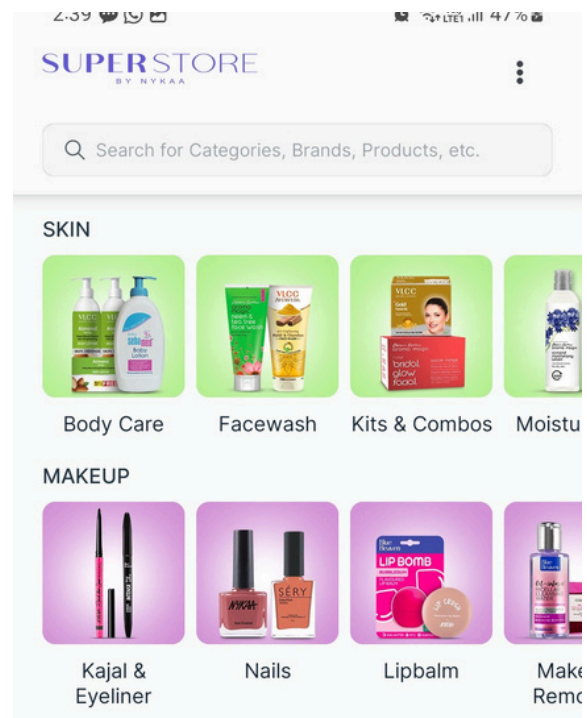


Nykaa Man

Dedicated men's grooming and lifestyle store



Nykaa Fashion



Nykaa Global Store

Nykaa operates across multiple verticals, diversifying revenue streams through beauty, fashion, men's grooming, and inter offerings.

2.3 Business Segments & Revenue Sources

Nykaa's operations are divided into two primary business segments:

1. **Beauty & Personal Care (BPC):** This segment offers skincare, haircare, fragrances, cosmetics, grooming tools, and wellness products. It is the company's largest revenue contributor, supported by an extensive product portfolio from over 1,500 brands.
2. **Fashion:** Launched under the brand Nykaa Fashion, this segment covers apparel, footwear, accessories, and jewelry. It caters to diverse customer preferences with curated collections across premium and affordable categories.

Revenue Sources:

- **Online Sales:** Transactions through the Nykaa and Nykaa Fashion websites and mobile apps.
- **Offline Stores:** Sales from Nykaa Luxe and Nykaa On Trend physical stores across India.
- **Private Label Products:** Nykaa's in-house brands such as Nykaa Cosmetics, Nykaa Naturals, and Kay Beauty, which offer higher margins.
- **Brand Partnerships & Marketing Collaborations:** Revenue from promotional campaigns, brand visibility programs, and exclusive launches.

3. Industry Overview

3.1 Indian E-commerce & Beauty Sector

The Indian e-commerce industry has witnessed rapid expansion over the last decade, driven by increasing internet penetration, affordable smartphones, and evolving consumer lifestyles. Within this space, the beauty and personal care (BPC) sector has emerged as one of the fastest-growing categories. According to industry reports, the Indian BPC market is projected to grow at a CAGR of over 10% in the coming years, fueled by rising disposable incomes, greater awareness of personal grooming, and the influence of global beauty trends. E-commerce platforms have played a pivotal role in this growth by providing customers access to a wide variety of products, brands, and expert content without geographical limitations.

3.2 Market Trends & Consumer Behavior

Several trends are shaping the Indian beauty and e-commerce landscape:

- **Digital-First Shopping:** Consumers increasingly prefer online platforms for product discovery and purchasing, driven by convenience, discounts, and easy return policies.
- **Premiumization:** There is a growing demand for premium and luxury beauty products, especially among urban millennials and Gen Z customers.
- **Influencer-Driven Marketing:** Social media influencers and beauty bloggers have a significant impact on purchase decisions, making digital content a key sales driver.
- **Personalization & Sustainability:** Consumers are seeking products tailored to their skin type, lifestyle, and values, with a notable shift toward eco-friendly and cruelty-free offerings.
- **Omnichannel Experience:** Shoppers expect seamless integration between online and offline experiences, influencing retailers to adopt hybrid models.

3.3 Nykaa's Position in the Industry

Nykaa has established itself as a leading player in India's beauty and lifestyle e-commerce sector by combining product variety, authenticity, and a strong brand image. Leveraging its early-mover advantage, Nykaa offers a curated selection of domestic and international brands across both beauty and fashion segments. Its hybrid model, which integrates a robust online marketplace with exclusive offline stores, has strengthened customer trust and loyalty. Furthermore, Nykaa's private label products provide a competitive edge through higher margins and brand exclusivity. With a focus on digital marketing, influencer collaborations, and localized offerings, Nykaa continues to maintain a strong market share despite increasing competition from players like Amazon, Flipkart, and emerging D2C brands.

4. Methodology & Data Sources

4.1 Research Methodology

This study adopts a quantitative and analytical research approach. The analysis is grounded in secondary data obtained from reliable and authenticated sources. Financial and strategic insights are derived using descriptive statistics, financial ratio analysis, and visual interpretation tools. The research also involves horizontal and vertical analysis of Nykaa's financial statements over a five-year period (FY21–FY25).

4.2 Data Collection Sources

The data for this report is collected from the following sources:

- Annual Reports of FSN E-Commerce Ventures Ltd. (Nykaa) for FY21, FY22, FY23, FY24 and FY25.
- Stock Exchange Filings (BSE/NSE) for official financial disclosures.
- Market Research Reports on Indian e-commerce and beauty sectors.
- News Articles & Industry Journals such as Economic Times, Mint, and Business Standard.
- Investor Presentations & Earnings Calls released by the company.
- Websites & Databases: Nykaa's official site, Moneycontrol, Screener.in, and Statista for supporting market and financial data.

4.3 Tools Used for Analysis

To ensure accuracy and clarity, the following tools and techniques were used for analyzing Nykaa's performance:

- Microsoft Excel: For organizing financial data, calculating ratios, preparing charts, and creating dashboards.
- Financial Ratios: Liquidity, profitability, solvency, and efficiency ratios were computed to assess overall performance.
- Horizontal Analysis: To compare financial performance across FY21, FY22, FY23, FY24 and FY25.
- Vertical Analysis: To evaluate the structure of financial statements for FY25.
- Data Visualization: Graphs, pie charts, and bar diagrams were used to enhance data interpretation.

Financial Statement/ Analysis

Income Statement Summary

Particulars	FY-21	FY-22	FY-23	FY-24	FY-25
Revenue from Operations (Net) ₹Cr	₹ 2,441	₹ 3,774	₹ 5,144	₹ 6,386	₹ 7,950
Other Income ₹Cr	₹ 12	₹ 27	₹ 30	₹ 30	₹ 27
Total Revenue ₹Cr	₹ 2,453	₹ 3,801	₹ 5,174	₹ 6,416	₹ 7,977
Total Expenses ₹Cr	₹ 2,283	₹ 3,610	₹ 4,887	₹ 6,039	₹ 7,475
EBIT ₹Cr	₹ 170	₹ 191	₹ 287	₹ 377.00	₹ 502
Profit Before Tax (PBT) ₹Cr	₹ 66	₹ 47	₹ 38	₹ 69	₹ 127
Tax Expenses ₹Cr	₹ 4.62	₹ 6.11	₹ 13	₹ 25.53	₹ 53.34
Profit After Tax (PAT) ₹Cr	₹ 62	₹ 41	₹ 21	₹ 40.00	₹ 72
Basic Earnings Per Share (EPS) ₹	₹ 6.82	₹ 0.14	₹ 0.07	₹ 0.11	₹ 0.23

REVENUE VS PROFIT

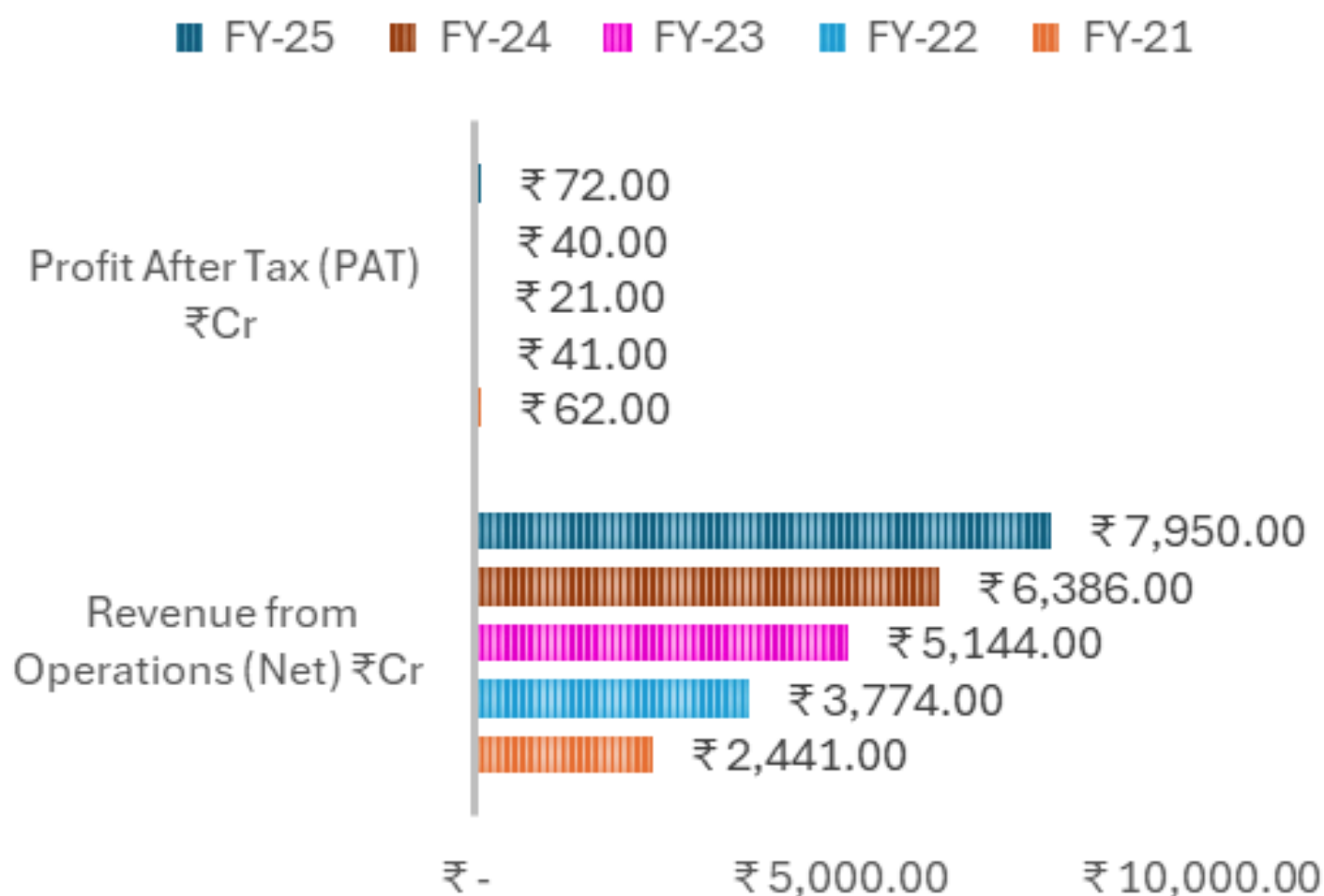


Figure 1: Revenue vs Net profit (FY-21 to FY-25) compares yearly revenue from operations with net profit to show profitability trends

5.2 Balance Sheet Overview

Particulars	FY-2021	FY-2022	FY-2023	FY-2024	FY 2025
Equity Capital	₹ 15.00	₹ 47.00	₹ 285.00	₹ 286.00	₹ 286.00
Reserves	₹ 475.00	₹ 1,292.00	₹ 1,093.00	₹ 977.00	₹ 1,015.00
Borrowings	₹ 333.00	₹ 593.00	₹ 798.00	₹ 969.00	₹ 1,321.00
Other Liabilities	₹ 479.00	₹ 714.00	₹ 773.00	₹ 1,169.00	₹ 1,358.00
Total Liabilities	₹ 1,302.00	₹ 2,646.00	₹ 2,950.00	₹ 3,401.00	₹ 3,980.00
Fixed Assets	₹ 231.00	₹ 483.00	₹ 699.00	₹ 668.00	₹ 835.00
CWIP	₹ 2.00	₹ 24.00	₹ 31.00	₹ 30.00	₹ 37.00
Investments	₹ 1.00	₹ -	₹ 38.00	₹ 34.00	₹ -
Other Assets	₹ 1,067.00	₹ 2,138.00	₹ 2,182.00	₹ 2,668.00	₹ 3,108.00
Total Assets	₹ 1,302.00	₹ 2,646.00	₹ 2,950.00	₹ 3,401.00	₹ 3,980.00

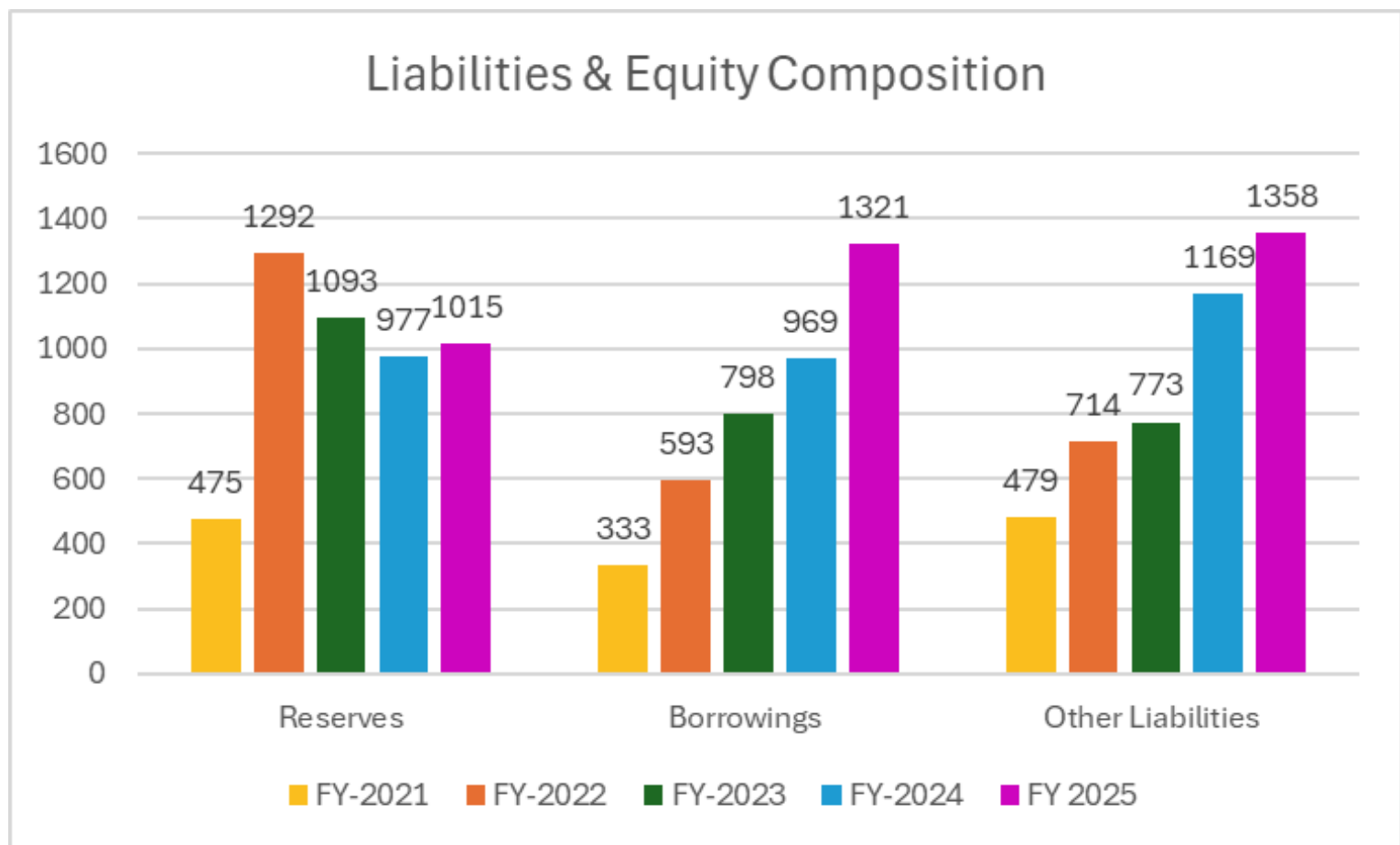


Figure 2. Breakdown of Nykaa.Ltd Reserves , Borrowings and Liabilities from (FY-21 to FY- 25) ,reflecting its financial structure and capital funding mix.

5.3 Cash Flow Statement Analysis

Pariculars	FY-2021	FY-2022	FY-2023	FY-2024	FY-2025
Cash from Operating Activity	₹ 133.00	₹ -354.00	₹ -140.00	₹ -	₹ 467.00
Cash from Investing Activity	₹ -130.00	₹ -603.00	₹ 140.00	₹ -10.00	₹ -205.00
Cash from Financing Activity	₹ -38.00	₹ 927.00	₹ 5.00	₹ 44.00	₹ -212.00
Net Cash Flow	₹ -34.00	₹ -30.00	₹ 4.00	₹ 34.00	₹ 49.00

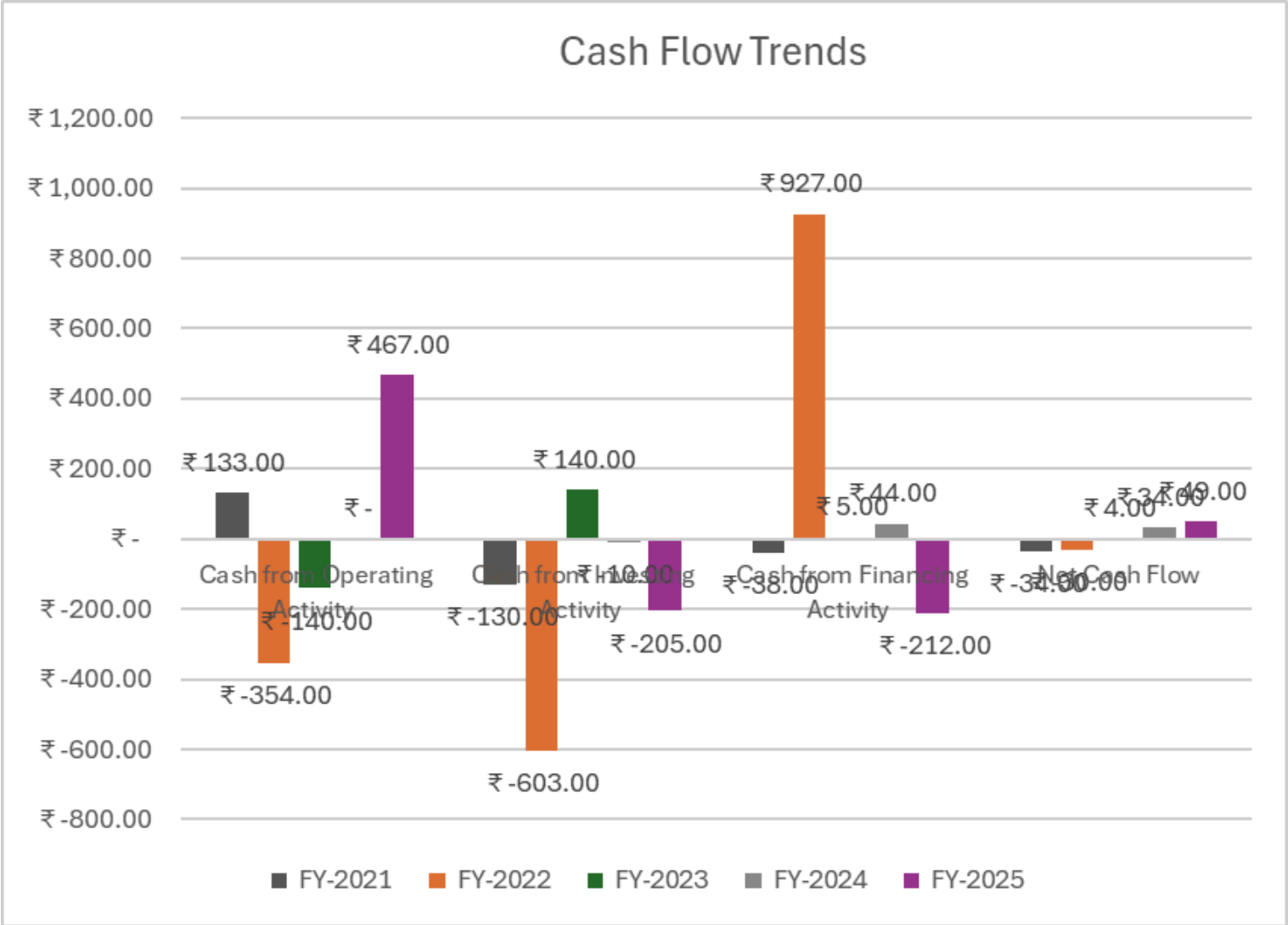


Figure 3: Cashflow Trends FY 21-FY 25

6.Horizontal and vertical analysis

6.1 Horizontal Analysis(4-year comparsion)

Income Statement (FY 21-FY 25)

Particulars	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	% Change (2021 → 2025)
Revenue from Operations	2,441	3,774	5,144	6,386	7,95	22.569%
Total Expenses	2,283	3,61	4,887	6,039	7,475	22.742%
Operating Profit (EBIT)	158	164	257	347	475	20.063%
Net Profit (Est.)	62	41	21	40	72	1.613%

Balance Sheet(FY 21-FY 25)

Particulars	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	% Change (2021– 2025)
Equity & Reserves	₹490 Cr	₹1,339 Cr	₹1,378 Cr	₹1,263 Cr	₹1,301 Cr	16.551%
Total Borrowings	₹333 Cr	₹593 Cr	₹798 Cr	₹969 Cr	₹1,321 Cr	29.670%
Current Liabilities	₹479 Cr	₹714 Cr	₹773 Cr	₹1,169 Cr	₹1,358 Cr	18.351%
Total Assets	₹1,302 Cr	₹2,646 Cr	₹2,950 Cr	₹3,401 Cr	₹3,980 Cr	20.568%

Cash Flow Statement (FY21- FY25)

Particulars	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	% Change (2021– 2025)
Cash from Operating Activities	₹ 133	₹ -354	₹ -140	₹ 0	₹ 467	25.113%
Cash from Investing Activities	₹ -130	₹ -603	₹ 140	₹ -10	₹ -205	-5.769%
Cash from Financing Activities	₹ 38	₹ 927	₹ 5	₹ 44	₹ -212	-65.789%
Net Cash Flow	₹ 34	₹ -30	₹ 4	₹ 34	₹ 49	4.412%

6.2 Vertical Analysis (Latest year)

Income Statement-FY 25

Particulars	Amount (₹ Cr)	% of Revenue
Revenue from Operations	7,95	10.000%
Total Expenses	7,475	9.403%
Operating Profit (EBIT)	502	631%
Net Profit (PAT)	72	91%

Balance Sheet (FY-25)

Particulars	Amount (₹ Cr)	% of Total Assets
Equity Capital	286	719%
Reserves & Surplus	1,015	2.589%
Total Shareholders' Equity	1,301	3.308%
Borrowings	1,321	3.346%
Current Liabilities (Other Liabilities)	1,358	3.446%
Total Liabilities & Equity	3,98	10.000%
Fixed Assets	835	2.098%
Capital Work-in-Progress (CWIP)	37	93%
Investments	0	0%
Other Assets (Current + Non-Current)	3,108	7.809%
Total Assets	3,98	10.000%

7.Ratio Analysis

7.1 Liquidity Ratio

Ratio Type	FY 2021	FY 2022	FY 2023	FY 2024
Current Ratio	139	200	159	122
Quick Ratio	109	75	59	59

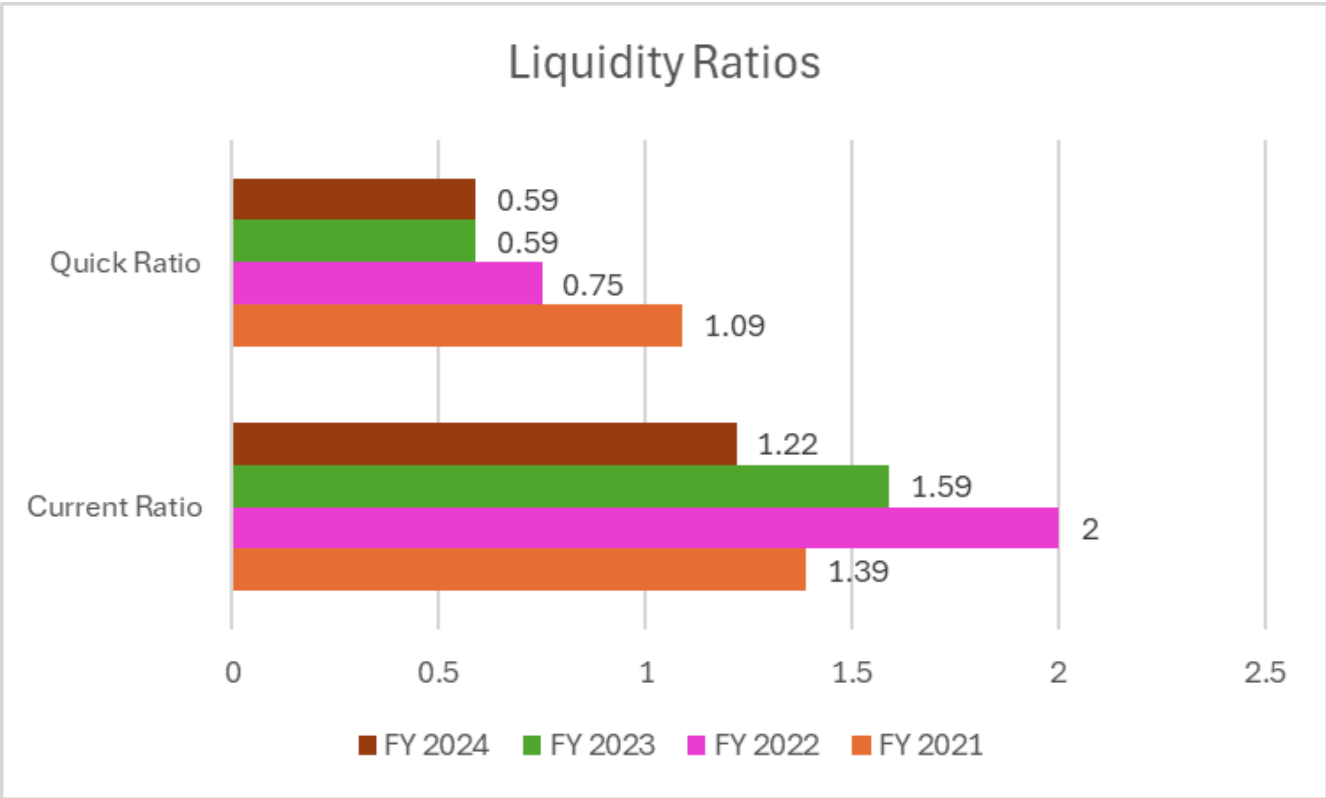


Figure 4:Liquidity Ratios(FY-21 FY-25)

7.2 Profitability Ratios

Ratio Type	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025 TTM
Net Profit Margin (%)	253	108	37	5	83
Operating Profit Margin (%)	434	248	219	237	261
Return on Assets (ROA) (%)	155	65	95	94	166
Return on Equity (ROE) (%)	307	14	256	255	506

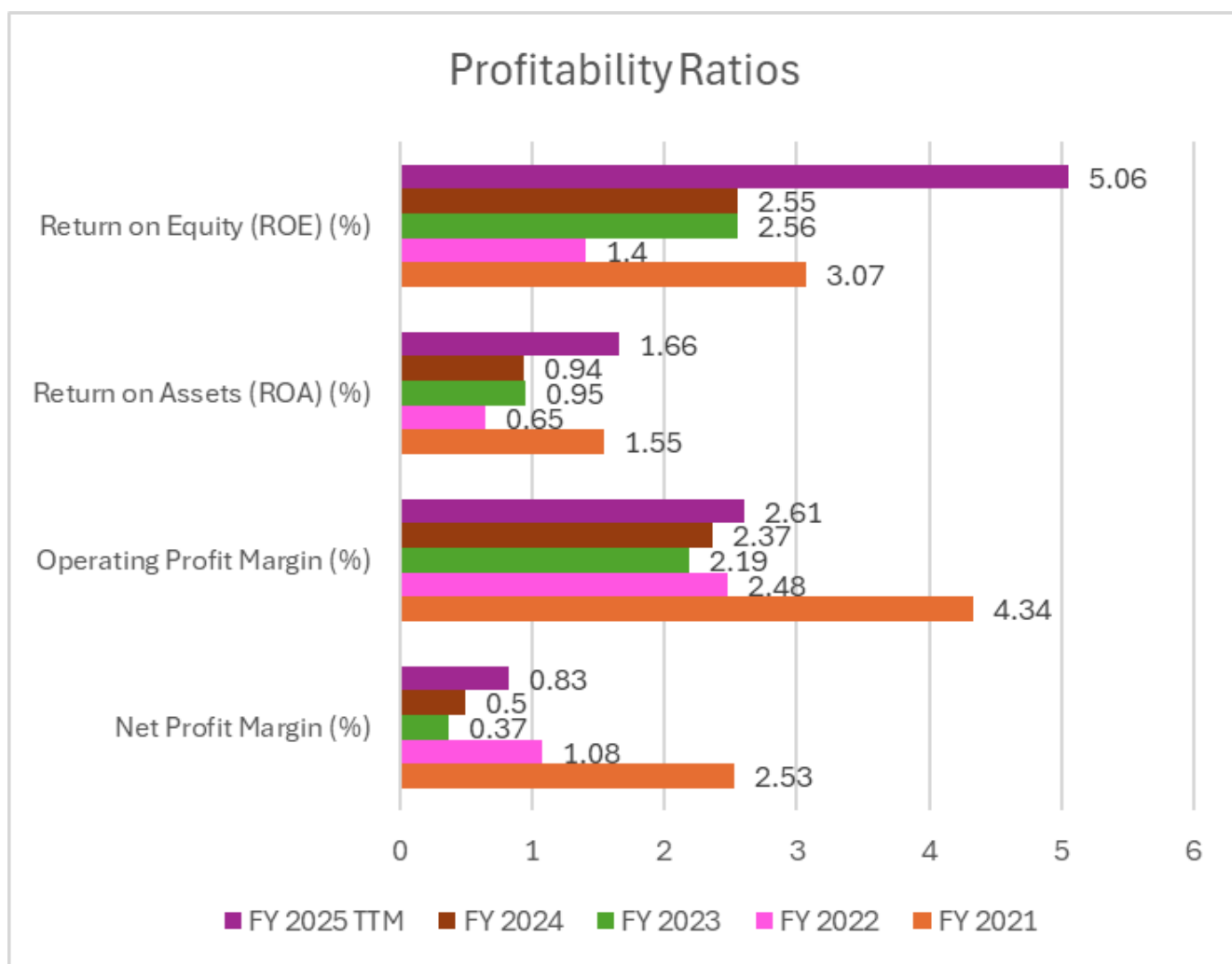


Figure 5: Profitability Ratio (FY21 -FY25)

7.3 Solvency Ratio

Ratio Type	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025 TTM
Debt-to-Equity Ratio	44	58	77	77	101
Interest Coverage Ratio	1.93×	1.11×	1.58×	1.58×	1.93×

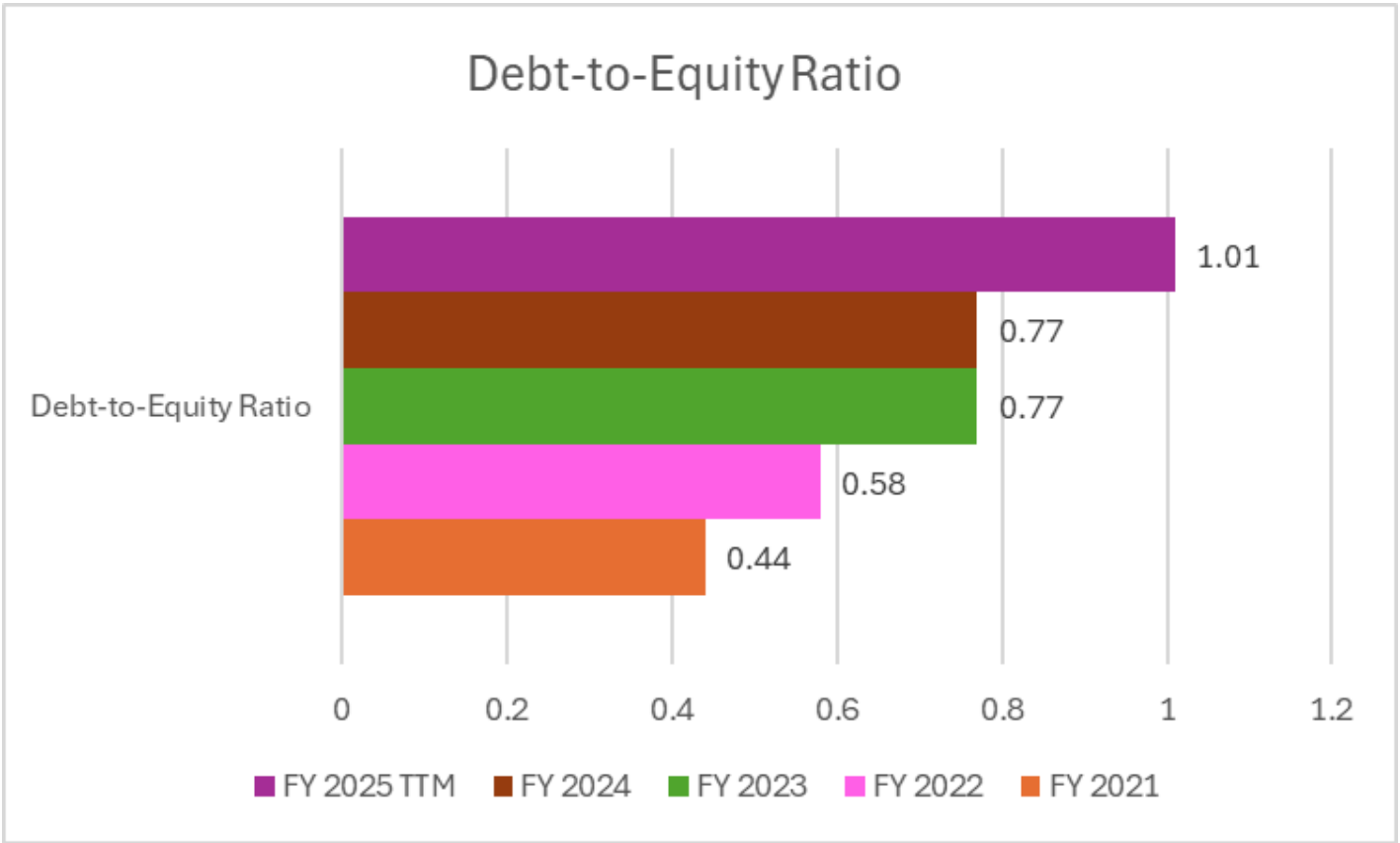


Figure 6:Debit-to-Equity Ratio

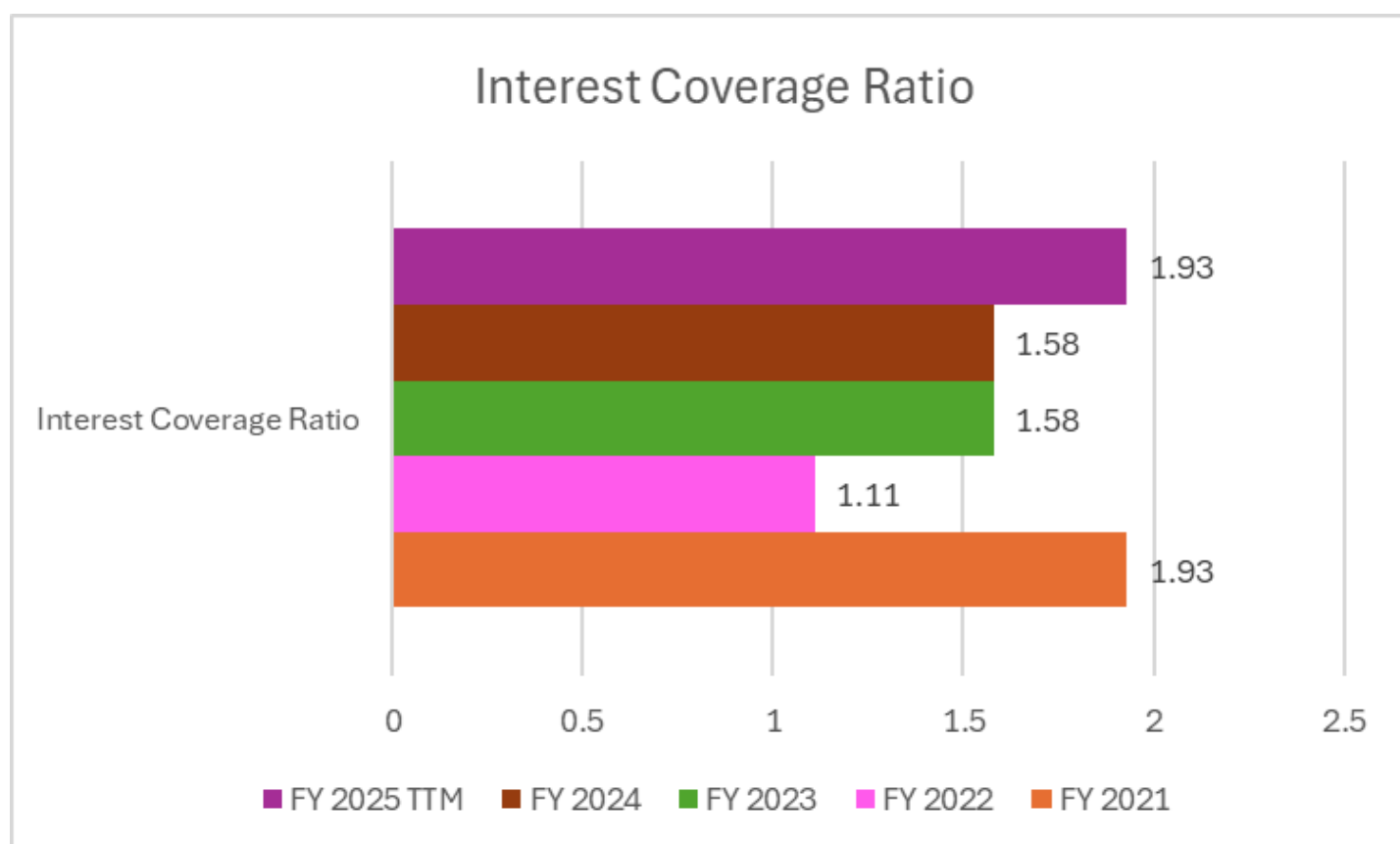


Figure 7:Interest Coverage Ratio

7.4 Efficiency Ratios

Ratio Type	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025 TTM
Asset Turnover	191	184	201	201	215
Inventory Turnover	316	305	332	343	343

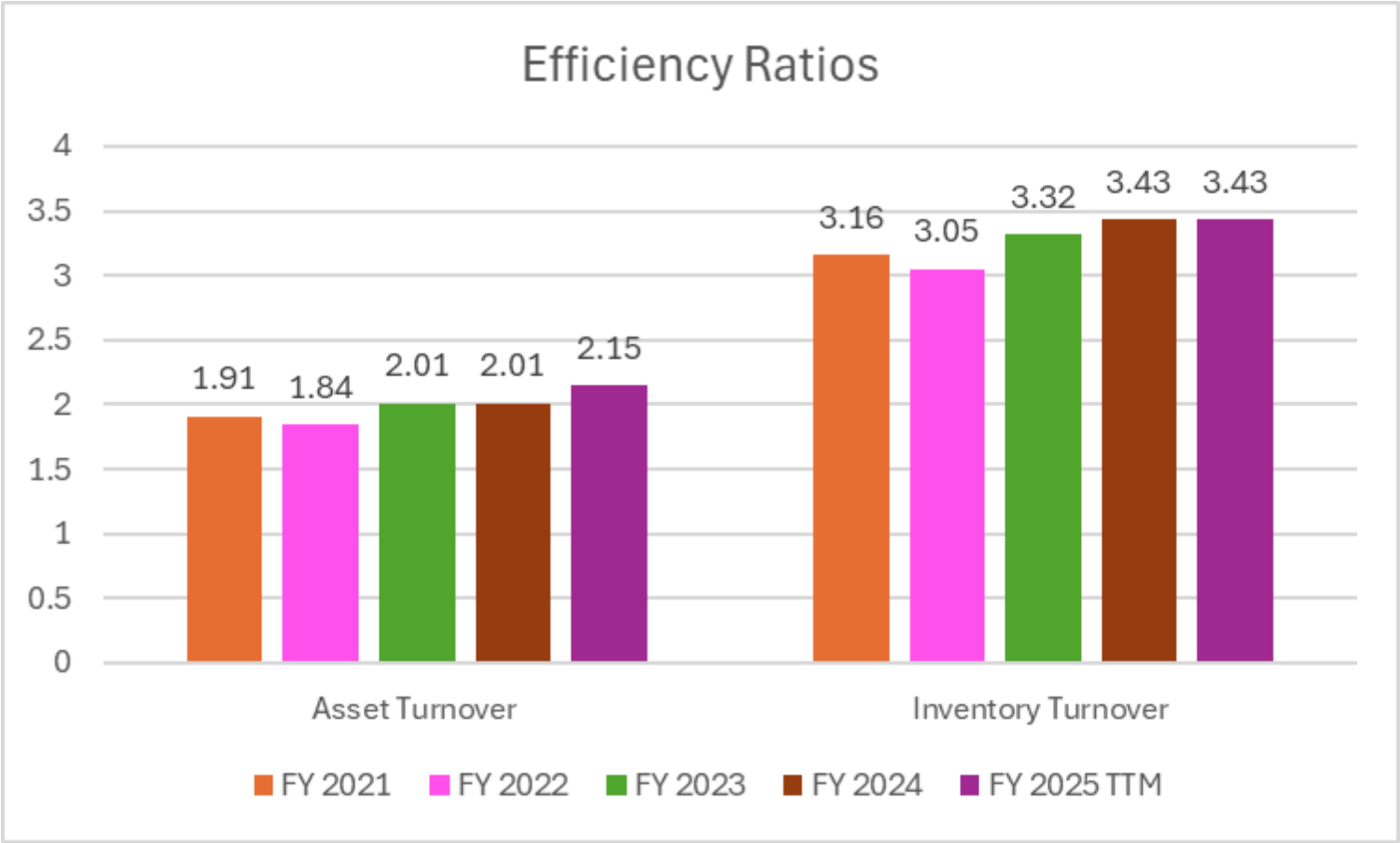


Figure 8:Efficiency Ratios

8.Interpretation of Results

8.1 Key Findings

- **Revenue Growth:** The company's revenue from operations grew steadily from ₹2,441 Cr in FY 2021 to ₹7,950 Cr in FY 2025, showing strong business expansion and increasing market demand.
- **Profitability Trends:** EBIT rose from ₹170 Cr in FY 2021 to ₹502 Cr in FY 2025, indicating improved operational efficiency. Net profit also grew significantly, from ₹62 Cr in FY 2021 to ₹72 Cr in FY 2025, despite fluctuations in tax expenses.
- **Expense Management:** Total expenses increased in line with revenue but remained well-controlled, supporting healthy EBIT margins. The company managed to balance cost growth with income growth over the five years.
- **Strong Equity Base:** Reserves increased sharply from ₹475 Cr in FY 2021 to ₹1,015 Cr in FY 2025, while equity capital remained stable at ₹286 Cr from FY 2023 onwards, suggesting consistent profit reinvestment.
- **Borrowing Dependence:** Borrowings increased from ₹333 Cr in FY 2021 to ₹1,321 Cr in FY 2025, indicating greater reliance on debt financing. This may have been driven by expansion plans, but it increases leverage risk.
- **Liquidity Position:** Growth in other assets (₹1,067 Cr in FY 2021 to ₹3,108 Cr in FY 2025) suggests strong asset accumulation, potentially supporting future operational needs and investments.
- **Capital Investments:** Continuous growth in fixed assets (₹231 Cr in FY 2021 to ₹835 Cr in FY 2025) and CWIP (₹2 Cr to ₹37 Cr) highlights the company's focus on capacity expansion and infrastructure development.
- **Asset Utilization:** The parallel growth in total assets and revenues indicates efficient utilization of resources, with investments translating into higher earnings.

8.2 Financial Health Evaluation

- **Strong Financial Foundation:** The company maintained a balanced capital structure from FY 2021 to FY 2025, supported by steadily increasing reserves and stable equity capital from FY 2023 onward.
- **Moderate Financial Risk:** Debt-to-equity ratio rose from 0.44 in FY 2021 to 1.01 in FY 2025, showing increased reliance on debt in later years. While this supports expansion, it also increases leverage risk compared to earlier years.
- **Consistent Asset Growth:** Total assets nearly tripled from ₹1,302 Cr in FY 2021 to ₹3,980 Cr in FY 2025, driven by increases in fixed assets, reserves, borrowings, and other assets, indicating robust capacity expansion.
- **Strategic Long-Term Investments:** Continuous growth in CWIP and fixed assets reflects ongoing investment in infrastructure, technology, and production capabilities to support future revenue growth.
- **Short-Term Resilience:** Despite increased borrowings in FY 2025, profitability (PAT) improved significantly compared to FY 2021, demonstrating the company's ability to sustain earnings while expanding operations.
- **Efficient Operations:** Rising EBIT from ₹170 Cr in FY 2021 to ₹502 Cr in FY 2025 suggests improved operational efficiency and cost management despite higher expense levels.
- **Market Competitiveness:** Strong revenue growth from ₹2,441 Cr in FY 2021 to ₹7,950 Cr in FY 2025 highlights increasing market penetration and brand strength.
- **Investor Attractiveness:** Consistent profitability growth, expanding asset base, and reinvestment into the business enhance long-term shareholder value.

9. Conclusion and Recommendations

9.1 Summary of Analysis

- **Consistent Financial Growth:** The company demonstrated steady revenue growth from ₹2,441 Cr in FY 2021 to ₹7,950 Cr in FY 2025, with strong upward momentum in both sales and EBIT. A moderate increase in borrowings from FY 2023 onwards suggests expansion-focused financing.
- **Strengthening Capital Structure:** Rising reserves (₹475 Cr in FY 2021 to ₹1,015 Cr in FY 2025) and stable equity capital from FY 2023 indicate disciplined profit reinvestment, although higher borrowings in FY 2024–FY 2025 increased leverage levels.
- **Operational Efficiency:** EBIT growth from ₹170 Cr to ₹502 Cr reflects effective cost management and improved productivity, supporting sustainable profit margins despite higher expenses.
- **Healthy Liquidity:** Significant growth in other assets and positive net assets each year highlights strong liquidity and the ability to meet operational and investment needs without financial strain.
- **Strategic Investment Approach:** Continuous increases in fixed assets and CWIP indicate a clear long-term strategy for capacity expansion, modernization, and diversification into future revenue streams.
- **Resilience to Market Conditions:** Despite rising debt and potential market risks in FY 2025, profitability and asset growth remained intact, showcasing financial adaptability.

7.2 Strategic Suggestions

- **Manage Leverage Growth:** Closely monitor the debt-to-equity ratio, which rose to 1.01 in FY 2025, ensuring that borrowing remains sustainable and aligned with earnings growth.
- **Enhance Cost Control:** Strengthen procurement efficiency and operational optimization to mitigate rising expense pressures and protect margins.

- **Leverage Asset Growth:** Maximize returns on recently acquired assets and infrastructure by increasing operational output and market reach.
- **Diversify Revenue Streams:** Expand into complementary product lines and untapped markets to reduce dependence on existing core products.
- **Focus on Digital Transformation:** Invest in technology, automation, and digital marketing to improve efficiency, reduce costs, and enhance customer engagement.
- **Strengthen ESG Initiatives:** Maintain a strong commitment to sustainability, ethical governance, and community engagement to boost brand image and investor appeal.
- **Maintain Liquidity Buffer:** Continue to build strong operating cash flows to withstand any future downturns or expansion-related outflows.
- **Explore Global Markets:** With a solid domestic base, expand the company's international footprint through joint ventures or acquisitions in emerging markets.

10. Annexure

10.1 Detailed Financial Statements

- Income Statement (FY 2021 – FY 2025 TTM)
- Includes year-wise data on revenue from operations, total expenses, EBIT, and net profit margin.
- (Refer to Figure 4, Figure 5 in Section 7)
- Balance Sheet (FY 2021 – FY 2025 TTM)
- Provides details of total assets, current assets, current liabilities, shareholders' equity, and debt structure.
- (Refer to Figures 6 & 8 in Section 7)
- Cash Flow Statement (FY 2021 – FY 2025 TTM)
- Shows cash flows from operating, investing, and financing activities, along with changes in liquidity ratios.
- (Refer to Figure 4 in Section 7)

10.2 Calculations and Formulas Used

Below are the key financial ratios and the formulae used to calculate them:

Liquidity Ratios

- Current Ratio = Current Assets / Current Liabilities
- Quick Ratio = (Current Assets – Inventories) / Current Liabilities

Profitability Ratios

- Net Profit Margin (%) = (Net Profit / Revenue from Operations) × 100
- Operating Profit Margin (%) = (EBIT / Revenue from Operations) × 100
- Return on Assets (ROA) (%) = (Net Profit / Total Assets) × 100
- Return on Equity (ROE) (%) = (Net Profit / Shareholders' Equity) × 100

Solvency Ratios

- Debt-to-Equity Ratio = Total Debt / Shareholders' Equity
- Interest Coverage Ratio = EBIT / Interest Expense

Efficiency Ratios

- Asset Turnover Ratio = Revenue from Operations / Total Assets
- Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory

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