

# Performance Evaluation of Women-Led NSE Companies in India: An Analytical Study of Financial Dynamics and Investment Trends in Nykaa Ltd

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## Abstract

Women-led enterprises have emerged as powerful contributors to India's corporate landscape, particularly within the National Stock Exchange (NSE). Evaluating the performance of such companies is essential to understanding how women's leadership influences financial growth, market stability, and investor confidence. This study focuses on analysing the financial dynamics and investment trends of Nykaa Ltd., one of India's most prominent An Analytical Study of Financial Dynamics and Investment Trends in Nykaa Ltd., underscores the growing relevance of financial performance evaluation in India's e-commerce sector. It reflects the need to understand how emerging digital platforms balance growth, profitability, and investor confidence in a competitive market. This study analyzes the financial performance of FSN E-Commerce Ventures Ltd. (Nykaa) over four financial years from FY 2021–22 to FY 2024–25 using a descriptive research approach based on secondary data. The analysis incorporates financial ratios, CAGR, trend analysis, and graphical representation to evaluate revenue growth, profitability, and operational efficiency. Findings reveal strong revenue and EBITDA growth, with CAGR of 28% and 36% respectively, reflecting effective market expansion and cost management. However, net profit margins remained thin, fluctuating between 0.40% and 1.10%, indicating vulnerability to cost pressures. Shareholding patterns highlighted steady promoter control with significant institutional investor growth, while retail participation declined. The study concludes that Nykaa demonstrates strong growth potential but must enhance profitability and risk management for long-term resilience.

**Keywords:** Nykaa Ltd., Financial Performance, E-Commerce, Profitability, Ratio Analysis, CAGR, Shareholding Pattern, India

## 1. Introduction

Women-led companies have become significant drivers of growth in India's corporate sector, especially among firms listed on the National Stock Exchange (NSE). Understanding their performance provides valuable insights into how women's leadership shapes financial strength, market behaviour, and investor preferences. This study examines Nykaa Ltd., a leading women-founded and women-led enterprise, to analyse its financial dynamics and investment trends. By evaluating Nykaa's profitability, market valuation, and investor responses, the study aims to highlight the role and impact of women entrepreneurs

in India's listed companies. The findings contribute to a deeper understanding of leadership diversity and financial performance in the Indian market.

The rapid evolution of India's e-commerce industry has transformed consumer behavior, investment patterns, and business strategies over the past decade. Within this dynamic environment, FSN E-Commerce Ventures Ltd., popularly known as Nykaa, has emerged as one of the most prominent success stories. Founded in 2012, Nykaa pioneered an inventory-led hybrid business model that assured product authenticity—a critical factor in the beauty and personal care industry. Over the years, it has successfully expanded into multiple segments, including fashion, men's grooming, and wellness, while simultaneously strengthening its omnichannel presence through a combination of digital platforms and more than 160 physical stores across India.

The company's 2021 Initial Public Offering (IPO), which valued it at nearly \$13 billion, reflected the tremendous investor confidence in its growth trajectory and sectoral potential. Nykaa's ability to capitalize on rising disposable incomes, increasing internet penetration, and growing beauty consciousness among Indian consumers has positioned it as a market leader. However, its financial performance over the past few years also reveals the challenges of sustaining profitability in an intensely competitive and cost-sensitive industry.

Financial performance analysis plays a vital role in assessing a company's operational efficiency, profitability, and long-term sustainability. Revenue growth, net profit trends, and margin analysis provide insights into the company's resilience amid rising competition, regulatory challenges, and changing consumer preferences. In Nykaa's case, while revenue growth and EBITDA performance have shown significant upward trends, profit margins have remained relatively thin, raising questions about cost structures and scalability.

This paper undertakes a descriptive study based on secondary data to analyze Nykaa's financial performance over four financial years from FY 2021–22 to FY 2024–25. The analysis draws upon annual reports, stock exchange filings, and other reliable financial databases, using ratio analysis, CAGR, and graphical representation to evaluate growth and stability. In addition to performance metrics, the study examines the company's shareholding patterns, highlighting shifts from retail to institutional investors. By presenting a holistic view of Nykaa's financial trajectory, the study contributes to understanding both the opportunities and limitations of operating in India's e-commerce and beauty sector, while offering insights into strategies for sustained profitability and investor confidence.

## 2. Literature review

**Bais, and Jain (2025)** analyzed listed Indian e-commerce firms (2017–2023) and found high leverage strongly reduces profitability (ROE,  $r = -0.980$ ,  $p < 0.05$ ). They stress prudent debt management and balanced capital structures for sustainable growth in competitive markets. The findings highlight the importance of conservative financial strategies for firms like Nykaa.

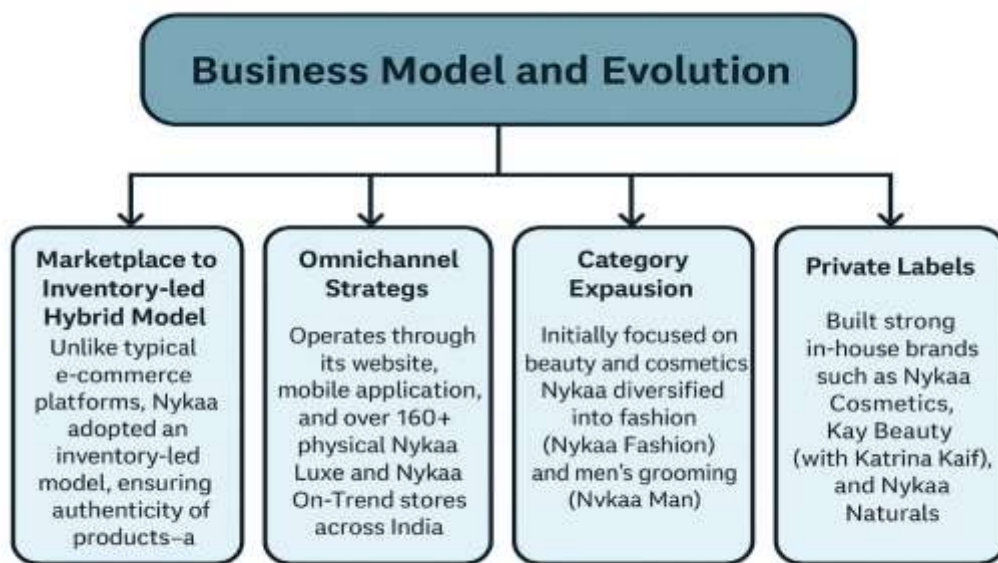
**Rizvi and Singh (2025)** evaluated Zomato's IPO, using DCF and relative valuation to assess pricing. They found valuation uncertainty typical of high-growth, loss-making startups, where investor enthusiasm often outweighs fundamentals. Similar challenges apply to Nykaa's IPO, underscoring the need for robust valuation narratives in Indian e-commerce listings.

**Ganju (2024)** shows India's beauty and personal care industry, projected to reach \$30 billion by 2027, attracts strong VC interest due to 65–80% gross margins, asset-light models, and repeat purchases. Nykaa's 2021 IPO success (nearly \$13 billion valuation) illustrates how these sector dynamics translate

into investor confidence and lucrative exits.

**Basu, and Sengar (2024)** reported that 101 of 104 Indian unicorns emerged between 2013–2022, showing a recent boom driven by ample funding and investor optimism. Industry variations in valuation speed highlight concentrated growth in digital sectors. Nykaa’s rapid rise reflects this valuation wave, shaped by heightened investor expectations.

**Kumar et al. (2024)** examined how regulatory shifts shape investor sentiment in Indian e-commerce. Sudden policy changes or restrictions reduced funding, highlighting the importance of stable regulations. For Nykaa, investor confidence depends not only on performance but also on supportive policy environments in emerging markets.



Nykaa Ltd. has evolved through an inventory-led hybrid model ensuring product authenticity, an omnichannel presence across digital platforms and 160+ stores, expansion from beauty into fashion and men’s grooming, and the creation of strong private labels like Nykaa Cosmetics, Kay Beauty, and Nykaa Naturals.

### 3. Research Objectives

1. To analyse the financial performance of Nykaa Ltd. from FY 2021–22 to FY 2024–25.
2. To assess the company's investment and shareholding patterns during the same period

### 4. Research Methodology

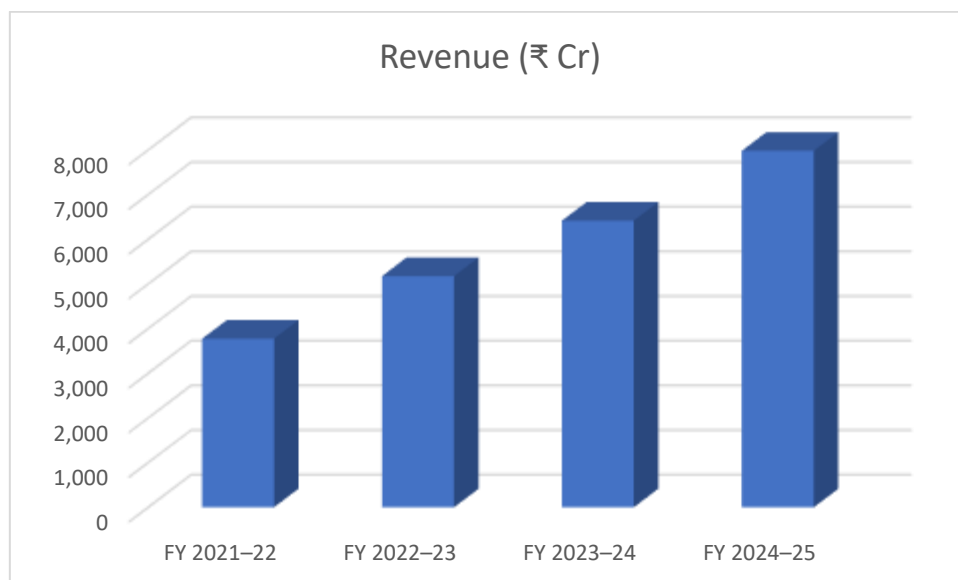
This study adopts a **descriptive research design** using **secondary data** to analyze the financial performance of FSN E-Commerce Ventures Ltd. (Nykaa) over the past five financial years (FY 2021–22 to FY 2024–25). Data was collected from authentic secondary sources including the company’s official website, annual reports, stock exchange filings, and reputed financial databases. Analytical tools such as **financial ratios** (EBITDA margin, Net Profit Margin, CAGR) and **trend analysis** were employed to evaluate growth, profitability, and efficiency. Graphs and tables were prepared to visually represent changes in revenue, net profit, and shareholder patterns. Comparative year-on-year analysis highlighted

fluctuations in margins and investor sentiment. The descriptive approach enabled systematic presentation and interpretation of past performance trends, providing insights into Nykaa’s operational efficiency and financial stability. This methodology ensures objectivity and reliability by relying on published data and statistical representation.

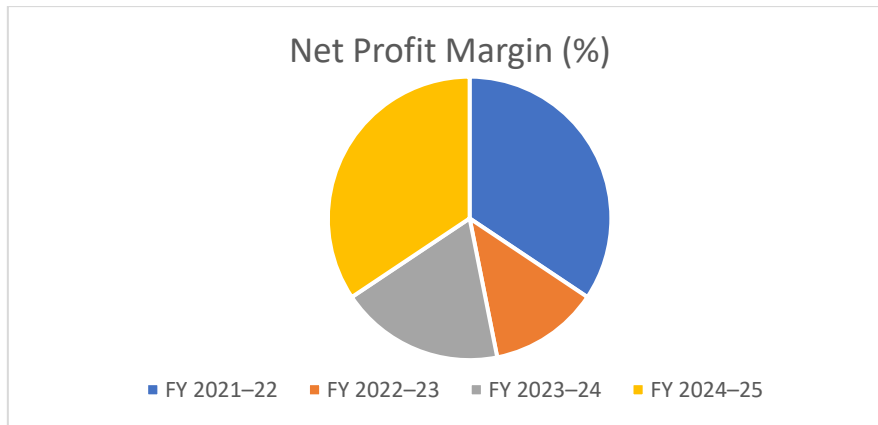
**Financial performance of Nykaa Ltd. across FY 2021–22 to FY 2024–25, highlighting revenue, EBITDA, net profit, and fluctuating profit margins.**

NO, YEAR	Financial Year	Revenue (₹ Cr)	Net Profit (₹ Cr)	EBITDA (₹ Cr)	EBITDA Margin (%)	Net Profit Margin (%)
1	FY 2021–22	3,774	41.3	191	5.06%	1.10%
2	FY 2022–23	5,174	20.9	256	4.95%	0.40%
3	FY 2023–24	6,416	39.7	346.2	5.40%	0.60%
4	FY 2024–25	7,981	85.3	476.4	5.97%	1.10%
CAGR		28%	27%	36%		

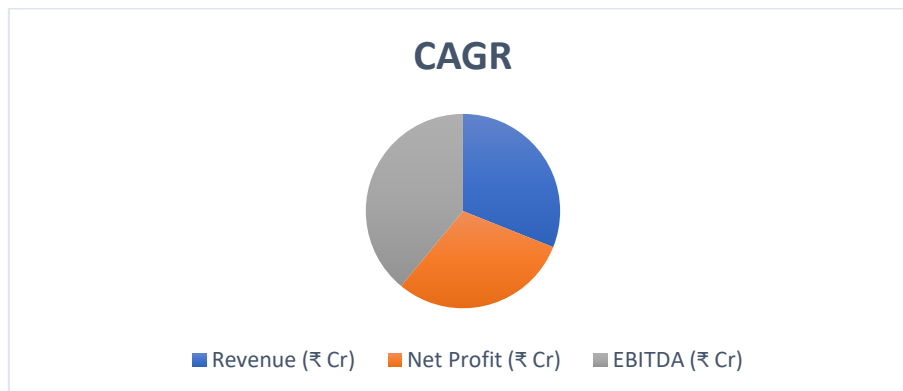
FSN E-Commerce Ventures Ltd. (Nykaa), recorded strong revenue growth from ₹3,774 Cr in FY 2021–22 to ₹7,981 Cr in FY 2024–25, reflecting a CAGR of 28%. EBITDA also improved steadily (CAGR 36%), indicating operational efficiency. However, Net Profit Margin remained thin, fluctuating between 0.40% and 1.10%, showing vulnerability to cost pressures despite rising revenues. The sharp dip in FY 2022–23 (0.40%) followed by gradual recovery highlights the company’s efforts in cost optimization. Sustained growth in absolute net profit (₹41.3 Cr to ₹85.3 Cr) and stable margins in FY 2024–25 suggest financial stabilization, though profitability remains modest relative to topline performance.



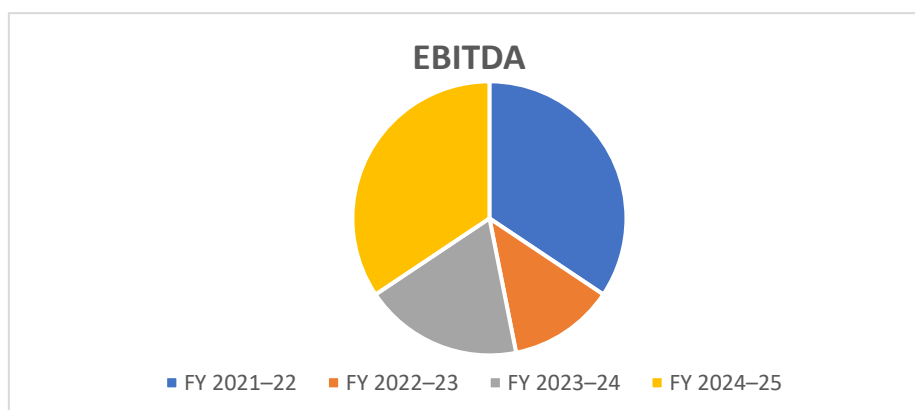
Nykaa’s revenue grew consistently from ₹3,774 Cr in FY 2021–22 to ₹7,981 Cr in FY 2024–25, nearly doubling in four years. This steady rise underscores the company’s strong market expansion and consumer adoption of its platform.



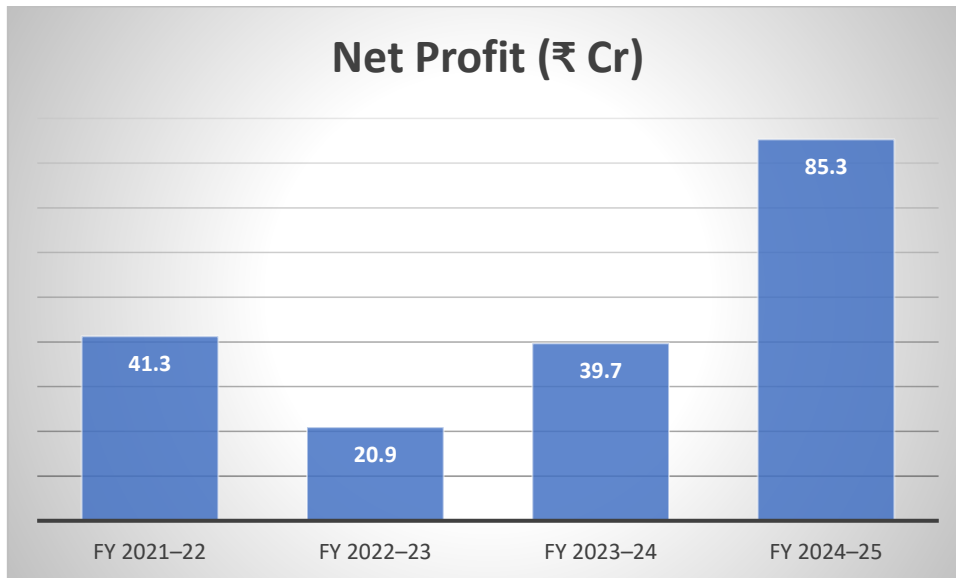
The Net Profit Margin of Nykaa Ltd. displays significant volatility across the study period. In FY 2021–22, the margin stood at 1.10%, but sharply declined to 0.40% in FY 2022–23, reflecting rising costs and competitive pressures. A marginal recovery was observed in FY 2023–24 at 0.60%, followed by a return to 1.10% in FY 2024–25, indicating stabilization of profitability. Overall, the consistently thin margins highlight the company’s low-profit operating environment, where efficient cost management and sustainable revenue growth remain crucial for long-term financial resilience.



Revenue, net profit, and EBITDA recorded CAGR of 28%, 27%, and 36% respectively during FY 2021–25. The high/1CAGR highlights stronger operational leverage, even as profit margins remain thin.



EBITDA rose sharply from ₹191 Cr to ₹476.4 Cr over the period, reflecting improved operational efficiency. The consistent growth signals effective cost management and scaling advantages in Nykaa’s business model.

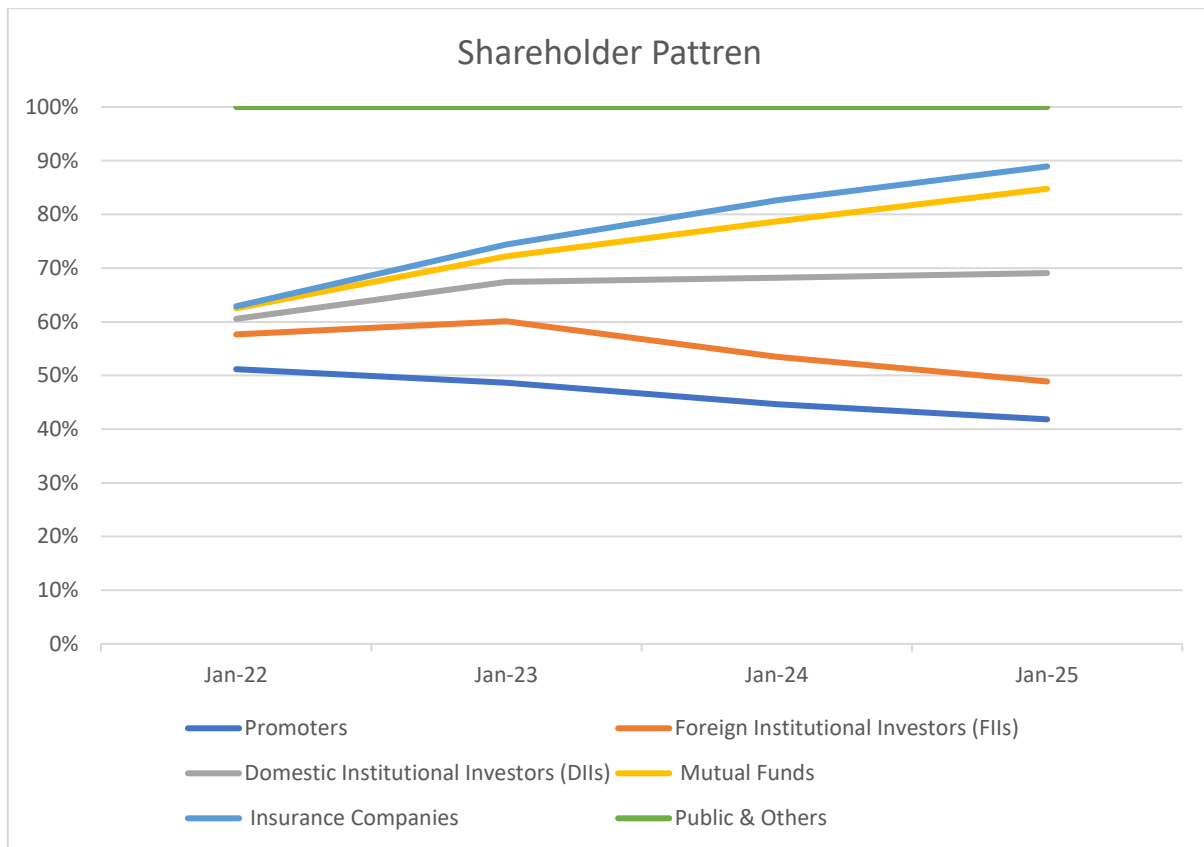


Despite revenue growth, net profit showed volatility, dipping to ₹20.9 Cr in FY 2022–23 before recovering to ₹85.3 Cr in FY 2024–25. This reflects the challenges of cost pressures in a competitive sector, alongside gradual profitability stabilization.

Shareholder Category	Mar-22	Mar-23	Mar-24	Mar-25
Promoters	52.40%	52.30%	52.20%	52.20%
Foreign Institutional Investors (FIIs)	6.60%	12.30%	10.30%	8.80%
Domestic Institutional Investors (DIIs)	3.00%	7.90%	17.20%	25.20%
Mutual Funds	2.00%	5.10%	12.30%	19.60%
Insurance Companies	0.40%	2.40%	4.60%	5.20%
Public & Others	38.00%	27.50%	20.30%	13.80%

The shareholding pattern of Nykaa Ltd. indicates a steady promoter holding at ~52%, reflecting strong control and confidence of the founding group. Foreign Institutional Investors (FIIs) initially increased their stake from 6.6% in Mar-22 to 12.3% in Mar-23 but gradually reduced to 8.8% by Mar-25, suggesting cautious foreign investor sentiment. Domestic Institutional Investors (DIIs), particularly mutual funds and insurance companies, showed remarkable growth, rising from 3.0% in Mar-22 to 25.2% in Mar-25. Mutual fund holdings surged nearly tenfold to 19.6%, while insurance companies steadily increased to 5.2%, signifying growing domestic institutional confidence.

Meanwhile, Public & Others’ shareholding declined sharply from 38% in Mar-22 to just 13.8% in Mar-25, indicating a significant shift of shares from retail investors to institutional hands. This transition highlights the institutionalization of Nykaa’s ownership base, strengthening its long-term investment profile but reducing retail dominance.



## 5. Findings

- Revenue Growth** – Nykaa’s revenue almost doubled from ₹3,774 Cr in FY 2021–22 to ₹7,981 Cr in FY 2024–25, registering a healthy **CAGR of 28%**, reflecting strong market expansion.
- EBITDA Efficiency** – EBITDA rose consistently from ₹191 Cr to ₹476.4 Cr with a **CAGR of 36%**, showing improved operational efficiency and cost management.
- Thin Profit Margins** – Despite revenue growth, **Net Profit Margin fluctuated between 0.40% and 1.10%**, highlighting a low-profit environment with cost pressures.
- Investor Shift** – Promoter holding stayed stable (~52%), but **retail investors’ stake dropped from 38% to 13.8%**, while DIIs (mutual funds, insurance) grew significantly, indicating institutionalization of ownership.
- Profit Volatility** – Net profit fell to ₹20.9 Cr in FY 2022–23 due to rising costs but recovered to ₹85.3 Cr in FY 2024–25, showing gradual stabilization.

## 6. Suggestions

- Strengthen Profitability** – Focus on cost optimization, technology-driven efficiency, and high-margin product lines to sustain profitability.
- Diversify Product Portfolio** – Expand further into **fashion, men’s grooming, and wellness** to reduce reliance on beauty segment revenues.
- Enhance Investor Confidence** – Provide transparent reporting and consistent dividend/returns to retain and attract both FIIs and DIIs.
- Digital & Omnichannel Expansion** – Leverage data analytics and AI to improve customer personalization, retention, and omnichannel integration.

5. **Risk Management** – Develop strategies to mitigate regulatory, competitive, and operational risks that impact margins and profitability.

## 7. Conclusion

The study reveals that Nykaa Ltd. has achieved remarkable revenue growth and improved operational efficiency over the past five years, driven by its omnichannel presence and strong market positioning. However, profitability remains modest, with net profit margins fluctuating due to rising costs and competitive pressures. The steady promoter holding and growing institutional investor confidence indicate long-term stability, though declining retail participation highlights ownership shifts. Overall, Nykaa demonstrates strong growth potential but must enhance cost efficiency and margin sustainability to ensure lasting financial resilience in India's dynamic e-commerce landscape.

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