FSN E-Commerce Ventures Limited

August 07, 2026

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 the transcript of the Analyst / Investor Conference Call held on Tuesday, August 04, 2026, with regards to the Unaudited Standalone and Consolidated Financial Results for the quarter ended June 30, 2026.

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**

Chetan Sharma
Digitally signed by Chetan Sharma
Date: 2026.08.07 16:00:42 +05'30'

Dr. Chetan Sharma
Company Secretary & Compliance Officer

Encl.: As Above

"FSN E-Commerce Ventures Limited (Nykaa)

Q1 FY27 Earnings Conference Call"

August 04, 2026

MANAGEMENT: **MS. FALGUNI NAYAR – EXECUTIVE CHAIRPERSON, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – FSN E-COMMERCE VENTURES LIMITED (NYKAA)**
MR. ANCHIT NAYAR – EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER – BEAUTY – FSN E-COMMERCE VENTURES LIMITED (NYKAA)
MS. ADWAITA NAYAR – EXECUTIVE DIRECTOR AND CO-FOUNDER AND CHIEF EXECUTIVE OFFICER OF HOUSE OF NYKAA BRANDS – FSN E-COMMERCE VENTURES LIMITED (NYKAA)
MR. VISHAL GUPTA – CHIEF EXECUTIVE OFFICER – NYKAA DISTRIBUTION – FSN E-COMMERCE VENTURES LIMITED (NYKAA)
MR. ABHIJEET DABAS – CHIEF EXECUTIVE OFFICER - NYKAA FASHION
MR. P. GANESH – CHIEF FINANCIAL OFFICER – FSN E-COMMERCE VENTURES LIMITED (NYKAA)

Moderator: Hi. Good evening, everyone. This is Michelle from Chorus Call. Welcome to FSN E-Commerce Ventures Limited Q1 FY27 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, Executive Director and Co-Founder and CEO of House of Nykaa Brands; Mr. Vishal Gupta, CEO, Nykaa Distribution; Abhijeet Dabas, CEO, Nykaa Fashion; and 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. Thank you.

Falguni Nayar: Thank you very much, Michelle, and good afternoon, everyone. We at Nykaa are really happy to present this afternoon. We've just ended our Board meeting and are happy to present our first quarter financial year '27 results.

I'll start with One Nykaa highlight. Happy to share that what we have seen in this quarter has been strong growth across. So, I'll start with the performance snapshot for the first quarter. Really happy to share that the GMV for the quarter has turned out at INR 5,590 crores, which is a 34% year-on-year growth. And net revenue, similarly, for the quarter is at INR 2,782 crores, which is a 29% year-on-year growth.

On the gross profit also, the company has seen gross profit of INR 1,276 crores, a growth of 33% year-on-year and a margin of 45.9%. For EBITDA, happy to report EBITDA at INR 236 crores for the quarter, a 68% year-on-year growth and an 8.5% margin for the quarter. Finally, the PAT is at INR 80 crores, a 226% year-on-year growth, with a 2.9% PAT margin for the quarter. So happy to present the results.

Moving on to the next slide. What we have seen is that both the Beauty and the Fashion vertical have seen acceleration in growth and profitability. So if we were to look at the Beauty vertical, and here, we've tried to share the first quarter data for about 3 to 4 years in a row, which is Q1’24 all the way to Q1’27.

The NSV for the Beauty vertical for this quarter is INR 2,371 crores, and that's a 29% year-on-year growth. And if you look at it, it is up from INR 1,212 crores about 3 years ago. On the Fashion vertical, similarly, we can see that the NSV has grown from INR 209 crores in quarter 1'24 to this quarter; the Fashion vertical NSV is at INR 451 crores. This represents a 54% growth on a year-on-year basis. So happy to report that both verticals are accelerating in the growth that they are seeing.

On the EBITDA front also, the year-on-year EBITDA growth for the Beauty vertical is at about 48%, and the EBITDA itself is at INR 244 crores for Q1'27, and the EBITDA margin is 10.3%. This is higher than 9% a year ago, and it is an improvement over the last 3-to 4-year period.

Similarly, in Fashion, you can see that the improvement in EBITDA has been quite tremendous. So from a negative 14.1% EBITDA margin in Q1'24, you can see that this year, we are almost at a flat breakeven margin, just 0.1% in quarter 1 of this year. That is, again, a huge improvement in EBITDA margin over the last 1 year.

Moving on, sharing with you the composition of this growth. And like I said, from a key strategic initiative perspective, growth for both the verticals has strengthened. Over the last few quarters. And it is coming in from all components of these vertical businesses. So, for example, in the case of Beauty, be it e-commerce, be it retail, and be it House of Nykaa, each one is facing a pretty strong growth momentum. Similarly, in Fashion, the customer growth has been quite significant, enriched by the brand portfolio that we now have on our platform as well as encouraging response from the Nike partnership.

On the consumer front, we are now happy to report that almost 60 million consumers are Nykaa consumers who have ever bought from Nykaa, and this is a 33% growth year-on-year. And we have been expanding our consumer immersive events. So if you see Nykaa, there's a lot of industry talk about on-the-ground events and experiential being very big, and Nykaa has always been doing a lot of that. But now we are scaling it up further. Through a lot of events like L'Oreal Paris Cannes, of course, that we do. But besides that, the beauty bars, many flagship sales, makeup master classes, experiential pop-ups. We did a Rare Beauty launch event, House of Nykaa, many new launch events as well as the campus programs that we have for Gen Z. So a lot of immersive experiences for the consumers.

On the House of Nykaa front, now we have almost 13 consumer brands, and they're growing at a 36% year-on-year basis. Kay Beauty and Nykaa Cosmetics each earned a number of industry recognitions this year for their innovation, including the leading award from the U.K. through CEW U.K. as well as awards within India from Femina, ET and others.

Our brand partners, brand partners of Nykaa across its platforms, are growing. The numbers are growing. So we now deal with 10,000-plus brand partners across beauty and lifestyle. In fact, almost 160 were added in this quarter alone. And many important ones amongst those were brands like Rare Beauty, SK-II, Birkenstock in Fashion, as well as Debenhams. So on all fronts, high-quality brand partners are signing up.

From the retail business perspective, now we are at 324 stores across 100-plus cities. In fact, 11 stores were opened this quarter. And we also opened our largest-ever ultra-luxe Nykaa store in Vasant Kunj, which is at 5,000 square feet.

We are also offering exclusive brand outlets to some of our brand partners through a strategic partnership, one with Charlotte Tilbury as well as Kiehl’s. So getting more engaged and also a lot of innovation was brought in through formats like Nykaa Perfumery and many of the EBO formats for our owned brands like Kay Kafe and others.

On the AI initiative, we have been quite active, and multiple high-impact AI initiatives have been launched during the quarter. We launched a virtual closet for our fashion platform, and it is converting browsers into buyers. And my colleagues during the later part of the presentation will discuss more about these. Similarly, we also now have Nynaa, our AI voice assistant, and it is resolving nearly half of the customer calls at human quality. And Ask Nykaa has emerged, which is our advice AI initiative for our beauty platform, and it has emerged as a trusted beauty advisor.

Moving on to the next slide. So really happy to say that if you look at it even over a 3-year period, we have been able to grow turnover from INR 1,422 crores, which is the net revenue, to INR 2,782 crores for the quarter. During this period, the EBITDA margins have improved from 5.2% to now at 8.5% for the quarter. And in fact, if you were to compare to a year ago, it's improved by almost 200 basis points.

On the PAT margin also, there has been significant improvement, with PAT margin now at 2.9%. The revenue growth momentum has built up now to 29% year-on-year revenue growth. Return on capital employed has also improved over this period to 26.8% from just about 12.7% a year earlier. And the capital employed in the business has been kept under control; it was about INR 1,658 crores in Q1'24. And today, it stands at INR 2,211 crores. So, tight capital execution leading to higher return on capital employed.

Next slide. And this has made Nykaa into a $2.4 billion GMV powered by demand, assortment, and distribution flywheel. So if you look at the demand engine, and we talked about many of these earlier, where the customer base has grown rapidly from 26 million customers about 3 years earlier to now 60 million customers.

Our social engine presence, our creator networks are growing massively. So our creator network is now 170,000 creators on our Nykaa NAP, as well as 2.3 million content pieces created by these NAPpers annually. Our social media community continues to grow, and it now stands at 19 million. And many consumer engagement initiatives from Nykaaland, as well as many of the beauty bars and the college campus events, are really getting and attracting a lot of consumers into their engagement.

On the assortment also, we talked about it. And here, you can see that it has, in fact, grown from about 5,000 brands working with us just about 3 years ago to now 10,000 brands trusting Nykaa as their retail partner. In fact, as many as 5,300 brands have been onboarded in the last 3 years alone. And within that, deep partnerships with many of the brand partners like Nike, Foot Locker, and Revolve on the fashion side and Charlotte Tilbury and Kiehl's and many others on the beauty side.

On the distribution engine front, similarly, the network of 324 stores is a very big asset, almost up 2x from about 3 years ago. And it now touches many more cities. So from being present in 60 cities earlier, now we are present in 105 cities. Similarly, registered retailers on our superstore platform have improved from 400,000 retailers about a year ago to now 523,000 retailers.

So a solid distribution platform is being built, which touches 1,200-plus cities. And this is allowing us to acquire mandates from a lot of brand partners for distribution in these markets. We cover, obviously, 19,000 pin codes, and also almost 13 cities in the country are now covered through Nykaa Now, which is a quick delivery platform. And similarly, this number is likely to go up further by the end of the year.

So with that, we feel that the GMV has been able to grow at almost 3x versus about 3 years ago through a very conscious effort to build categories as well as build customers and build our influence. So it's been an execution which has leveraged a flywheel from assortment to distribution to demand creation and touches everyone from brand partners to customers to ecosystem to retailers and distributors. So really happy with what Nykaa has been able to build over the last few years. Next slide.

With that, I would like to hand over to Anchit to take us through the Beauty omnichannel retail.

Anchit Nayar: Yes. Thank you very much, and thank you to everybody who's taken the time to join us for our call. So as mentioned, I think Beauty has had a very Q1 in FY27 with 28% and 29% growth on both GMV and NSV and at the same time, delivering a very healthy EBITDA margin of 10.3%, which is 130 basis points higher than Q1 of FY26.

A lot of this growth is coming on the back of strong customer acquisition as well as successful execution of certain key sales during the quarter. On top of that, retail has continued to strengthen its performance with double-digit same-store sales growth and continues to be an area of growth for us.

Next slide, please. So, we've spoken in the past about the 2 main pillars of the beauty vertical's growth strategy: penetration as well as premiumization. And both of those pillars are playing out nicely for us. You can see that on the penetration side, we have increased the number of visits to our platform to close to 0.5 billion in Q1 FY27, which is a 22% growth year-over-year. And the number of annual unique transacting customers on the platform has now crossed 20 million.

In terms of premiumization, we're seeing positive signs on that front, with the average order values at the aggregate growing by roughly 5%. If I look at the average order value split between new and existing customers, the growth and the premiumization of the customers' basket is even more obvious. So, our hypothesis on driving growth through both penetration and premiumization has played out nicely in Q1.

Speaking about brand launches as well as assortment, as you know, Nykaa has always had and continues to have a strong assortment of exclusive and new brands that we bring into the Indian market. And Q1 was no different. With the launch of Selena Gomez's Rare Beauty, one of the most iconic brands from the U.S. market launched on Nykaa in June of 2026. Very quickly, that brand has gone on to become a top 5 brand within the prestige space on the Nykaa platform. There is a nice quote from the CEO of Rare Beauty, who speaks about the incredible opportunity that India is offering as well as the partnership with Nykaa. And we have a small video from Selena Gomez herself that we'd like to share with you.

Anchit Nayar: I think the purpose of the video is to also convey that India is becoming so critical to all global brands as they think about their growth over the next several years. And when they think India, they think Nykaa as the partner of choice for their go-to-market as well as their brand-building strategy.

So in addition to Rare, this quarter, we also had a few other very, I would say, high-profile launches. Some of those are listed on this page. I'll just mention a few. K18, which is a prestige hair care brand from the Unilever portfolio, has launched with us on Nykaa. As well as SK-II, which is a high-end Japanese skin care brand that is owned by P&G. And finally, Anua, which is a very trending Korean brand, also launched on Nykaa this quarter.

So to show you that there are brands coming from all parts of the world, from the U.S., from Korea, from China even, and even from Japan, and again, looking to India as a growth opportunity and within India, Nykaa in particular.

Now this quarter, we also had 2 flagship sales. One was the Pink summer sale, which we hosted in May, and the Nykaa birthday sale, which is our annual sale to celebrate the anniversary of the founding of Nykaa. Both sales delivered, I would say, very good outcomes in terms of traffic, customer acquisition, as well as revenue outcomes for the platform.

Speaking a bit about retail, we added 11 new stores in quarter 1 that took the store count to 324 and our coverage to over 105 cities today. In terms of same-store sales growth, we did double-digit growth on a like-for-like basis, which is very strong. And today, 50% of our stores are in Tier 2 cities and beyond. So we have a very well-diversified geographical network of stores, servicing multiple different customer profiles and multiple different geographies.

In terms of formats, as you're aware, today, we have multiple formats in terms of concepts for retail. We have 3 multi-brand specialty stores, which are Nykaa Luxe, On-trend, and Perfumery. But interestingly, we have been experimenting with new formats such as the Kay Kafe as well as Nykaa Wanderlust Cart and Nykaa Kiosk that are much, I would say, lower capex and quicker to execute and launch, which is helping us to increase our footprint and to bring innovative new concepts, retail concepts into the market.

Next slide, please. As was shown earlier, we are very proud to launch or to introduce to you our newest and largest store in the country today at Ambience Vasant Kunj Mall in Delhi. It is over 5,000 square feet in terms of size and has over 100 brands that are being retailed through the store. The idea to increase the size of our stores goes back to something which we've been speaking about for a while, which is making the stores more about experiences, more about engagement, more about community.

That requires a larger floor play as well as the fact that with the sheer number of brands looking to enter the Indian market, we need more space to be able to curate the right assortment of brands for our customers. In addition to having, I would say, the best brands available in the store, we also have multiple services such as makeover services, brow services, skin consultation and diagnostic services, as well as hair styling and consultation as well.

So this, we believe, is the future of retail in India. We are early to it. We have invested ahead of the, I would say, ahead of the curve to build something incredibly innovative and disruptive. This is how the new generation likes to shop, and you can expect to see more such innovative formats from us in the coming quarters.

Next slide, please. Spending a minute on Nykaa Now, I'm happy to say that Nykaa has expanded and accelerated its growth quite, I would say, remarkably from being present in just 3 cities with limited assortment in Q1 of FY26. Today, we are present in 13 cities with over 1,000 brands available through Nykaa Now. So not only are we delivering packages within 60 minutes, which we believe is competitive.

But more importantly, we are offering the widest assortment of beauty and personal care products available amongst any of the quick commerce platforms in the country. So we're combining speed with choice. And I think that's an important differentiator in our strategy, and that's something which we were committed to being able to do since day 1 of the launch of Nykaa Now.

In terms of expansion, we plan to be in over 25 cities by the end of FY27 and cater to a meaningful percentage of our orders coming through the Nykaa Now fulfillment model, which means within 60 minutes.

Next slide, please. Yes. So spending a minute on Nykaa as not just a retail platform, but Nykaa is truly, in a way, a media/marketing platform in the sense that we now have over 170,000 content creators who work with the platform.

We have over 19 million followers across our social media channels. And we are playing a very critical and crucial role in helping to evolve the way Indian consumers will consume this category in the coming years. We've done that by really focusing on education and entertainment through the digital channels, which is where a lot of our consumers are engaging and educating themselves.

Next slide, please. And with that, I will hand it over to Adwaita to talk about the House of Nykaa.

Adwaita Nayar: Hi, everyone. Looking forward to talking about the House of Nykaa business today. Today, the House of Nykaa business has an annualized GMV of INR 3,760 crores. It's grown at 39% year-on-year. And on an NSV basis, that's an INR 2,200 crores top line with 36% year-on-year growth.

Till date, we've served 18 million customers across these brands. And as a reminder, we have distribution across Nykaa platforms as well as 3P, whether that's online or offline. On the right-hand side, we mentioned the brands in our portfolio. There are 13 brands at this time, 7 of which are in beauty and 6 in fashion.

Moving on. So on the NSV front, if we just double-click on the beauty brands, the 7 beauty brands that I mentioned- in Q1, we delivered INR 508 crores of NSV. This is a 40% year-on-year growth. And on the right-hand side, you can see how that distribution spans across Nykaa Online at 33%, Nykaa stores at 10%. 19% is actually what we call our B2B business. So it's both through superstore as well as through modern trade, general trade, all the offline distribution that we have. Then lastly, there's 3P sales, which is across D2C sites as well as 3P E-commerce players.

Can move on. As a reminder, we have 3 large brands that constitute the portfolio: Dot & Key, which is a INR 1,300 crores NSV annualized run rate brand. It's had 2 excellent launches this quarter: Melty Lip balm as well as the Dragon Fruit Bound sunscreen.

We have then Kay Beauty, which is growing exceptionally well and is now INR 300 crores annualized NSV business. This quarter, it launched the Cashmere Lipglow, which became a huge success, really important for the brand, and also was a top seller on the platform.

So there was a good customer connect there. And then lastly, we have Nykaa Cosmetics, which is at INR 270 crores of annualized NSV and also had some very strong lip launches this year, including the Lip Grip and a few other products.

Moving on. In Kay Beauty, to launch the Lip Glow, we collaborated with Saba Azad to come up with a lovely video, and we'll show that to you now. And this is all with the intent of making sure that this is an enduring brand that is able to stand on its own two feet.

This was also an exciting quarter as we were recognized both internationally and domestically for our brands. The one I'll really touch on is on the left-hand side: Kay Beauty actually won the Best New Brand award at the CEW awards in the U.K. This is a very prominent award series that happens in the U.K. and is considered really the most important amongst beauty brands. So this was a really big win, and we're really proud of that. And then there were a bunch of awards in India as well that our brands won across Femina, ET, and other platforms.

Moving on. We're also excited today to announce that we are acquiring Aminu, which is a premium dermocosmetic skin care brand. Personally, I'm really excited about the brand. It's very, very rich in its derma abilities and its R&D abilities. They have some of the best R&D and formulations that we've seen out there. And as of today, in FY26, it closed with INR 19 crores of net revenue. It's growing exceptionally well in FY27.

It's been completely bootstrapped until now. It's been built very well by the founders, Prachi and Aman, and they do focus on a more premium skin care space. Like I said, what's really appealing to us is really 2 things. One is their R&D depth and focus. So they have over 30 proprietary formulations. Prachi herself is a cosmetologist and has a lot of experience in coming up with the right types of products and being very rigorous in the standard she puts the products through.

The second thing we're very excited about is that the brand has a significant distribution already set up in the salon businesses. And so we feel both these are really formidable moats, and we're excited to welcome this brand into our portfolio.

Moving on. I think in the past, often investors and analysts have asked us what the strategy is with House of Nykaa? Where are you going to enter next? And we had shown this in the Investor Day, but I'll bring it back today as well.

Here, you can see the 7 brands we have and where they play. And then we're indicating where we'd like to go from here. So Aminu does address the premium skin care space. It is more premium than the brand that we have today from a pricing perspective. And so it does fill a gap that we are actively looking for, both in terms of the R&D capabilities as well as in terms of the price point that it plays at.

And then some of the other purple buckets are areas that we're continuing to explore and understand how we enter into. Moving on. Just recapping the last slide on Aminu itself. Today, it has 3 hero products across a longevity serum, an eye serum, which is amongst the best-sellers on Nykaa in that particular category, and a sleep oil.

It has a very good assortment that's also coming over the next year across lip and moisturizers and face washes. So we're excited to see where this portfolio goes. And like I said, very excited about the quality of founders that we're entering into partnership with.

On the next slide, we just talk about the terms of the deal. And so we are acquiring 51% today. The remaining 49% will be acquired over the next few years as per terms that we've set out in the documents. The Aminu team is excellent founders, very passionate, very rigorous, and very clear about what they're doing. We'll continue running the business, and we will support them in every way that we can. And hopefully, this is really set up for success, and we're very much looking forward to it.

With that, I'll hand over to Vishal to talk us through the Superstore business.

Vishal Gupta: Thanks, Adwaita. Hello, and very good evening to everyone on the call. Like Falguni ma'am said, Nykaa flywheel is customers and brands. So we made very good progress in Superstore as well on this flywheel. We added 30% more retailers who are our customers to reach 0.5 million customers. We are in 1,200 cities, with 100 more cities added. And you can see, as a result of that, we grew NSV by 28%, driven by the expansion in the network, which is our customers as well as more from the same customers, which is the AOV growth that you see. So very good 28% NSV growth.

GMV is slightly lower because of the GST-led MRP impact, but very good NSV growth. Next slide. And this growth helps us on our path to profitable scale, where we improved our EBITDA by more than 300 bps. There's a slight increase in fulfillment costs led by the one-off impact of the new labor code. But you can see that getting more from the same retailer base and getting more from the same field force actually really helps us to improve our S&D expense, where we improved by more than 200 bps, and increased scale obviously also leads to overhead efficiency of almost 200 bps.

So overall, a very good EBITDA improvement as well. Next slide. This is a brand flywheel where you will see that we have 240-plus brands, and we continue to attract new brands, very successful brands. We added 18 new brands in the last quarter itself. You can see the brands; they are well-known brands in the skin space. And we are also aggressively expanding our portfolio in the wellness space, especially for pharmacies. And you can see the Yoga Bar and Cipla coming in. So overall, very good progress on the flywheel.

We are also leveraging tech a lot because ultimately, Nykaa DNA is tech. And you can see how we are really leveraging tech and data science and soon AI to engage our customers and to get more productivity. For example, this is automated WhatsApp, which goes to retailers, and they can order through that. We are doing engagement activities like spin the wheel, et cetera, to keep the retailers engaged.

Next. We are also able to really leverage our data science to have a predictive engine on which retailer is going to buy which brand. And then we are really able to guide our field force on whom to contact when and with which brand. So who, what, when. So this is really helping us improve our efficiencies, and we'll get more impact as we go along. Yes. So overall, good customer growth, more and more brands, great leverage of technology, which really puts us on our path to profitable growth. Thanks. Now over to Abhijeet.

Abhijeet Dabas: Hi. Good evening to everyone, and thank you, firstly, for joining the call. On the Fashion business, very happy to share with everyone that we continue to build on the inputs which we have successfully been putting in place over the last couple of years.

We are very happy to report one of our fastest growth quarters in the past many quarters, 53% growth on GMV, 54% growth on NSV year-on-year on the back of like we've been consistently reporting over the past few analyst calls, assortment growth, which has happened across all categories, women's, men's, kids and also more emerging categories like home, consistent addition of strong brands.

We've continued to invest behind customer acquisition. And as the flywheel of customer acquisition leading to a wider customer base and us as a platform being able to retain customers in the same way takes over, that shows in healthier growth going forward. Also, we are seeing very encouraging signs from the Nike partnership, which we spoke about in our last call. Just to jog everyone's memory, we now run the Nike commerce platforms, D2C platforms in the country, which means Nike.in and the D2C app across both iOS and Android.

We are seeing very good early traction from that. So overall, all of those factors have contributed to very strong growth in this quarter, as you can see on the slide. Structurally, we've been making improvements in how we run the business, most particularly on the customer flywheel, leading to marketing efficiencies and overhead efficiencies, leading to this quarter being overall profitable for the fashion business, building on quarter 4 already being profitable. So also happy to share that in quarter 1 of this year, we continue to be profitable overall as a business.

Next slide. Talking about the customer funnel, we keep sharing this in full transparency in every call that, on one hand, we continue to acquire customers at a very healthy clip. So this quarter was no exception: 44% higher customer acquisition year-on-year. But then, as you can see on the left side, that leads to consistently higher visits to the application and then all the way down from visits to then monthly active users, transacting customers, and the total orders placed. All metrics are looking healthier as a result of not just acquisition, but also being able to retain customers in the same fashion as we have always been.

We have touched a cumulative customer base of 12 million customers for the fashion vertical only. And as a result of becoming better at marketing, we are now at a 30% lower CAC in the last 2 years, which augurs well for the business.

Next slide. Talking about categories that are underlying the GMV growth. So across women, men, and kids across the board, we have seen very healthy growth. Women, which is the majority of our business and our customer base, has grown 40% year-on-year, within which, as you can see on the slide, footwear and in particular, activewear have grown even faster than the overall women's category.

We are seeing athleisure becoming very mainstream across both men and women, and that is reflected in these numbers. Men's has grown 83% overall year-on-year across apparel and footwear, consistently high growth. And kids have also grown close to 60%, 57% year-on-year.

Below on the slide, there are some brand names, brand logos, and logos of marquee brands, which we launched over the last quarter. I'll not go through all the names, but brands like Birkenstock, the Debenhams portfolio of brands, and H&M Move, which is a sub-brand from H&M, obviously add salience to our portfolio of brand offerings for customers.

Next slide. On the Nike partnership, of course, the partnership is twofold. On one hand, as I mentioned, we run the D2C customer-facing channels for Nike in India. On the other hand, we also now have Nike available on Nykaa Fashion. And across both of those formats of partnership, it continues to go from strength to strength.

Very strong early traction on the D2C partnership. We've already crossed 1.5 million app installs within less than 6 months of launch, and that's a fast-growing number. We have seen great traction in a lot of exclusive launches, which we did in the last quarter. The football World Cup, obviously, which just went by, was a marquee occasion where the partnership just came into prominence. And you'll see a few more examples on the slide: the LEGO shoe collection for kids and the Air Max 90 series and many more.

Those are just some examples of products which were exclusively merchandised on the D2C platform and did really well. On the right side, it's also worth calling out that Nike being available on Nykaa Fashion just adds a different dimension to the partnership. And happy to share with everyone that Nike is now overall for the fashion platform among the top 3 brands.

So the partnership with Nike is multidimensional. It is on the marketplace side as well as a deeper strategic engagement on the D2C side, but both are off to a great start over the last 6 months.

Next slide. So there will be a video playing on the slide, but I'll talk through this because I think everyone will get the gist. We have committed to making the fashion app. We've committed to making the shopping experience for customers the most cutting-edge and the most enjoyable, and we continue to invest in technology.

AI is the buzzword, but really, as a fashion platform for us, the task is to integrate AI in meaningful ways for our customers. And one of the feedback that we consistently receive is:

how can we simulate the trial room experience on the app, which has multiple benefits in the way customers shop?

We launched something called Virtual Closet, where now customers can see a product rendered on themselves. And by creating an avatar, they can see the product rendered on themselves. This launched on May 26. You're seeing a video that brings that to life. But in just a month, we have seen massive traction. We've seen more than 200,000 virtual Avatars being created.

From the customers who are creating their Avatars, we see more than 2x higher conversion. And this is just the start because the ambition is to continue to invest in technology and bring to bear really differentiated, meaningful shopping experiences, which are powered through AI, but very good early traction, and we'll continue to report more on this front in quarters to come.

Next slide. Lastly, just to recap the profitability improvement that we briefly saw in the very first slide. So in the quarter, as I said, we continued to remain profitable after Q4. It has been a profitable quarter overall, which means the 627 basis points year-on-year improvement versus the same quarter last year. And underlying this across line items in the P&L, we've seen improvement, but worth calling out 2 of the line items which have changed most meaningfully.

On the marketing side, marketing and S&D expenses side, we've seen a 534 basis points improvement to 22.9%. And this is just a structural improvement on the back of lower CAC and being able to retain customers at an increasingly better clip.

With scale, we are also seeing a 292 basis points improvement in overhead expenses. So really, the improvement in EBITDA, which we are now seeing after quarter 4 and then also the first quarter of this year, is structural in nature, and very happy that the inputs that we have been making consistently are now starting to show results.

With that, I will hand over to Ganesh for the next section.

P. Ganesh: Thank you. Thank you, Abhijeet, and good evening, everyone. I'll now take you through the financial performance for the quarter. As we can see, we have started FY27 on a very strong note. Net revenue grew at 29% versus 23% a year ago. Also, there's been a sharp acceleration in our profitability. As you can see, our EBITDA grew by 68% Y-o-Y, with EBITDA margin reaching 8.5% during the quarter versus 6.5% a year back. Similarly, our PAT growth has also been very strong at 226% Y-o-Y, taking the PAT margin to 2.9%.

Moving to the next slide. The strong performance for Nykaa is evident across both our business verticals. Beauty NSV growth stood at 29% for the quarter versus 25% a year ago. Fashion has had a standout quarter, as we saw in the numbers, which Abhijeet shared as well, with NSV growth coming in at 54% versus what was only 20% a year ago.

On profitability, both businesses have continued to expand margins, supported by operating leverage and scale efficiencies. Both verticals are witnessing strong growth while simultaneously expanding margins.

Moving to the next slide. Here, we have our consolidated performance for the first quarter of FY27. As I mentioned earlier, revenue from operations grew 29% Y-o-Y, reflecting healthy momentum across both our business verticals. Gross margin expanded 123 basis points to 45.9%, aided by the strong performance of the House of Nykaa Brands portfolio and improved marketing and service income.

Fulfillment expenses increased by 42 basis points as we continue to invest in infrastructure expansion, which is leading to O2D efficiencies. The increased fulfillment expenses, incidentally, were offset by a like improvement in marketing efficiency of 42 basis points.

We continue to make marketing investments that support strong customer acquisition across both beauty and fashion. This, coupled with scale and productivity efficiencies, has led to EBITDA growth of 68% Y-o-Y, which is a 196 basis points margin expansion on a Y-o-Y basis.

Moving ahead. This is our vertical reporting, which provides in-depth performance details across our business verticals. At the vertical level, as we can see, both businesses clocked improved performance. Both Beauty and Fashion saw a sharp acceleration in growth Y-o-Y and a notable margin expansion across both businesses, benefiting from scale, operating leverage, efficiencies, and productivity gains.

Next slide. Here, I would like to spend a moment to say, as an organization, our focus has always been on efficient capital utilization and long-term value creation. So what this slide highlights is how our philosophy of prudent capital utilization has enabled us to deliver an increasingly strong balance sheet. Fixed asset turnover, as we can see, has improved to 10.7x as of quarter-end June '26 versus 9.9x in FY26. Similarly, working capital days, which were already at a healthy 34 days in FY25, have improved to under 30 days, both in FY26 and something which we have sustained during this quarter as well. So this has been driven by disciplined inventory and receivables optimization. So together with stronger earnings, these gains have lifted ROCE sharply to 26.8% as of June '26. Of course, these are annualized numbers versus 21.2% in FY26.

Therefore, to conclude, what I would like to add is that Nykaa has delivered strong broad-based growth, acceleration in profitability, and strong capital productivity. We are pleased with the balance we have achieved between ambition and discipline, investing in customer acquisition and future capabilities while steadily expanding margins and returns.

With our differentiated omnichannel platform, powerful brand ecosystem and sharper operating leverage, we remain confident in our ability to create sustainable long-term value.

With that, I would now like to open the floor for questions.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. The first question is from Aditya Soman. Please introduce yourself and proceed with your questions.

Aditya Soman: This is Aditya from CLSA. So, two questions. Firstly, can you throw some more light on the economic arrangement between you and Nike? And if that's not possible, just the type of contract that you would typically have or financial arrangement you will have here? Second, again, related to Nike, how do you use the customer data? Does that reside with you? Or does it stay with Nike?

Abhijeet Dabas: Right. So let me answer both questions. Thank you for the question. So, as I said, the partnership with Nike is in 2 parts. One is a standard marketplace partnership where we list Nike on the marketplace platform just like we list many other brands, and that's one part of the partnership.

The second is where we completely end-to-end operate their D2C customer platforms, which is across web and app. So Nike.in as well as the consumer-facing apps, which are the app on iOS and Android, are built and operated 100% by Nykaa Fashion. So it's a much deeper integration on that side and end-to-end, including fulfillment and everything that goes into running those platforms, which is done by us. I will not go into financial contractual details because that's not relevant.

But the arrangement is very different. Marketplace is just listing Nike on the platform as we do with many other brands. The other one is us operating a different sales channel for them, completely end-to-end.

Aditya Soman: Just in terms of running the, say, Nike.in platform. So I just wanted to understand, would you get a percentage of the sales? I mean, even if, obviously, you can't share the exact numbers, but just to try and understand what type of arrangement this would be? Or, I mean, how does it work between you and Nike?

Abhijeet Dabas: So we don't go into those details. But when I say we operate the entire platform, we sell everything that's sold on Nike.in as part of the fashion vertical, as part of the numbers we report.

Falguni Nayar: Yes. But I think, Abhijeet, what they may be looking for is it's like a retailer-like arrangement where we get commission-like numbers and some other service numbers based on the sales that we achieve. And we are protected against inventory. I mean, there are similar arrangements like a retailer.

Abhijeet Dabas: Yes. I think on Nike.in side, on the D2C side, it's an arrangement. On the marketplace side, it's a standard marketplace arrangement. If that further answers your question.

Moderator: We'll take the next question from Videesha Sheth. Kindly introduce yourself and proceed with your questions, please.

Videesha Sheth: This is Videesha from Ambit Capital. My first question was on Nykaa Now. So with this Nykaa Now aspiration to reach 25-odd cities, how do you expect the EBITDA drag from this Nykaa proposition to trend going forward? It might be early days, but at what point does Nykaa Now's overall contribution turn margin accretive?

Anchit Nayar: Yes. So maybe I'll take that question. So look, I think we've already been live with Nykaa Now for almost a year, and it is now at critical mass in the metros in which it is live. Those, as you can imagine, tend to be the larger metros where a significant amount of our demand is currently coming from. And as you can see from our results, there is no EBITDA margin dilution even though Nykaa Now has reached a certain size and scale, whereby it is already meaningful in the cities in which it is present.

So our early read is that we don't think this will be dilutive if at all. In fact, we are currently seeing that the frequency of purchase from customers who are now engaging with Nykaa Now is increasing. That was always our hypothesis that if Nykaa Now became a destination for customers to make those last-minute unplanned purchases on Nykaa, which maybe in the past was being fulfilled by other platforms because Nykaa did not have this quick delivery capability.

So there are new use cases which are now being fulfilled through Nykaa Now, which were not being done earlier. So net-net, we see this as accretive from an LTV perspective. The AOVs for the Nykaa Now orders are not meaningfully different from the mainline orders either. So the only cost which we are currently keeping an eye on is the fulfillment cost, whereby point-to-point fulfillment of a Nykaa Now order, on a cost per order basis, naturally would be more expensive.

But again, the benefit is the increase in frequency of purchase, and the average order value staying consistent. I think these things are all offsetting some of that increase in fulfillment. That's why you're seeing that despite Nykaa Now having become meaningful in the past several quarters, we've still shown EBITDA improvement this quarter. I hope that answers the question.

Videesha Sheth: Sure. Just a small follow-up to this. In terms of the category mix in Nykaa Now versus Nykaa, if you could call out some trends that you're seeing over there?

Anchit Nayar: Currently, it's not looking very different; we're seeing a lot of I mean, ultimately, we are not a horizontal quick commerce player.

We are a beauty player. So naturally, it's all beauty categories that are doing well. And our business does revolve around 4 or 5 key categories, and those are makeup, skin care, hair care, bath and body, and fragrance. Those are the same categories that we're seeing obviously do well on Nykaa Now as well. I think what's interesting on Nykaa Now is, of course, new subcategories, which are starting to see some incremental growth, such as certain personal care type categories that you need in a hurry.

So things like low ASP face washes and cleansers and bath gels, et cetera. So those are also pure incremental business for us because those are categories in which historically Nykaa never had a big role to play.

Videesha Sheth: And my second question was on Superstore. So when does the GMV growth normalize here towards the 40%, 45% CAGR ambition called out during the analyst meet? Because even when we compare it to the GST-led shift, the gap in growth seems to be a little higher.

Vishal Gupta: Yes, yes. So let me answer in two ways. Firstly, the GST impact will start normalizing from Q3 onwards. So you will see very close numbers between NSV growth and GMV growth. So that's one. Secondly, yes, we had called out, and the CAGR was 35% plus, which is a small gap versus the 28% NSV that you see. And there are 3 pronged things that we are doing, which will take us to that 35%.

We continue expanding our retailer network, number one. Number two, we are also, like I had shown in my brand partnership chart, we are expanding our category footprint and adding more wellness categories, which will give us more throughput, and leveraging data science and technology to drive more brands in more stores, basically leveraging our network more. So I think with that, we will be able to be on our guidance by FY 2030.

Moderator: The next question is from Kapil Singh. Please introduce yourself and proceed with your questions.

Kapil Singh: Yes. Firstly, just wanted to understand top down. We are seeing a growth acceleration for the last few quarters. Are we still on that trajectory? And what is really contributing to it? If you can articulate a bit in terms of whether the market conditions are also improving or across the platform, and some actions you have been taking? Just some more details here would help.

Management: Sorry, is this for any particular segment of the business

Kapil Singh: I think each of the businesses, if they want to add, would be helpful. But generally, the observation is that growth is accelerating across segments, both for Beauty and Fashion. So maybe we would like to hear from both Anchit and Abhijeet, if possible.

Anchit Nayar: Yes. Maybe I'll start, but I'll just caution you that that's a very, very long conversation. There's not 1 or 2 things that we can point to. And in fact, we try to cover this in our Investor Day, which I assume you are a part of.

We try to cover this every quarter on these calls by giving you as much of an update on the business as we can. So there's no single thing. Yes, the market has been strong, and I'm sure you follow other consumer companies, so you know that generally results were good. So the market has held up nicely. And of course, there are aspects of our business where we have executed well. We've executed, we've performed. We've delivered for our brand partners. We've acquired customers well.

On the beauty side, every quarter, I talk about penetration and premiumization. So you're seeing that play out in the growth. We continue to acquire new customers to the platform. We continue to hold an appeal for younger Gen Z consumers through all of the work we do on college campuses, onboarding new brands, building new stores. So it's difficult for me to really try to, in a short answer, summarize exactly what it is, but it's a multitude of factors.

And it's a combination of a good market, strong execution, a very high-quality customer base that Nykaa has and continues to build, the right platform, the right marketing, and the right technology to service a very unique consumer. So yes, I mean, if anyone else would like to add, please feel free, but I think that's it for me.

Abhijeet Dabas: No, I will add on top of it. I think, Anchit, you captured it well. Indeed, at the Investor Day, we had the opportunity to cover this in more detail. I think, on one hand, there is this consistent execution- just quality of execution across many aspects which go into making a retail business, which is just keep on adding great brands, work with the brands to bring the best merchandise to customers, use technology more and more to elevate the shopping experience for customers to personalize. And through that, improved metrics like conversion, retention, so on and so forth, which we don't share in as much detail here, but that's just the very nuts and bolts of execution. In the case of both businesses, I mean, I think you also asked a question: is there something wider in the industry which is going on? Irrespective of which source you refer to, it's fair to say that both businesses have consistently grown faster than the industry.

And in case of fashion, in addition to what Anchit already shared, rigor of execution aside, I think there are also structural improvements and step change improvements we have made in the last couple of years on assortment addition, and we called this out in maybe the previous call that just over the last year, we added more than 1,200 brands, and we have continued to do that every quarter.

And these are many of the marquee brands that we can think of were on that list, H&M, Nike, more recently. So those are just step-change improvements. The platform assortment is more holistic. Addition of brands has happened not just in women's, which has been the core strength for Nykaa Fashion always, but also men's, kids, increasing the home and so on.

We've also continued to add more business lines. The D2C partnership with Nike, the enterprise business line, is an example. So we continue to execute on the known facets of a retail business while also adding step-change improvements in the form of new business lines. And all of that put together leads to outsized growth versus the industry. That's what I would say.

Kapil Singh: We've talked a few times about marketing efficiency. So what really is happening over there? And how much more scope is there? Whatever color you can share there would be helpful.

Falguni Nayar: I think I'll come in here. Actually, I was going to add to this that from our financial numbers, you can see that the growth and improvement in EBITDA margin is coming at least in the last 1 year, where fulfillment costs have gone up slightly.

So obviously, we are prioritizing faster delivery, better customer experience. And similarly, marketing costs have not come down significantly. We've protected them at a similar level. So obviously, in fashion, there's been improvement in marketing costs. There's a sea-change improvement, but I'm talking about beauty. So what has happened is that we are seeing efficiency in marketing, but we are pushing the pedal on acquisition, customer acquisition. And that's not just for beauty.com, but that's similar for all our house of brands.

It's similar for fashion, every business of ours. So marketing continues to be an investment that we make. And through that, we are seeing growth momentum also being supported. Like if you see Superstore, in Superstore, most of the growth has come without adding any feet on street. So in many ways, we were trying to improve the productivity and get to better unit cost economics.

But to our growth, if we were to add additional distribution through feet on street that helps us roll out further addition of retail network, then there could be additional growth added to the mix. AI benefit, we are seeing better ability, productivity in marketing remains good, and we are investing that through reaching out and getting more customers on board.

Anchit Nayar: Yes. And I think it's also worth highlighting that one thing we've always said for many years is that as the business matures, the share of business coming from existing buyers starts to become a larger percent of the overall revenue mix.

As you know, a lot of marketing cost goes towards new customer acquisition. And that amount of money, even if you're growing that in absolute terms year-over-year, is now being spread over a larger base of shoppers and of revenue. So that is the leverage that you get as you continue to mature and you continue to have a larger number of cohorts, customer cohorts shopping on the platform. And that's been a large part of the reason why the Beauty business has managed to get to the EBITDA margin it has.

We've always guided that fashion was just several years behind Beauty on its own journey of building a very meaningful base of repeat buyers. And I think you're seeing a similar story play out with the kind of marketing spend reduction in percentage terms that fashion has managed to show year-over-year. But again, Abhijeet can add more.

Abhijeet Dabas: I'll just add one more layer on that. That is exactly right that we are now seeing a higher share of revenue come from repeat customers. And like I said, for us to be able to retain the customers that we acquire, and it's all very well to acquire customers. But as a platform, we need to be able to retain them for efficiencies to improve. And that's what we see happening, just like we saw first in beauty and fashion; that's one aspect.

The second is I want to draw attention back to what I shared on the customer funnel slide in the fashion section that even the customer acquisition costs even the new customer acquisition costs are actually increasingly better. That's as a result of many things that we do behind the scenes. One is just a more robust assortment, which leads to conversion rates on acquiring customers improving, but then also being able to target with the use of technology the right product to the right customers.

A whole lot of things go into making the customer acquisition cost itself better, which allows us to acquire customers still at a very high percentage; we're 44% higher year-on-year on new customer acquisition, but at healthier CACs. That has led to a step-change improvement in fashion. We have not slowed down customer acquisition, but that's happening at better CACs, significantly better CACs. Increasingly, we have a much higher cumulative customer base, and both of those are showing up in the sizable improvement in marketing efficiency.

Moderator: The next question is from Swapnil Potdukhe. Please introduce yourself and proceed with your questions.

Swapnil Potdukhe: This is Swapnil Potdukhe from JM Financial. My first question is in the BPC segment. So if I were to look at your order volume numbers on a Q-on-Q basis, it seems there was a certain dip of 1% Q-on-Q. Can you please explain that? What is the reason behind that? Is it seasonality or something else?

Anchit Nayar: Can we go to the slide where you're seeing that deflation

Swapnil Potdukhe: It was 17.5 million last quarter; now it's 17.3 million

Anchit Nayar: You're saying sequentially?

Swapnil Potdukhe: Sequentially, Q-on-Q.

Anchit Nayar: Yes. I mean, it's relatively similar. As we always say, ultimately, this business does have certain quarters in certain seasons that naturally have more demand. As we always say, Q3 is our best quarter because of the festive season, weddings as well as certain large flagship sales that we do. And Q4 last year was probably a strong quarter.

So I think it's quite similar. I don't see it as being very meaningfully different quarter-on-quarter. But I would encourage you to look at a more apples-to-apples comparison, which is the year-on-year comparison of the number of orders. And I think that's where we're showing close to 20% growth on the beauty side. And that's really how we track that: are we growing the business both on a volume and value basis by making the comparison slightly more apples-to-apples.

Swapnil Potdukhe: The other question is with respect to the pricing difference between your core platform and the Nykaa Now platform. Is there any pricing difference that you typically have? That adjusts for your cost of fulfillment in some?

Anchit Nayar: No, because as you might be aware, all of the discounts that are passed on to the consumer on the MRP are funded by the brand. So Nykaa, as a retailer, does not do retailer-funded discounting as a policy. So that's a cost that the brand has chosen to bear. And that price at which the brand is choosing to sell to the customer is offered across both Nykaa Now as well as the mainline. So currently, there is no differential pricing on Nykaa Now versus the mainline.

Swapnil Potdukhe: And the other question is on your fashion business. Now the business obviously is growing at a very healthy pace and partly aided by your Nike partnership. But that partnership will come in your base numbers somewhere in mid-4Q FY27. So if I were to look at your numbers beyond this partnership, how should one look at the growth that you're looking at?

Because unless you get some other partner that too of the size of Nike, the growth numbers thereafter may see some adjustment. Is that the right way to look at it? Or like something is on the cards there as well?

Abhijeet Dabas: Okay. Let me address the question. Firstly, just anchoring to the long term, we still guide to what we shared in the Investor Day just a couple of weeks ago, which is 3 to 3.5x growth over a 4- to 5-year period, and we still retain that.

At the same time, I think the engines we are building and the Nykaa Fashion core platform, the enterprise business, other business lines that we run within the fashion vertical, we do everything to do even better than what we guided. The numbers you're seeing are a result of that. Without going into too many details, I think it's still very early days for the Nike partnership, the D2C partnership, particularly. And that may seem like, of course, it's a new business line which gets added to the numbers reported here.

But the numbers here are actually largely reflective of the underlying platform's growth in a very big way. And we are fairly confident that, that itself will continue to be quite healthy, irrespective of us adding other potential partners such as Nike. I hope that answers your question.

Swapnil Potdukhe: So just the last one. There will be some shift in festivities this time around. So how to look at the numbers from a 2Q and 3Q perspective, given that the base would be different from last year?

Abhijeet Dabas: Sorry, is that a question for Fashion? Or is that overall, a question on seasonality?

Swapnil Potdukhe: It's a question for both BPC and Fashion because last year, festives came in early. And this time around, the festives will get pushed out to the 3Q quarter.

Anchit Nayar: Yes. So I think as we've always said, there is some amount of business that for us comes from the festive period. But we're not so overly dependent on the festive. Our categories, especially on the beauty side, are a lot of our categories are everyday use categories, and a lot of it is for personal consumption. So I don't think that business will be affected too much. But whatever festive demand we do capitalize on, which we do, and we've always said that, that benefit tends to accrue in Q3. I think you will continue to see that play out in a similar way.

So I think still a lot of the dates are in Q3 this year, and that is generally when we tend to have our best quarter. And you can look at our past several reported years, and you'll see Q3 generally tends to be the highest in terms of absolute revenue that the business does. I think if there are dates that are being pushed into Q4, then some of that benefit might accrue in Q4 as well. But to me, it seems most of the dates are falling in Q3.

Moderator: The next question is from Sachin Salgaonkar. Please introduce yourself and proceed with your questions.

Sachin Salgaonkar: This is Sachin Salgaonkar from BofA Securities. I have 3 questions. First question on Beauty. When we look at repeat rates, are these repeat rates equally across mass, premium, and luxury? Or is there a concentration in any specific category? And I'm asking that because your AOV improved 5% on a Y-o-Y basis. So is that a trend we should continue to expect going ahead as well because of a bit more premiumization or mix of change?

Anchit Nayar: On Beauty, we've always said that premiumization can happen in many forms. One is the ASP premiumization, which is where customers will buy a higher ASP product. And that's one form of premiumization.

But even the frequency of purchase increasing is for us a form of premiumization, as well as consumers educating themselves and being more, I would say, up to speed and more comfortable with the category and therefore buying a wider assortment, so increasing their items per transaction or average basket size. So there is an ABS premiumization, FOP premiumization, and an AOV premiumization on the back of ASP or on the back of ABS. So we are investing behind driving premiumization across all those 3 variables.

A part of that premiumization you're seeing flow through onto AOV. And some of that is coming from selling higher ASP products, and some of it is coming from an expansion in the basket size. The expansion of the basket size is something that takes some time to start to show in the numbers because the education has to be done over a long period of time to influence the customer to change their buying behavior, which ultimately can only be altered if the consumption behavior has changed.

So we try to change the consumption behavior that ultimately will result in a positive outcome on the buying behavior. So I don't know if that answered your question, but yes, that's why you're seeing. Even though we continue to acquire many new customers whose AOV tends to be lower than the weighted average AOV that you're currently seeing on this slide, despite acquiring new customers, the fact that we're able to grow the average order value at the aggregate level should tell you that we are able to meaningfully influence our existing shoppers' buying behavior on the platform.

Sachin Salgaonkar: And a quick follow-up out there is, I presume, safe to say that this trend could be sustainable because of the multiple levers you mentioned for the improvement in AOV.

Anchit Nayar: Yes. I think repeat customer AOV growth is something which we are working on. We work on it day in, day out, and that is sustainable.

Even on new customers, we feel that ultimately, the per capita consumption of beauty in India is so low that as affordability, awareness, and availability increase, you'll start to see new customers coming into the beauty category at higher average order value. So in our opinion, given all the work we are doing as Nykaa as well as the macro outlook on rising penetration and rising consumption, I think the average order value moving in the right direction is definitely our base case at this point in time.

Sachin Salgaonkar: Second question is on fashion for Abhijit. Abhijit, obviously, agreements like Nike and H&M, in a way, allow you guys to move away from a marketplace model partly towards an inventory-led model. So assuming there are similar such partnerships in the future also, how should we think about the mix between marketplace and inventory for the fashion business? And a related question is, is there a thought process to open stores for fashion just the way you guys have stores for beauty?

Abhijeet Dabas: Yes. Sachin, thanks for the question. I think, firstly, on the likes of H&M and Nike, for the large part, barring the Nike D2C partnership, which we've spoken adequately about. The rest of the multi-brand retail business is still and continues to be predominantly marketplace, and that's how it will be going forward. Inventory-based business is a very small portion.

Partnerships such as the Nike D2C partnerships will also be selective in nature. So it will be predominantly a marketplace business. And that's how we want to build it. We believe that's the right, healthy way of building a multi-brand fashion retail business anyway. You mentioned H&M is actually not an inventory-based business.

It's a standard marketplace agreement where they list products on us just like so many other brands. So that's on that question. Just to also maybe clear the confusion a little bit because H&M

is not an inventory partnership at all. On the second one, not for now. I mean, we are focused on just building out digitally with partners. So not for the moment.

Sachin Salgaonkar: And the last question is mainly on buying behavior, and Anchit did elaborate a lot in terms of how Nykaa is focused in terms of changing buying behavior. So the question out here is, thanks to Nykaa Now and your ability to deliver things faster to consumers, are you actually seeing new -- what you call- use cases unlocked because the customer behavior is changing on the back of rapid delivery? And anything particular which is getting sold better than your expectations, particularly on replenishment-led categories?

Falguni Nayar: I think the hypothesis, it would improve the repeat frequency of purchase, and it would give us the ability to continue to build personal care. As you are aware, Nykaa is a big leader in the beauty category, which is makeup and high-end skin care. And of course, we play in hair and bath and body and many of the personal care categories to a significant extent. But like if you look at, say, toothpaste, we may not be doing much business.

So with Nykaa Now and as it plays out more and as we roll it out, I do feel we all feel that over time, customers can increase the frequency of purchase on Nykaa and buy more of personal care. So that's an assumption that we are working on.

Anchit Nayar: Yes. Sorry, I had a little bit of a lag on my end on the computer. But I think FN has summarized it well. Ultimately, as we've discussed in the past, this is an opportunity for us to drive incremental demand in categories where we have had low penetration in the past. And that continues to be the hypothesis, and that's what we're working to build the Nykaa Now experience around.

So yes, I think what you will see is, given where our strengths lie, that will continue to be in core beauty subcategories that will also continue to be fulfilled through Nykaa Now. And that's what really differentiates us from some of the other platforms that are selling beauty or through quick commerce capabilities. But this gives us a chance to also start getting into categories where we've been relatively underpenetrated in the past.

We have a right to win because we're delivering at competitive speed, but giving the customer a much, much wider assortment available through Nykaa Now, and also the fact that Nykaa is a platform that is very much trusted for delivering authentic products to the consumers, we believe, should help us to really identify new areas of growth. New subcategories of growth through Nykaa Now.

Moderator: The next question is from Percy Panthaki from IIFL Securities. Please go ahead.

Percy Panthaki: Yes. So, I just wanted to understand the target market for the beauty products in terms of number of customers. You've already reached close to 20 million plus. If I look at urban women in the age group of 15 to 50, that's about 150 million. And this is before applying an income filter or anything of that sort.

So just wanted to understand, in like a medium term over a 5-year kind of a view, what do you think is your total target audience after you apply an income filter? And also, typically, how these things work out is that when the headroom is very high, the Y-o-Y growth also is high. And as the headroom gets lower, the Y-o-Y growth comes off.

So just from that point of view, because right now, your total growth is largely led by AUTC. So how do you look at the AUTC growth beyond, let's say, a 2-3-year period, total 5-year horizon? Do you think you can maintain this kind of a run rate? And also, what is the target market in terms of AUTC in your calculation over, let's say, a 5-year kind of horizon?

Falguni Nayar: So in our Annual Day, we had deep dives on this in a very detailed manner, and it's all there on the exchange and website. So I would urge you to do that, or even our investor teams can share with you. But I think the answer definitely lies that fashion online has been as big as, like, 55 million to 65 million consumers who have bought fashion online.

Fashion online is a serious consumer. So in many ways, we always believed that much of a headroom was available to us. And on top of that, now, if you see, we believe that the way the income levels are shifting, that number itself will be about $100 million going forward in 5 years.

So yes, we believe that somewhere between $65 million and $100 million will be the relevant TAM for Nykaa. And also, we are servicing men, though predominantly women, but increasingly, we're adding men to our mix. So we are not restricted only to women customers, both fashion as well, and we have a platform, Nykaa Man. And even in beauty, there is a certain percentage of consumption towards men, especially in the personal care category and grooming categories.

Anchit Nayar: Yes. And just to add to that, again, I keep repeating that even the existing- as we said, we were 60 million shoppers who have ever bought on Nykaa, of which 20 million are buying in the last 12 months or on an annual basis.

So one, there is a huge opportunity to get the buyers who are infrequently transacting on the platform, who have shopped on Nykaa in the past, which is a very large number of consumers to start engaging and transacting on the platform more. That's one. The second is the frequency of purchase of our existing 20.8 million annual unique transacting buyers is x. And as I said, the frequency of purchase is very low when compared to global averages. And the ticket size is also small compared to global averages.

So there is so much still to be done with the 60 million shoppers who have ever shopped on Nykaa, increasing their frequency of purchase, increasing their average order values. And therefore, a lot of growth to be had from the annual consumption value that is yet to come from the base of shoppers already on the platform. On top of that, there is still a very long way to go when you -- as you mentioned, in terms of the total addressable market of urban households that are relevant to us.

In terms of a price filter, we don't really see ourselves as needing to apply a price filter because we have assortment available at all price points across the spectrum. So we sell everything from the most, I would say, mass, masstige FMCG type SKUs all the way to the most premium products. So we have something for everybody. We are also now catering to building communication in vernacular languages, enabling voice-based search. So we are also definitely an option for a much wider audience than you might be thinking.

Moderator: Thank you, sir, for answering those questions. 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, ma'am.

Falguni Nayar: Yes. Thank you very much. I'd just like to thank each one of you for participating in the call today and discussing with us about the performance. So thank you very much, and look forward to continuing to see you guys.

Management: Thank you.

Moderator: Thank you, members of the management.

Management: Thank you.

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