

Issue highlights

- ❑ **FSN E-Commerce Ventures Limited ("Nykaa")** was incorporated on April 24, 2012. Nykaa is a digitally native consumer technology platform, delivering a content-led, lifestyle retail experience to consumers. They have a diverse portfolio of beauty, personal care and fashion products, including their owned brand products manufactured by them.
- ❑ Nykaa offers consumers an Omni-channel experience with an endeavor to cater to the consumers' preferences and convenience:
 - **Online:** Company's online channels include mobile applications, websites and mobile sites. As of August 31, 2021, they had cumulative downloads of 55.8 million across all their mobile applications and during the Financial Year 2021, 88.2% of their online GMV came through their mobile applications.
 - **Offline:** Their offline channel comprises of 80 physical stores across 40 cities in India over 3 different store formats as of August 31, 2021.
- ❑ Nykaa has two business verticals:
 - **Nykaa:** Beauty and personal care
 - **Nykaa Fashion:** Apparel and accessories
- ❑ As of March 31, 2021, Nykaa offered approximately 3.1 million SKUs from 4,078 national and international brands to their consumers across business verticals. For the 3 months ended June 30, 2021, the total GMV was ₹1,469.61 crore, which grew 238.8% from the 3 months ended June 30, 2020
- ❑ The beauty and personal care offering is extensive with 256,149 SKUs from 2,644 brands primarily across make-up, skincare, haircare, bath and body, fragrance, grooming appliances, personal care, and health and wellness categories as of August 31, 2021.
- ❑ The company manufactures owned brand beauty and personal care which are sold under their owned brands such as "**Nykaa Cosmetics**", "**Nykaa Naturals**" and "**Kay Beauty**".
- ❑ Nykaa opened their first physical store in 2014, and has 80 physical stores across 40 cities as of August 31, 2021. Their physical stores currently exist in 3 formats, **Nykaa Luxe**, **Nykaa On Trend** and **Nykaa Kiosks**.

Brief Financial Details*

(₹ In Cr)

	As at Jun' 30,		As at Mar' 31,		
	2021(03)	2020(03)	2021(12)	2020(12)	2019(12)
Equity Share Capital	15.48	14.70	15.06	14.55	14.24
Reserves	683.41	339.31	474.88	307.60	216.32
Net worth as stated	698.89	354.01	489.94	322.15	230.56
Revenue from Operations	816.99	288.64	2,440.90	1,767.53	1,111.39
Revenue Growth (%)	183.05%	-	38.10%	59.04%	-
EBITDA as stated	26.94	(45.34)	161.43	81.06	20.51
EBITDA Margin (%) as stated	3.30%	(15.71)%	6.61%	4.59%	1.85%
Profit/Loss Before Tax	3.15	(66.23)	75.34	(12.43)	(31.72)
Net Profit for the period~	3.52	(54.51)	61.95	(16.34)	(24.54)
Net Profit (%) as stated	0.43%	(18.88)%	2.54%	(0.92)%	(2.21)%
EPS-Basic (₹)~	0.08^	(1.23)^	1.39	(0.39)	(0.59)
Return on Restated Net worth (%)	0.49%^	15.29%^	12.62%	(5.16)%	(10.63)%
NAV-Basic (₹)~	15.47	8.06	11.00	7.52	5.55

Source: RHP *Restated Consolidated, ~Adjusted for sub-division of equity shares and issuance of bonus equity share. ^not annualised

Issue Details

Fresh Issue of Equity shares aggregating upto ₹ 630 Cr and Offer for sale of 41,972,660 Equity shares

Issue summary

Issue size: ₹ 5,182 – 5,350 Cr

No. of shares: 47,781,876 – 47,575,326 Shares

Face value: ₹ 1/-

Employee Reservation: 250,000 Shares

Price band : ₹ 1,085 – 1,125

Bid Lot: 12 Shares and in multiple thereof

Employee Discount: ₹ 100/- Per Share

Post Issue Implied Market Cap =

₹ 51,335 – 53,204 Cr

GCBRLMs: Kotak Mahindra Capital, Morgan Stanley

BRLMs: BofA Securities, Citigroup Global, ICICI Securities, JM Financial

Registrar: Link Intime India Pvt. Ltd.

Issue opens on: Thursday, 28th Oct'2021

Issue closes on: Monday, 1st Nov'2021

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	08-11-2021
Refunds/Unblocking ASBA Fund	09-11-2021
Credit of equity shares to DP A/c	10-11-2021
Trading commences	11-11-2021

Issue break-up

	No. of Shares		₹ In Cr		% of Issue
	@Lower	@upper	@Lower	@upper	
QIB	35,648,908	35,493,996	3,867.91	3,993.07	75%
NIB	7,129,781	7,098,798	773.58	798.61	15%
RET	4,753,187	4,732,532	515.72	532.41	10%
EMP	250,000	250,000	24.63	25.63	-
Total	47,781,876	47,575,326	5,181.83	5,349.72	100%

Listing: BSE & NSE

Shareholding (No. of Shares)

Pre issue	Post issue~	Post issue^
467,036,850	473,131,002	472,924,550

~@Lower price Band ^@ Upper Price Band

Shareholding (%)

	Pre-Issue	Post-Issue
Promoters	45.99%	44.43%
Promoter Group	8.23%	8.13%
Public	45.78%	47.44%
Total	100.00%	100.00%

BACKGROUND

Company and Directors

The company was incorporated as 'FSN E-Commerce Ventures Private Limited' on April 24, 2012. The company was promoted by Falguni Nayar, Sanjay Nayar, Falguni Nayar Family Trust, and Sanjay Nayar Family Trust. Currently, Promoter holds 214,924,690 Equity Shares in aggregate, representing 45.99% of the issued, subscribed and paid-up Equity Share capital of the company.

Brief Biographies of Directors

Falguni Nayar is the Founder, Executive Chairperson & Managing Director and Chief Executive Officer of the company. She has over 26 years of experience in e-commerce, investment banking and broking. Prior to founding the company, she was associated with Kotak Mahindra Capital Co Ltd for 18 years where she also served as a managing director. She has also served on the boards of various companies, including Tata Motors Ltd and Aviva Life Insurance Company India Ltd. Presently, she serves as an independent on the boards of various companies including, Kotak Securities Ltd, ACC Ltd and Dabur India Ltd.

Sanjay Nayar is an Additional Non-Executive Director of the company. He has over 35 years of experience in the banking, and private equity. He was associated with Citibank N.A. for over 23 years, where he also served as the chief executive officer of the bank in India over 6 years. He was chief executive officer of KKR India Advisors Pvt Ltd from 2009 to 2020. Presently he serves as a chairman of KKR India and also serves on the board of various companies, including Indigrid Investment Managers Ltd, Max Healthcare Institute Ltd, J B Chemicals and Pharmaceuticals Ltd and Avendus Capital Pvt Ltd.

Adwaita Nayar is the Executive Director of the company, since July 1, 2021. She also serves as the chairperson and chief executive officer of Nykaa Fashion. She co-founded the company and has been involved in the areas of marketing, operations and product development. Post her academic pursuits, she re-joined FSN Brands in the year 2017 as chief executive officer in FSN Brands to create and strengthen the offline retail footprint of 'Nykaa'. Since 2018, she has established the Nykaa Fashion's business and currently oversees nykaafashion.com as well as many of the company's owned & partner brands.

Anchit Nayar is the Executive Director of the company, since July 1, 2021. He also serves as the chairman and chief executive officer of Nykaa E-Retail. He has previously served as the vice president of the Investment Banking Division at Morgan Stanley, New York. He is currently responsible for the beauty business and also serves as a member of the investor relations team. He joined FSN Brands in 2018 as the chief executive officer and has overseen the expansion of retail Nykaa stores.

Anita Ramachandran is the Independent Director of the company. She has over 45 years of experience in various sectors including, consultancy, finance, asset management, and manufacturing sector. Presently, she serves as a director on the board of various companies including, Aditya Birla Housing Finance Ltd, Essel Mining & Industries Ltd, Grasim Industries Ltd, Godrej and Boyce Manufacturing Co Ltd, Happiest Minds Technologies Ltd, Kotak Mahindra Life Insurance Co Ltd, Metropolis Healthcare Ltd, Rane (Madras) Ltd and Utkarsh Small Finance Bank Ltd.

Milan Khakhar is the Non-Executive Director of the company. He has over 30 years of experience in natural stones and building material industry sector. Currently he is the chairman and managing director of Solid Stone Co Ltd.

Alpana Parida is the Independent Director of the company. She has over 20 years of experience in the retail, luxury, branding and design sector. She is founder & chief executive officer of Tiivra Ventures Pvt Ltd. She has served as managing director of DMA Yellow Works Ltd. She has also been associated with Titan Industries Ltd. Previously, she has also been on the board of SH Kelkar and Co Ltd and Prime Research and Advisory Ltd; presently she serves as a director on the board of various companies including Prime Securities Ltd, COSMO Films Ltd, and Brilloca Ltd.

Pradeep Parameswaran is the Independent Director of the company. He has over 15 years of experience in engineering, automobile and marketing. He is associated with Uber India Technology Pvt Ltd as senior director, RGM Rides – APAC. He was associated with DEN Networks Ltd as the chief executive officer, McKinsey & Company Inc and Hindustan Unilever Ltd.

Seshashayee Sridhara is the Independent Director of the company. He has several years of experience in product, engineering, data and artificial intelligence, operations, cybersecurity and compliance sector. He also serves as a member of the management board for Allegro.pl.

Milind Sarwate is the Independent Director of the company. Presently, he serves as an independent director on the boards of the various companies. He has about 37 years of post-qualification experience, including with two consumer product companies, viz. Godrej Soaps Ltd (since restructured to form Godrej Consumer Products Ltd) and Marico Ltd.

Key Managerial Personnel

Arvind Agarwal is the Chief Financial Officer of the company. He has been associated with the company since June 1, 2020. He has over 21 years of experience in various fields, including accounting, finance, regulatory and strategic planning. Previously, he was associated with Amazon Seller Service Pvt Ltd, Vodafone India Ltd, Tata Teleservices Ltd, YOU Telecom and Adani Port Ltd.

Rajendra Punde is the Head - Company Secretary & Legal and Compliance Officer of the company. He has been associated with the company since October 22, 2020. He has more than 17 years of experience in legal, compliance and company secretarial.

OBJECTS OF THE ISSUE

Objects	(₹ Cr) Amount
• Investment in certain of the Subsidiaries, namely, FSN Brands and / or Nykaa Fashion for funding the set-up of new retail stores	42.00
• Capital expenditure to be incurred by the company and investment in certain of their Subsidiaries, namely, Nykaa E-Retail, Nykaa Fashion and FSN Brands for funding the set-up of new warehouses	42.00
• Repayment or prepayment of outstanding borrowings availed by the company and one of the Subsidiaries, namely, Nykaa E-Retail	156.00
• Expenditure to enhance the visibility and awareness of the brands	234.00
• General Corporate Purposes	[•]
Total	[•]

OFFER DETAILS

The Offer	No. of Shares
Fresh Issue (₹ 630 Cr)	Upto 5,806,452~ - 5,600,000^ Equity Shares
Offer for Sale	Upto 41,972,660 Equity Shares
The Promoter Selling Shareholder:	
Sanjay Nayar Family Trust	Upto 4,800,000 Equity Shares
The Investor Selling Shareholders:	
TPG Growth IV SF Pte. Ltd	Upto 5,421,510 Equity Shares
Lighthouse India Fund III Ltd	Upto 4,844,620 Equity Shares
Lighthouse India III Employee Trust	Upto 51,530 Equity Shares
Yogesh Agencies & Investments Pvt Ltd	Upto 2,538,450 Equity Shares
J M Financial and Investment Consultancy Services Pvt Ltd	Upto 914,000 Equity Shares
Other Selling Shareholders	Upto 23,402,550 Equity Shares

(~ at lower price band and ^ upper price band)

SHAREHOLDING PATTERN

Shareholders	Pre-offer		No. of Shares offered	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoter and Promoters Group					
Promoter	214,924,690	45.99%	4,800,000	210,124,690	44.43%
Promoters Group	38,440,667	8.23%	-	38,440,667	8.13%
Total for Promoter and Promoter Group	253,365,357	54.22%	4,800,000	248,565,357	52.56%
Public – Investor Selling Shareholders	41,057,070	8.79%	13,770,110	27,286,960	5.77%
Public – Other Selling Shareholders	91,918,890	19.67%	23,402,550	68,516,340	14.49%
Public - Other	80,983,233	17.33%	-	128,555,893	27.18%
Total for Public Shareholder	213,959,193	45.78%	37,172,660	224,359,193	47.44%
Total Equity Share Capital	467,324,550	100.00%	41,972,660	472,924,550	100.00%

BUSINESS OVERVIEW

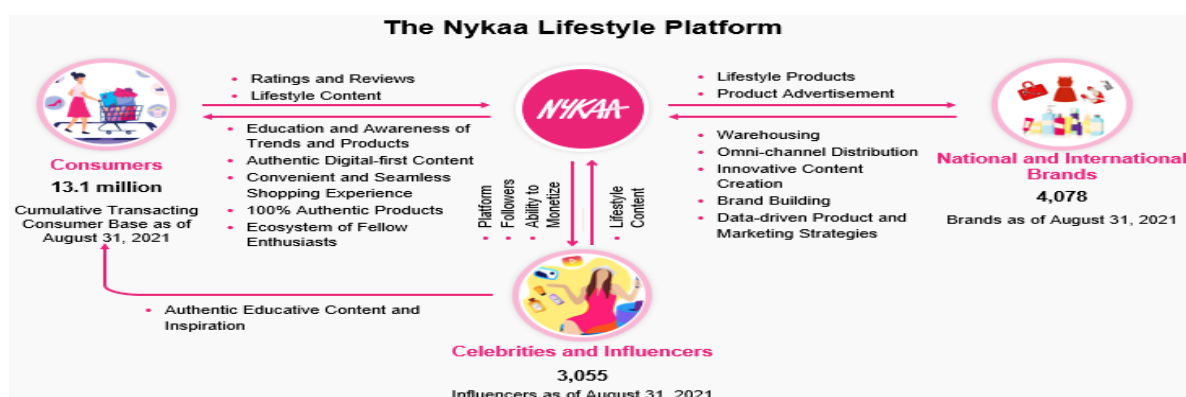
FSN E-Commerce Ventures Limited ("Nykaa") is a digitally native consumer technology platform, delivering a content-led, lifestyle retail experience to consumers. Since their incorporation in 2012, they have invested both capital and creative energy towards designing a differentiated journey of brand discovery for their consumers. They have a diverse portfolio of beauty, personal care and fashion products, including their owned brand products manufactured by them. As a result, they have established themselves not only as a lifestyle retail platform, but also as a popular consumer brand. Nykaa offers consumers an Omni-channel experience with an endeavor to cater to the consumers' preferences and convenience:

- **Online:** Company's online channels include mobile applications, websites and mobile sites. As of August 31, 2021, they had cumulative downloads of 55.8 million across all their mobile applications and during the 5 months ended August 31, 2021, 88.2% of their online GMV came through their mobile applications. They have one of the highest shares of mobile application-led transactions, among the leading online retail platforms in India during Financial Year 2021 and the 5 months ended August 31, 2021.
- **Offline:** Their offline channel comprises of 80 physical stores across 40 cities in India over 3 different store formats as of August 31, 2021. Their physical stores offer a select offering of products as well as a seamless experience across the physical and digital worlds.

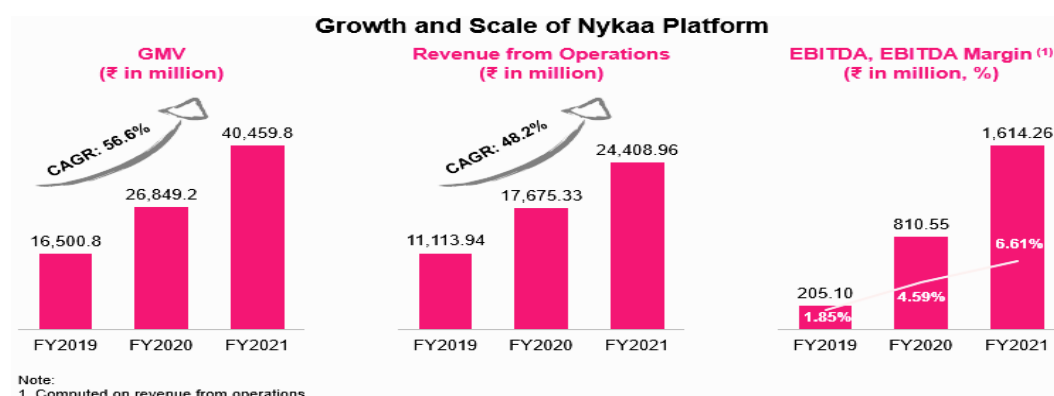
Their lifestyle portfolio spans across beauty, personal care and fashion products. Consumers have different journeys for different lifestyle needs, and this has led Nykaa to build business vertical-specific mobile applications, websites and physical stores. These independent channels allow them to tailor their content and curation optimally for the convenience of consumers and to cater to the different consumer journeys that exist in these business verticals:

- **Nykaa:** Beauty and personal care
- **Nykaa Fashion:** Apparel and accessories

In addition to leveraging their strengths in comprehensive merchandising, brand relationships and delivery experience, they focus on inspiring and educating consumers via digital content, digital communities and tech-product innovations, which is an integral component of their business model.



As of August 31, 2021, Nykaa offered approximately 3.1 million SKUs from 4,078 national and international brands to their consumers across business verticals. In the Financial Year 2021, their total GMV was ₹4,045.98 crore, which grew by 50.7% over the Financial Year 2020. The revenue from operations in the Financial Year 2021 was ₹2,440.90 crore, which grew 38.10% from the Financial Year 2020. For the 3 months ended June 30, 2021, the total GMV was ₹1,469.61 crore, which grew 238.8% from the 3 months ended June 30, 2020. The revenue from operations for the 3 months ended June 30, 2021 was ₹816.99 crore, which grew 183.05% from the 3 months ended June 30, 2020.



The beauty and personal care offering is extensive with 256,149 SKUs from 2,644 brands primarily across make-up, skincare, haircare, bath and body, fragrance, grooming appliances, personal care, health and wellness categories as of August 31, 2021. As a result, company's brand has become synonymous with beauty products in India. Their portfolio includes domestic brands, international brands, luxury and prestige brands, premium brands, niche and cult brands. The breadth of their portfolio, coupled with their understanding of the needs and preferences of the consumers, enables them to personalize their selection even as they cater to a more diverse base.

Introduced in 2012, the Nykaa mobile application and website grew rapidly over the years to attain a significant market share of online beauty and personal care market in 2021. They are the largest Specialty Beauty and Personal Care Platform in India in terms of value of products sold in the Financial Year 2021.

The company manufactures owned brand beauty and personal care products through third party manufacturers contracted by them. They have entered into manufacturing agreements with several manufacturers in India, for the manufacture of such products which are sold under their owned brands such as "**Nykaa Cosmetics**", "**Nykaa Naturals**" and "**Kay Beauty**". Their owned brands are available on their online and offline channels, as well as for certain brands at third party retailers.

Investing in distribution, marketing, technology and logistics has enabled them to provide a wide range of offerings to their brand relationships, thereby enabling long term and mutually beneficial relationships. For online-first brands, Nykaa provide them with the ability to rapidly scale by leveraging their online platform; for prestige brands, they help them grow through their Omni-channel distribution; and for traditional brands, they provide them with the ability to acquire Millennial and Generation Z consumers by leveraging the role as an influencer. As a result, several renowned international and domestic prestige brands have chosen them for their launches into the Indian market.

Nykaa opened their first physical store in 2014, and has 80 physical stores across 40 cities as of August 31, 2021. Their physical stores currently exist in 3 formats, **Nykaa Luxe**, **Nykaa On Trend** and **Nykaa Kiosks** and are developed to cater to a specific consumer demographic and need of the local market. Nykaa manages their beauty and personal care business predominantly through an inventory led model. This approach ensures sourcing directly from brands or their authorized distributors in the country and allows them to guarantee authenticity of products sold to consumers.

Nykaa launched the Nykaa Man mobile application and website, thereby customizing their model and experience for men, along with increasing education and awareness among men on the use of grooming and personal care products. In the Financial Year 2021, 17.1 million Orders were placed on their platform for beauty and personal care products with a total GMV of ₹3,380.41 crore, a 35.3% increase over the Financial Year 2020. For the 3 months ended June 30, 2021, 5.9 million Orders were placed on their platform for beauty and personal care products with a total GMV of ₹1,084.78 crore, a 177.6% increase over the 3 months ended June 30, 2020.

Fashion Offering – Nykaa Fashion

The company launched **Nykaa Fashion** in 2018, as a curated and managed marketplace with an endeavor to inspire consumers to make fashion and lifestyle choices that best suit them. They have a wide assortment of offerings, across price points, to cater to women, men and children of diverse demographics. As of August 31, 2021, Nykaa Fashion housed 1,434 brands and over 2.8 million SKUs with fashion products across 4 consumer divisions: women, men, kids and home. While offering a wide range of products, they place strong emphasis on curation. They identify fashion-forward brands, vetting for style and quality, and further select styles within these brands to offer. They also place importance on selling full-price products, reducing reliance on discounting, and selling the latest season's designs.

Nykaa uses digital content, personalized mobile application experiences and proprietary recommendation algorithms, to build differentiated style-driven, discovery-led experiences for consumers. This has resulted in 16.1% of fashion vertical GMV at full-price collections (at 10% or less discounts) for the 5 months ended August 31, 2021. Further, the average value of orders on Nykaa Fashion mobile application and website was ₹3,977 for the 5 months ended August 31, 2021. The average value of orders on the Nykaa Fashion mobile application and website is the highest among leading online fashion retail platforms in India. Nykaa Fashion operates predominantly as a managed marketplace and has custom-built scalable technology to support this operating model. **Nykaa Fashion also has 7 owned brands.** These owned brands are available on their online channel and at one physical store, and at third party retailers for many brands.

In the Financial Year 2021 and for the 3 months ended June 30, 2021, 2.4 million and 1.2 million orders, respectively, were placed for fashion products with a total GMV of ₹665.57 crore and ₹384.83 crore, respectively. Nykaa Fashion

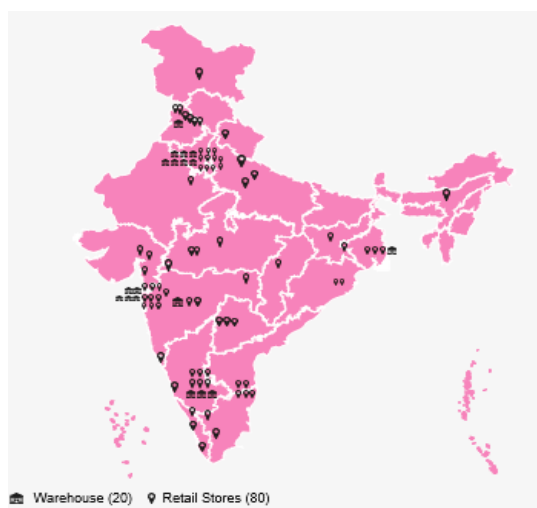
is one of the fastest growing fashion platforms in India based on growth in GMV from the Financial Year 2020 to the Financial Year 2021 and from the 5 months ended August 31, 2020 to the 5 months ended August 31, 2021.

Key operating and financial metrics

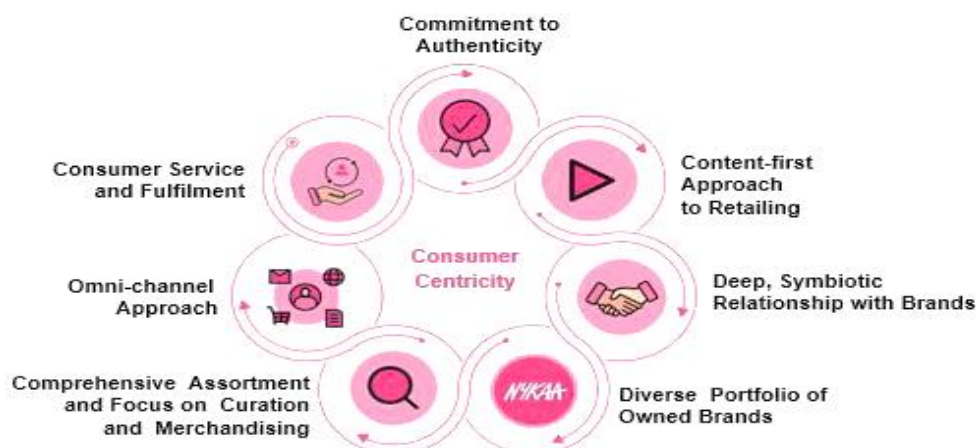
(Numbers and amount in Cr)

	5 months ended Aug'31,2021		FY2021		FY2020		FY2019	
	Beauty and Personal Care	Fashion	Beauty and Personal Care	Fashion	Beauty and Personal Care	Fashion	Beauty and Personal Care	Fashion
No. of Visits (No. in Cr)	36.96	17.73	65.89	17.21	57.47	3.78	37.80	0.01
Monthly Average Unique Visitors (No. in Cr)	2.03	1.47	1.35	0.58	1.22	0.17	0.91	0.00
Annual Unique Transacting Consume(No.in Cr)	0.71	0.12	0.56	0.06	0.53	0.01	0.35	0.0
Orders (No. in Cr)	1.02	0.21	1.71	0.24	1.70	0.11	1.10	0.04
Average Order Value (AOV) (₹ in Cr)	1,886	3,197	1,963	2,739	1,448	1,604	1,433	655
Gross Merchandise Value (GMV) (₹ in Cr)	1,931.63	689.73	3,380.41	665.57	2,498.14	186.78	1,621.92	28.16
Total (₹ in Cr)	2,621.36		4,045.98		2,684.92		1,650.08	
GMV Growth (%)	-		50.7%		62.7%		-	

GEOGRAPHICAL PRESENCE



VALUE PROPOSITION



They also have an array of services to engage with their consumers and reward their loyalty. As of March 31, 2021, there were 2.1 million Nykaa Prive members. The consumers can also earn Nykaa reward points by signing up,

shopping, writing reviews and answers and referring new consumers to their platform. These rewards points can be redeemed to make purchases on their platform.

- ***Commitment to authenticity***

Nykaa has developed systems and processes to ensure that the products sold on their platform are authentic, and build trust among their consumers and brands. For their beauty and personal care offering, their business is predominantly inventory led. They also conduct quality checks at their warehouses periodically on their beauty and personal care products.

- ***Content-first approach to retailing***

In both beauty and personal care and fashion businesses, consumers often require assistance to navigate a fragmented and wide assortment. Nykaa is one of the first online retail platforms in India to drive widespread product and influencer-led education through creative and entertaining content across video and written formats. Their in-house content made by Nykaa Army, captures the latest trends, helps ideate and create beauty regimes and outfits and provides insights on various brands available on their platform.

The company leverages influencers on a large scale through their Nykaa Affiliate Program, which enables external content creators to publish content on their behalf, across several digital platforms.

As of August 31, 2021, they had a largest network of 3,055 influencers, including Generation Z trend setters, mommy bloggers, beauty, fashion and lifestyle bloggers, makeup artists and celebrities. Over the years, they have developed a loyal community of bloggers and content creators who, in most cases, receive a commission for the sales they drive on their platform.

In the Financial Year 2021 and for the five months ended August 31, 2021, Nykaa TV, their YouTube based content platform, had a watch time of 1.3 million hours and 1.5 million hours respectively, and content posted on Instagram and Facebook was 39,498 posts and 17,346 posts respectively. They are one of the most influential lifestyle platforms in India with over 13.4 million followers across leading social media platforms as of August 31, 2021.

A brief description of some of their content assets is provided below:

- **Nykaa TV** is a YouTube based platform aimed at creating educational content with immersive storytelling across beauty and personal care. As per the RedSeer Report, Nykaa TV is India's leading channel exclusively focused on beauty with over 1.2 million YouTube subscribers as of August 31, 2021.
- Nykaa has created a peer-to-peer social community called the **Nykaa Network**. Nykaa Network is India's first interactive beauty forum to reach a scale of 3.6 million members as of August 31, 2021, where members can chat with other beauty enthusiasts, ask and answer beauty-related questions, give and seek advice, discover trends and join beauty-centric conversations on topics of their interest.
- **Nykaa Beauty Book and Style Files** are their beauty and fashion blogs with 598 articles and 214 articles published during the Financial Year 2021 and the 5 months ended August 31, 2021 respectively.
- **Explore**, launched in 2020, is their in-app content aggregation hub. It is a "watch and buy" feature that enables a consumer to watch content and shop for the products featured in that content in real-time. The content is predominately multi-brand and education focused, including tutorials on 'how-to', reviews, and product trials. During the five months ended August 31, 2021, Explore received 4.4 million visits and 9.7 million post views.

In the Financial Year 2021 and the 5 months ended August 31, 2021, visitors to their beauty and personal care and fashion websites and mobile applications spent over a total of 95.3 million hours and 53.9 million hours respectively, on their channels.

- ***Deep, symbiotic relationship with brands***

The company value their brand relationships, and have a team of brand managers who work closely with brands to strategize and execute growth and brand building strategies. They view themselves as brand custodians and apply a client-servicing mindset to their interactions with brands to ensure they are building long-term strategic relationships.

Their experience and in-depth understanding of the assortment of products, supported by consumer insights allows them to forecast trends, and tailor brand specific marketing and commercial strategies. The company offers brands involvement and integration in several aspects of their brand marketing strategy, from building marketing plans and promotions for their products to ensuring their standards in supply chain and fulfilment.

- **Diverse portfolio of owned brands**

Nykaa has crafted a portfolio of 15 owned brands. Their owned brands play a key role in increasing the assortment of products for their consumers. Many of their owned brands have a high recall and function as independent brands. The manufacturing for such brands is carried out by third party vendors.

Their owned brand portfolio is executed by identifying gaps in the market, both across requirements of diverse consumers and multiple price points, and building brands to suit these needs, with a focus on high quality products. Some of such owned brands are:

- **Nykaa Cosmetics:** Nykaa Cosmetics is a comprehensive makeup and beauty accessories brand present across lips, face, nails, eyes and beauty tools.
- **Nykaa Naturals:** Nykaa Naturals is a naturally derived ingredients focused brand for skincare products such as bath and body offerings, masks and haircare.
- **Kay Beauty:** Kay Beauty offers premium range beauty products across lips, eyes, face and nails categories.
- **Dot & Key:** Dot & Key offers premium skincare products across serums, toners, cleansers and face masks and has recently expanded into nutraceuticals.
- **Twenty Dresses:** The apparel product line includes western wear across dresses, jumpsuits, tops, pants skirts as well as footwear, bags, and accessories.
- **NykD by Nykaa:** Nykd by Nykaa offers lingerie and includes bras, panties, sleepwear, shapewear and athleisure.
- **Pipa Bella:** Pipa Bella offers on-trend aesthetic jewelry such as earrings, necklaces, bracelets, rings and hair accessories.
- **RSVP:** RSVP offers a wide and premium collection of dresses, jumpsuits, tops and skirts as well as footwear and bags.
- **Gajra Gang:** Gajra Gang offers a wide and premium range of kurta sets, ethnic dresses, saree, tops and accessories.

- **Comprehensive assortment and focus on curation and merchandising**

Nykaa seeks to strike a balance between the breadth and relevance of the assortment of offerings on their platform. Their lifestyle product portfolio spanned across 4,078 brands and approximately 3.1 million SKUs as of August 31, 2021, developed to cater to the varying needs of their diverse consumer base. As part of their merchandising and curation strategy, they focus on market fit for products offered, ongoing demand and consumer trends.

In addition, their platform has been designed to drive discovery and inspiration for the consumers. Leveraging information across multiple parameters and consumer activity on their platform along with details of attributes against every product, they are able to show the consumer personalized content and products across their shopping journey. Leveraging data science, they developed robust personalization engines and customized product features, such as customized landing pages, personalized homepages, search and sort algorithms and recommendation engines to power the discovery experience. They also iterate continuously to enhance their user interface with the aim to enable a quality experience for each consumer.

The company offers on-demand chat service with their beauty, fashion and grooming experts to help increase engagement with consumers while resolving any concerns or technical questions that they may have.

- **Omni-channel approach**

- *An Omni-channel shopping experience*

Beauty and personal care consumers prefer to shop across online channels and physical stores. Nykaa launched their physical stores in 2014. As of August 31, 2021, they had 319 beauty and personal care advisors at their physical stores, who help to personalize the offline shopping experience.

Nykaa also has the largest physical retail footprint among the multi-brand Specialty Beauty and Personal Care Platforms operating across value, prestige and luxury categories and having a dominant share of luxury segment in India, as of August 31, 2021.

- *Online-offline integration*

By giving their consumers both physical and digital shopping experiences, they want to remain relevant at all the touch points of a consumer's journey. Their Omni-channel offers, endless aisle, gift cards and loyalty program have helped them to offer their consumers a comprehensive buying experience across online and offline platforms.

The company leverages their Omni-channel database of consumers to select store locations, design brand and assortment mix, direct traffic to their stores, plan offline beauty events and marketing campaigns, and create an experiential based, educational and personalized shopping experience.

- *Physical stores*

As of August 31, 2021, they operated 80 physical stores in 40 cities of India across 3 formats:

- **Nykaa Luxe:** The Nykaa Luxe store format offers a luxury beauty experience. The format showcases prestige and luxury international and domestic brands.
- **Nykaa On-Trend:** The Nykaa On-Trend stores offer a differentiated experience for the consumers with the current best-selling products chosen across beauty and personal care brands.
- **Nykaa Kiosks:** The Nykaa Kiosks are free standing units usually in the atriums of shopping malls. The company predominantly sells their owned brands through these kiosks.

- *Consumer service and fulfilment*

- *Consumer service innovation*

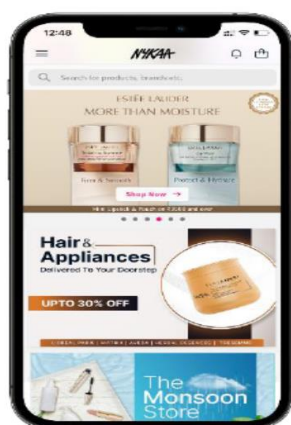
As of August 31, 2021, company's 319 beauty advisors at their 80 physical stores and 31 trained beauty and personal care advisors available to answer questions and offer recommendations queries online and also addresses post-Order related consumer service queries. Approximately 70.4% of chat queries are being answered by chatbots as of August 31, 2021.

- *Fulfilment and operational excellence*

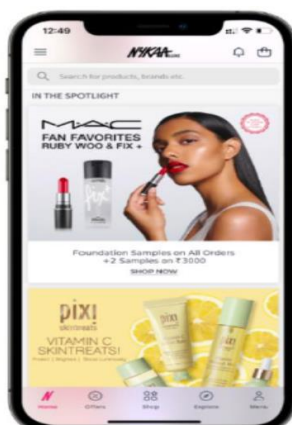
As of August 31, 2021, Nykaa served 26,727 pin codes, covering 89.2% of the serviceable pin codes across the country. They have 20 warehouses; with a storage space of 665,371 sq. ft. Orders are monitored and tracked closely to ensure timely dispatch. They have an allocation engine which helps fulfill Orders by utilizing inventory efficiently across their warehouses. For fashion products sold through the marketplace model, they have integrated their supply chain with the warehouses of several sellers.

Nykaa manages 4 models – inventory, sale or return ("SOR"), marketplace and just-in-time inventory models. They have made investments in technology, people and processes to support and scale these models. Their flexibility to operate each model is core strength as that brands and products require a customized approach to selling.

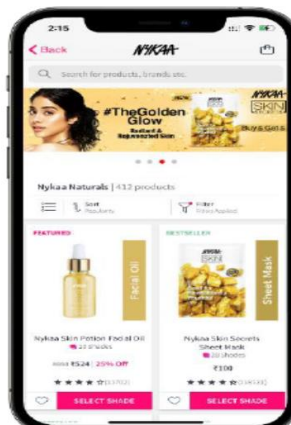
Mobile Applications Walkthrough



One-stop Destination for All Things Beauty and Personal Care



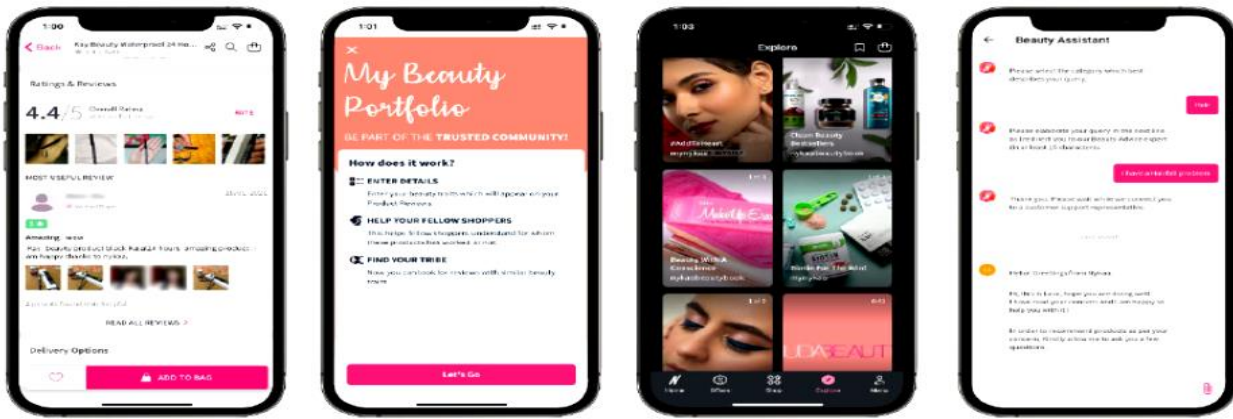
Enjoy Differentiated Authentic Shopping Experiences through 'Stores'



Shop for Nykaa Products



Look up All Product Details



Be Empowered with Consumer Ratings and Reviews

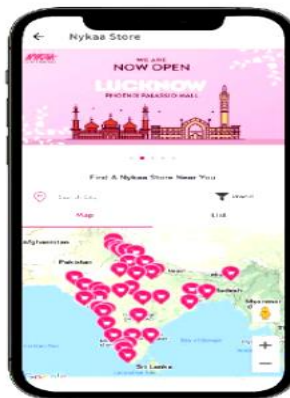
Be Part of the Trusted Community by Making Reviews Relevant

Explore Personalized In-app Content

Talk to Our Beauty Advisors



Enjoy Nykaa Content across Platforms



Find a Nykaa Store Near You



Nykaa Guarantee: View Authenticity Certificates from Brands

Nykaa Fashion



Enjoy Curated Collections at Nykaa Fashion



Discover New Products and Trends through Our "What's New" and Latest Collections Section



Search Products with Our Unique "Trendspotting" and "Hidden Gems" Features



Enjoy Nykaa Fashion Blogs and Videos

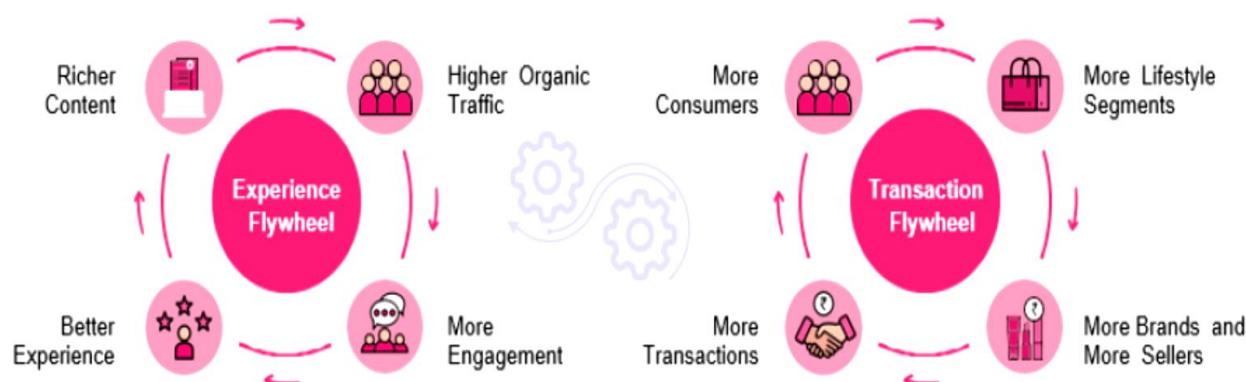


KEY STRENGTHS

- **One of India's leading lifestyle focused consumer technology platform**

Nykaa is a destination of choice for their consumers not only for engaging, personalized shopping experiences but also to understand latest trends in beauty, grooming and fashion in India. They generated ₹4,045.98 crore and ₹1,469.61 crore in GMV on their platform in the Financial Year 2021 and the 3 months ended June 30, 2021. Their leading position drives self-reinforcing flywheels, which further drive strong network effects. Leveraging their brand strength, they have been able to and will continue to add more lifestyle verticals and adjacencies on their platform which is expected to further increase their consumer base.

Self-reinforcing Flywheels Driving Strong Network Effects



- The preferred destination for luxury and prestige products in India for consumers and brands**

Nykaa has the highest AOV among the leading online beauty and personal care platforms in India and they are the largest luxury beauty and personal care platform in India.

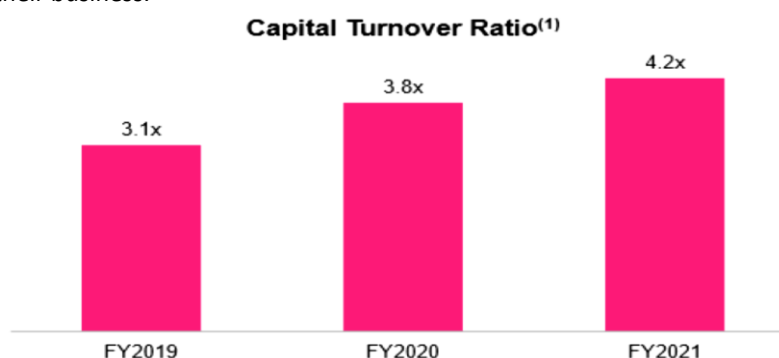
A large number of leading luxury and prestige beauty and personal care brands such as Armani Beauty, Aveda, Azzaro Fragrance, Bobbi Brown, Bvlgari, Charlotte Tilbury, Clinique, Diesel Fragrance, Dior, Estee Lauder, Forest Essentials, Givenchy, Hermes, Huda Beauty, Jo Malone, Kama Ayurveda, Kiehl's, L'occitane, MAC, Mugler Fragrance, Pixi, Ralph Lauren Fragrance, Smashbox, Sulwhasoo, Too Faced and Tom Ford and Yves Saint Laurent Beauty retail with them, making them the shopping destination of choice in India for their products.

Further, a significant number of leading luxury and prestige fashion brands such as Aachho, Adisee, AMPM, Boat, Falguni & Shane Peacock, Fayon Kids, Forever New, Garmin, Guess Bags, Gaya, Hidesign, House of Masaba, Janya's closet, Kalyan Jewellers, Kazo, Little West Street, Masilo, Maspar, Outhouse, Payal Singhal, Ritu Kumar, Saksham & Neharicka, Suhani Pittie, Sougat Paul, Tribe by Amrapali, Triumph, Vitamins, Wonderchef, Wacoal, Zenic and Zink London offer their products on their platform, making them their retail destination of choice in India.

As a result of these bespoke services, many global luxury brands such as Charlotte Tilbury, Huda Beauty, Mario Badescu, Pixi and Tangle Teezer have chosen Nykaa to import, launch and sell their products to consumers in India.

- Resilient, capital efficient business with a combination of strong growth and profitability**

Nykaa has built a scaled business with strong growth and profitability. In the Financial Year 2021, their GMV was ₹4,045.98 crore with revenue from operations of ₹2,440.90 crore and a 6.61% EBITDA margin. The revenue from operations grew 38.10% in the Financial Year 2021 as compared to the Financial Year 2020, despite the adverse impact of COVID-19 on their business.



Note:

1. Computed as revenue from operations divided by equity capital raised (includes equity share capital, OCRPS and securities premium). See "Other Financial Information" for a detailed computation.

The capital turnover ratio has improved from 3.1 times in the Financial Year 2019 to 4.2 times in the Financial Year 2021. They have focused on capital efficiency and unit economics, while simultaneously building for scale and growth. They have been able to achieve this scale with only ₹577.74 crore primary investment into the company as of March 31, 2021.

- ***The proprietary technology stack***

Over the years Nykaa has invested in building their own proprietary platform, the Nykaa technology platform. Their platform architecture comprises small, maintainable, scalable building blocks following the principles of service oriented architecture. This has enabled them to support multiple business models, execute new initiatives and make operational efficiency gains across offerings, new and existing. Their online platform has various differentiated technology driven features such as virtual try-on of make-up products, in-app store-in-store concepts, in-app personalized content feed, live streaming and time bound commercial offerings that prompt consumers to explore and purchase.

- ***Founder-led company supported by a professional management team***

Company's sustainable growth in business has been achieved through their founder-led management team with relevant experience and complementary skill sets. They are led by their Founder, Executive Chairperson, Managing Director and Chief Executive Officer, Falguni Nayar, who started the business in 2012. She is driven by a desire to transform the traditional and transactional ways of lifestyle e-commerce in India. She has been the driving force in developing and growing the business. Her understanding of the consumer, intuitive entrepreneurship and involvement in key aspects of their business has helped accelerate and drive the profitable growth.

KEY GROWTH STRATEGIES

- ***Continue to acquire new consumers and increase consumer loyalty***

Nykaa plans to deepen their existing consumer relationships to enhance the revenues by increasing their wallet share from such consumers. As they refine their content engine, technology capabilities and assortment, they increase engagement with every new visit to their platform, thereby increasing their ability to acquire new consumers. They use levers of "voice, video and vernacular" to improve their reach and acquire consumers.

- ***Deepen and broaden the brand relationships***

As part of their continuous efforts to offer a curated assortment of brands and products to their consumer base, they will continue to invest in entering into new brand relationships. They endeavor to improve sales and hence create value for their brand relationships through improved merchandising, refined marketing and new data driven brand specific experiences.

- ***Leveraging on art of retailing to expand into lifestyle adjacencies and launch new channels***

Company's understandings and customized execution of multiple categories and sub-categories within lifestyle retail enables them to foray into other lifestyle adjacencies to target that their platform becomes the single largest destination for lifestyle needs of their diverse consumers. They recently launched **The Global Store**, an online channel that enables Indian consumers to buy select beauty and personal care products of several prominent foreign brands from accredited overseas retailers.

- ***Further expand Omni-channel capabilities***

Nykaa aims to invest further towards expansion of their physical store network to serve more consumers across the country with their Omni-channel experience. As an extension of their Omni-channel capabilities, they commenced Nykaa PRO, a membership-based program for beauty professionals and makeup artists. They are also conducting trials of SuperStore, an online channel with a separate mobile application for standalone local retailers in India to offer them select beauty and personal care products to offer to their consumers.

- ***Invest in their owned brand portfolio***

The success of their owned brand portfolio so far has come from identifying market gaps and building innovative products to address consumer needs by leveraging their marketing and consumer insights. They aim to increase the product offerings in their current owned brand portfolio across their business verticals and add newer long-term focused brands.

- ***Focused, selective international expansion as well as acquisitions and joint ventures in India***

As the company grows their consumer base in India, they will also aim to explore expansion selectively and prudently into international markets. Their experience in acquisitions and joint ventures has provided them insights and faster growth opportunities, and they intend to continue to consider such transactions in India, particularly to supplement their market leading position, product offerings, channels and owned brands.

Recent Developments

Acquisition of a Majority Stake in Dot & Key Wellness Pvt Ltd

On September 28, 2021, Nykaa acquired 51% of the outstanding equity shares of Dot & Key Wellness Pvt Ltd (“Dot & Key”) through the subscription and purchase of equity shares. Dot & Key is engaged in the business of manufacturing, marketing, branding and sale of skincare and personal care products, including serums, toners, cleansers, face masks and face creams. Dot & Key has also recently launched a few products in the nutraceuticals category. Its products are listed on Company’s and other online retailers’ platforms as well as in Company’s physical retail stores. Following this investment, Dot & Key became one of their owned brands and this investment will allow them to expand their skincare, personal care and nutraceuticals offerings.

Financial Results for Quarter Ended September 30, 2021

Nykaa, after the completion of this Offer, and with listing of their Equity Shares, within 45 days from the completion of the previous quarter, will be required to publish their quarterly financial results for the quarter ended September 30, 2021. While they have not yet prepared their results of operations for the quarter ended September 30, 2021, they may incur a loss primarily due to higher marketing costs for the quarter ended September 30, 2021 as compared to the quarter ended June 30, 2021, due to (i) a mass media marketing campaign aimed at building brand awareness and (ii) higher customer acquisition costs to acquire new customers.

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