

FSN E-Commerce Ventures Ltd.
Sector E-Commerce
Issue Highlights

Issue Open	October 28, 2021
Issue Close	November 1, 2021
Issue Price	Rs. 1,085 - Rs. 1,125 /Share
Total Issue Size	Rs. 5,351.9 Cr
Of which	
Offer for Sale	Rs. 4,721.9 cr
Fresh Issue	Rs. 630 cr
Face Value	Rs. 1 / share
Market Lot	12 Equity Shares
Issue Type	Book Built Issue

Offer Structure

QIB Category	75%
Retail category	10%
Non-Institutional	15%

Lead Book Running Managers

- Kotak Mahindra Capital Company Ltd.
- Morgan Stanley India Company Pvt. Ltd.
- BofA Securities India Ltd.
- Citigroup Global Markets India Private Ltd.
- ICICI Securities Ltd.
- JM Financial Ltd.

Registrar To The Offer

- Link Intime India Private Ltd.

About the Company

Incorporated in 2012, FSN E-Commerce Ventures Ltd. (Nykaa) is a digitally native consumer technology platform, delivering a content-led, and lifestyle retail experience to consumers. It has a diverse portfolio of beauty, personal care and fashion products including its owned brand products manufactured by the company. Nykaa operates under two verticals – Nykaa: Beauty & Personal Care and Nykaa Fashion: Apparel & Accessories. Its beauty and personal care offering is extensive with 256,149 SKUs from 2,644 brands primarily across makeup, skincare, haircare, bath and body, fragrance, grooming appliances, personal care, and health and wellness categories. Nykaa Fashion housed 1,434 brands and 2.8 million SKUs with fashion products across four consumer divisions: women, men, kids and home. It offers consumers an omnichannel experience by providing both online and offline channels. It also focuses on educating consumers via digital content, digital communities and tech product innovations, which is an integral component of its business model.

Objects of the Issue

- Investment in certain subsidiaries, namely FSN Brands and/or Nykaa Fashion for funding the set-up of new retail stores
- Capital expenditure to be incurred by company and investment in certain of its subsidiaries, namely, Nykaa E-Retail, Nykaa Fashion and FSN Brands for funding the set-up of new warehouses
- Repayment or prepayment, in full or in part, of certain borrowings availed by company and one of its subsidiaries, namely, Nykaa E-Retail;
- Expenditure to acquire and retain customers by enhancing the visibility and awareness of its brands
- General corporate purposes

Valuation

Nykaa has a large market opportunity aggregating Rs. 10.6 trillion in the fast-growing beauty, personal care and fashion industry by 2025 in India. The Indian beauty and personal care market is estimated to grow to Rs. 2.0 trillion by 2025 from Rs. 1.1 trillion in 2020. The Indian fashion market is estimated to grow to Rs. 8.7 trillion by 2025 from Rs. 3.8 trillion in 2020. The growth is projected to be primarily driven by the market shift towards the organized sector, high growth of e-commerce due to increased internet penetration, growing wallet share for beauty, personal care and fashion products and increased spending leading to subsequent premiumization across categories. Further, compared to other mature e-commerce categories, beauty and personal care and fashion have lower online penetration.

Nykaa is well placed to benefit from growing industry trends given its resilient, capital-efficient business with a combination of strong growth and profitability. Its financial performance has been strong with a revenue CAGR of 48.2% over FY19-21. The operating margins have also seen a marked improvement from 1.85% in FY19 to 6.61% in FY21. Going forward, Nykaa intends to continuously acquire new customers and increase its customer loyalty. It also plans to expand into lifestyle adjacencies and launch new channels. It also aims to explore expansion selectively and prudently into international markets. Given the positive industry prospects and Nykaa's strong foothold, we have a positive on the company for the long term.

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[Please note that only in case of multiple RAs, if in the event answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) below , are given separately]

S. No.	Statement	Answer	
		Yes	No
		Tick appropriate	
		Yes	No
	I/we or any of my/our relative has any financial interest in the subject company? [If answer is yes, nature of Interest is given below this table]		No
	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?		No
	I / we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance?		No
	I/we have received any compensation from the subject company in the past twelve months?		No
	I/we have managed or co-managed public offering of securities for the subject company in the past twelve months?		No
	I/we have received any compensation for brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation for products or services other than brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?		No
	I/we have served as an officer, director or employee of the subject company?		No
	I/we have been engaged in market making activity for the subject company?		No

Nature of Interest (if answer to F (a) above is Yes :

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Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) above , are given below]

SS.No.	Name(s) of RA.	Signatures of RA	Serial Question of question which the signing RA needs to make a separate declaration / answer	Yes	No.

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