



NYKAA

“FSN E-Commerce Ventures Limited”

September 18, 2023

Management:

- Ms. Falguni Nayar, Chairperson, Managing Director and Chief Executive Officer.
- Ms. Anita Ramachandran, Independent Director.
- Mr. Milind Sarwate, Independent Director.
- Mr. Seshashayee Sridhara, Independent Director.
- Mr. Pradeep Parameswaran, Independent Director.
- Ms. Alpana Parida, Independent Director.
- Mr. Sanjay Nayar, Non-Executive Director.
- Mr. Anchit Nayar, Executive Director.
- Ms. Adwaita Nayar, Executive Director.
- Mr. Milan Khakhar, Non-Executive Director.
- Mr. P. Ganesh, Chief Financial Officer
- Mr. Sujeet Jain, Chief Legal and Regulatory Officer, Company Secretary.
- Mr. Nilangshu Katriar, Partner, S. R. Batliboi & Associates LLP, Statutory Auditors
- Mr. Viswanathan N.S., Partner, S. N. Anathasubramanian & Co., Secretarial Auditors



Moderator:

Dear Members, Good Morning, and a warm welcome to the 11th Annual General Meeting of FSN E-Commerce Ventures Limited, popularly known as Nykaa. Please note that this AGM is being conducted through video conference in accordance with the provisions of the Companies Act, 2013, various Circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India.

The Company has taken all efforts to enable its shareholders to participate through video conference and vote at the AGM in a seamless manner. If during the AGM, any shareholder faces any technical issues, he may contact the helpline number mentioned in the Notice of the AGM. Speaker shareholders will be on mute mode until the time question and answer session starts. Before we start the main proceedings of the meeting, I would like to introduce to you, the directors of the Company. All the directors are attending this meeting from Mumbai.

Let me start with Falguni Nayar, Chairperson, Managing Director and Chief Executive officer of your Company. She also chairs the Fundraise & Investment Committee.

Ms. Anita Ramachandran is an Independent Director of your Company. She also chairs the Nomination & Remuneration Committee and CSR & ESG Committee and is a member of the Audit Committee.

Mr. Milind Sarwate is an Independent Director of your Company. He also chairs the Audit Committee and he is a member of the Fundraise & Investment Committee.

Mr. S. Sridhara is an Independent Director of your Company and he is a member of the Audit Committee.

Mr. Pradeep Parameswaran is an Independent Director of your Company. He is a member of the Risk Management Committee and Nomination & Remuneration Committee.

Ms. Alpana Parida is an Independent Director of your Company. She also chairs the Stakeholders Relationship Committee and is a member of the Audit Committee and the Nomination & Remuneration Committee.

Mr. Sanjay Nayar is a Non-Executive Director of your Company. He also chairs the Risk Management Committee and is a member of the CSR & ESG Committee and the Fundraise & Investment Committee.

Mr. Anchit Nayar is an Executive Director of your Company. He is a member of the Audit Committee, the Stakeholders Relationship Committee and the Fundraise & Investment Committee.

Ms. Adwaita Nayar is an Executive Director of your Company. She is a member of the Stakeholders' Relationship Committee and CSR & ESG Committee.

Mr. Milan Khakhar is a Non-Executive Director of your Company. He is a member of the Audit Committee, Nomination & Remuneration Committee and Fundraise & Investment Committee.



Thank you all. In addition, we also have Mr. P. Ganesh, Chief Financial Officer, Mr. Sujeet Jain, Chief Legal and Regulatory Officer, Company Secretary and Compliance Officer, both attending this meeting from Mumbai.

Further we also have Mr. Nilangshu Katriar, Partner, S. R. Batliboi & Associates LLP, Statutory Auditors of your Company, Mr. Viswanathan N.S., Partner, S. N. Anathasubramanian & Co., Secretarial Auditors of your Company.

I now request Mr. Sujeet Jain, Chief Legal and Regulatory Officer, Company Secretary and Compliance Officer, to provide general instructions to the members regarding participation in this meeting.

Sujeet Jain:

Thanks Inba. Good morning, everyone. It gives me immense pleasure to welcome all of you to the 11th Annual General Meeting of FSN E-Commerce Ventures Limited, popularly known as Nykaa. I request you to take note of the general instructions regarding participation at this meeting. Your Company has tied up with National Securities Depositories Limited to provide the facility for voting through remote e-Voting, e-Voting during the AGM and participation in the AGM through video conference. Live streaming of this meeting is being webcast on NSDL's website.

The registers and records as required by law are available electronically for inspection by the members. As the AGM is being held through video conference, the facility for appointment of proxies by the members is not applicable. Participation of members through video conference is being reckoned for the purpose of quorum as per the Section 103 of the Companies Act, 2013 read with the circulars issued by the Ministry of Corporate Affairs. The quorum being present, this meeting is called to order. Now I request Ms. Falguni Nayar, Chairperson of the Company, to address the shareholders.

Falguni Nayar:

Good morning, ladies and gentlemen. It gives me immense pleasure to be welcoming you all to Nykaa's 11th Annual General Meeting. On behalf of the Board of Directors, I thank you for taking out time to join us. When we started Nykaa, I had some understanding of the power of India's consumption story. But today, having witnessed the company grow along with India's young consumer, my conviction has never been stronger. India today sits on an enormous demographic dividend and rising per capita income. There could not be a better place in the world to be building consumer-focused products and services.

India is set to become the third largest consumer market by 2030, and countless Indian businesses from start-ups to conglomerates have contributed to and have benefited from this historic growth. We are blessed to be a part of this Indian growth journey. Today, I am excited to share our vision and plans with you. Dear shareholders, I am delighted to announce that financial year 23 witnessed another year of strong one Nykaa performance. Nykaa witnessed a consolidated GMV of over 9,743 crores and a net revenue of INR 5,143 crores. This represents a revenue growth of 36% over financial year 22, and a revenue growth of 191% over pre-COVID year of financial year 20.



We believe that we have grown faster than the market. Nykaa achieved a gross profit of over INR 2,278 crores and an EBITDA of INR 256 crores with a healthy and improving EBITDA margin of 5%. As India's preferred lifestyle retailer, operating in beauty and fashion, our business today spans across multiple digital platforms retailing over 6,200 brands to a customer base of 24 million. As an omnichannel retailer, we have rolled out over 150 plus multi-brand retail stores and many more as EBOsand store in store in third-party stores.

As an evolving consumer brand today, we have at least 25 unique and well-positioned brands across beauty, personal care and fashion, spanning across categories. Notable among these are Kay Beauty, Nykaa Cosmetics, Dot & Key, Nykd and Twenty Dresses. With over 42 million orders in financial year 23 on retailer platforms alone, we continue to bring customer delight through our proposition of curation, content, convenience and trust.

What is particularly noteworthy is that we have built a sustainable business and a lasting brand with a total primary investment of just about 150 million dollars, a number that stood at approximately just 70 million dollars pre IPO. Furthermore, our new businesses are being built largely on the back of profits that our core businesses generate. Let me begin with our beauty vertical. The BPC GMV stood at 6,649 crores for financial year 23, growing 33% over the previous year and when compared to pre-COVID, it stood strong at 2.6 times that of financial year 20 GMV.

Nykaa launched in 2012 with a dream to inspire, educate and empower our customers. Having seen the vibrancy of beauty market across the world from United States to Asian markets in South Korea and Japan, it inspired us to create a similar industry here in India. I'm immensely proud of what we have achieved since then. We are today the largest beauty specialty retailer in the country, both online and offline. By taking an unconventional technology first approach, we were able to disrupt and democratize both demand and supply for the industry.

Today, we retail over 3,400 brands from the biggest global brands such as L'Oreal, Mac and the Ordinary, to international cult favorites like Charlotte Tilbury, to niche Korean brands from Amore Pacific, to homegrown beauty brands like Lakme, Mamaearth and Minimalist and they all coexist and thrive on our platforms. In the more recent past, India has witnessed a boom in local brands with Indian roots. In their journeys, Nykaa has played a role of brand builder and growth catalyst. Over 1,500 brands with GMV of under INR 1 crore retail on our platform.

We are pleased to be strong retail partners for these brands as they start out. We are recognized and trusted globally as industry leaders. India has quickly become the most preferred destination for many global brands to meet their global ambitions. Through focus on technology, best practices combined with right out of retailing, we have established ourselves as the Indian partner of choice for brands across the world. Our Nykaa global store business further demonstrates our commitment to this mission, providing end-to-end services to global brands from go-to-market strategies to onboarding to importing, marketing and post-sale support.

On behalf of these brands, we ensure they find the right fit in the market and we facilitate a multi-year growth journey. We are proud of the role Nykaa has played in fulfilling such global



ambitions of many brands such as Charlotte Tilbury, Huda Beauty, e.l.f Cosmetics, Sol de Janeiro, Murad and many more. Nykaa firmly believes in the power of Omnichannel and we opened our first store in 2014. In financial year 23, Nykaa expanded to 145 beauty specialty stores across different formats including luxe stores, on-trend stores and kiosks.

Our store covers 1.4 lakh square feet of retail space with GMV productivity of over INR 3,200 per square foot per month, one of the highest in the industry. Physical retail GMV has grown 67% in financial year 23, which is over 3x the pre-COVID-2000 financial year 20 GMV and now contributes to 8.3% of overall BPC business. Our stores often are a highly curated range of 80 to 100 brands and achieve store-level profitability within a year of opening.

Through our digital channels and a wide-store network, we service customers in 98% of country's pin codes, but democratizing access alone was not enough and we wanted to educate and empower the customers to make the right choices for themselves. This was critical and non-negotiable from the start and we work hard to enable right choices for the consumer. Our customers on an average visit, the platform 50 times a year, best in class for e-commerce platforms.

We have an unwavering commitment to our customers. We strive to be authentic, inclusive and transparent with them. Our customers have appreciated this and allowed us into their homes and hearts, for which we are grateful. We have received much brand love with Nykaa becoming synonymous with beauty for many around the country. Over the last few years, our business has become increasingly diversified. We have set out ambitious plans for new ventures. The new businesses remind me of the early days of Nykaa when we were able to foresee the opportunity in beauty and thereafter work relentlessly to execute that vision.

We are proud of our ability to execute and deliver on the plans we set out to achieve. Almost one-third of our GMV contribution in financial year 23 has come from our new businesses and with all of them being built on scratch, from scratch, over the last four to five years. Our success here comes from diligently finding product market fit, executing well with speed and driving only sustainable growth.

To begin with, let's cover the fashion business. We started Nykaa fashion in 2018 with a two-fold belief. Fashion was an incredibly large and fast-growing market and that the Indian consumer was ready for more of a fashion forward and less discount-centric shopping experience than what existed. Our trajectory over the last four years has shown product market fit and consumer connect. Nykaa fashion in a short span of time has achieved commendable scale. Our fashion GMV stood at INR 2,569 crores for financial year 23 and now constitutes over 26% of our overall consolidated GMV.

To put that growth into perspective, Nykaa's consolidated GMV for the company in financial year 20 stood at 2,684 crores. We have quickly established ourselves as a differentiated platform, one which prioritizes curation, discovery, convenience, and inspiration. This simple yet unique philosophy has led to 140% compound annual growth rate in fashion GMV over the period of financial year 22-23. This year, we almost doubled our brand portfolio from 1,500 brands to



2,850 plus brands across our curation levers of national brand, global store, hidden gems, first in fashion, and the responsible collection.

We strengthened our global store assortment, bringing international retailers and brands like Revolve, Cider, Alo to India exclusively on Nykaa fashion. The global store provides serious differentiation to our platform and already contributes almost 25% of the western-wear sales as of quarter four of the financial year 23. We continue to build our hidden gems portfolio which highlights emerging home grown labels and contributes around 6% of Nykaa fashion GMV as of the quarter four 23. While the women's segment continues to be our focus, a quarter of our business is spread across men, home, and kids. In financial year 23, over 2.5 million customers trusted Nykaa fashion to help them stay stylish.

I also want to talk about our eB2B venture, Superstore by Nykaa. I earlier spoke about how Nykaa launched with an aim to democratize demand and supply in the beauty industry. We launched Superstore in 2021 with a name to further democratize the industry. As the industry continues to grow and mature, the kind of complex and evolved consumer demand we witness on online channels will expand to unorganized offline retail as well. We believe beauty and personal care requires a focused distribution strategy given the width of assortment as well as the tail nature of demand.

As leaders in this category, we believe we are well positioned to serve the country's BPC distribution aided by strong technology stack. We have in a short span of time built a technology led B2B platform serving the underserved retailers across the country and through them many more end consumers building access to all. We would now like to show you a short video which explains the value proposition for retailers.

[Advertisement]

Thank you. Superstore has already seen great initial product market fit and has quickly witnessed strong adoption among retailers across the country with the onboarded retailer account crossing the 150,000 mark in financial year 23, up from just over 38,000 in the prior year. While the retailer account has increased by four times, we have witnessed an order growth of over 15 times over the previous financial year, signaling a strong acceptance amongst retailers once they interact with our platform.

For financial year 23, over 84% of the sales came from Tier 2 plus India. Superstore will make beauty and personal care category growth story in India much more inclusive for all. I'm very pleased to share that as a consumer brand company, we now operate more than 25 owned brands across beauty and personal care. Our BPC owned brands portfolio consists of 12 brands with unique propositions across categories of makeup, skincare, hair, bath and body and much more. These brands resonate with consumers across the country and I would like to talk about a few of them. Nykaa cosmetics, our retailer maker brand offers quality at an affordable price for all Indians and it is one of our largest brands.

India has always been at the forefront of India ingredient-based skin solutions and inspired by that, Nykaa Naturals is an ingredient-led concerned base brand and has witnessed strong traction. In parallel to that, we've also developed a science-backed, efficacious brand with clinically proven actives and that's named SkinRx. We also acquired Dot & Key in 2021, a brand which brings indulgent and joyful skincare routines to all. We also operate in bath and body category through Wanderlust, a brand designed to evoke travel memories from Japan to Sicily through fragrance-based bath and body care products. Within the year, we forayed into category of wellness and Ayurveda and introduced two new brands, Nyveda, a potent Ayurvedic brand rooted in nature, as well as we ventured into nutraceutical through Nudge.

The BPC-owned brands now contribute almost 11.9% of the overall BPC GMV. Celebrity Beauty brand have found immense success across the globe and we are proud to have introduced the first Celebrity Beauty brand in India. Kay Beauty, our award-winning brand with Katrina Kaif, has witnessed impressive year-on-year GMV growth with a two-year CAGR of 86% and exceeding a GMV of about INR 127 crores for financial year 23. The brand is also available across 300 offline stores across the country.

Talking about the fashion-owned brand portfolio, this has grown from 7 brands in Financial Year 22 to 13 by the end of Financial Year 23. These brands contributed 12.9% of the overall fashion GMV in this year and grew at a strong pace witnessing GMV growth of over 140% in this year alone. Some of these brands include Twenty Dresses, a western-wear ready-to-wear label that celebrates modern-day femininity for everyday fashion, RSVP, an aspirational high-on-trend brand for special and everyday occasions.

Gajra Gang, a modern Indian occasion-wear label with a focus on craftsmanship. Nykd, our lingerie brand that brings innovative technology and comfort to the forefront, built especially with the Indian consumer in mind. We entered new categories like active wear and also tapped into new audiences like Gen Z and Men's segment. Here are some of our other brands. Some of our more mature brands like Nykd, a lingerie brand and our western-wear brand Twenty Dresses have now become sizable, crossing 85 crores and 150 crores in GMV sales by financial year 23 respectively.

We have taken these brands far beyond Nykaa's own platforms. They both retail on third-party online and offline channels. In less than three years from launch, Nykd operates as a national brand distributed through four EBOs, 900 plus points of sale in GTMT and strong presence on other online marketplaces. The year also witnessed further widening of the Nykaa ecosystem. From the early days of Nykaa, we have believed in the power of content and its role in the art of retailing. We invest in multiple content strategies such as Nykaa Stream, our shoppable content platform and our 360-degree social media presence as well as our deep partnership with thousands of influencers.

Underscoring our continuing belief in the power of rich content, Nykaa acquired LBB in September 2022 and it joins our evolving content to commerce playbook. LBB is India's leading lifestyle brand discovery platform for young Indian consumers to discover new brands. Nykaa has also widened its ecosystem in terms of our geographic reach.



I'm very pleased to announce that we have entered into a strategic alliance with Apparel group, a global lifestyle retail conglomerate to build an omnichannel beauty retail platform in the GCC. The GCC offers a large beauty and personal care market size of over \$30 billion and as a region, it is in its early state journey of e-commerce adoption. Our first international stores will open within this financial year itself.

Dear shareholders, as I introspect on the reach, width and depth of our businesses across digital platforms, physical retail, consumer brands, distribution, all across the lifestyle ecosystem, it brings me immense joy that Nykaa has been able to generate employment for so many Indians. Nykaa directly employs close to 3,200 individuals across its business verticals and functions. Even larger is our off-role contract workers which stand at about 3,700 in financial year 23.

Even with a fast-scaling organization, we've been able to build a diverse and inclusive workforce. Women constitute 45% of our employee base with representation at all levels. Amongst our 188% strong managerial leadership, 33% are women. We aspire to be an employer for all deriving strength from our diversity in an increasingly agile world.

The indirect employment we have been able to generate and influence is multi-fold of the direct employment Nykaa generates. Between our logistics partners, our brand partners, thousands of suppliers as well as hundreds of MSME vendors, our businesses support various segments of our larger economy.

But one thing stands out which is our ability to encourage and support small and medium-sized enterprises as well as self-employed individuals and entrepreneurs. Our platforms showcase brands built by budding beauty as well as fashion entrepreneurs and the Nykaa affiliate program provides seamless content to commerce opportunity for every beauty content creator in the country.

Our program has more than 5,000 members as of March 2023. We've also built out a dedicated platform of products and education for beauty professionals called Nykaa Pro. I would like to share with you all a short video on one of the initiatives undertaken by Nykaa Pro team.

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Finally, and most importantly, as we scale cultivating the right culture and values within our team remains my top priority as the CEO. I'm proud of the entrepreneurial, hardworking and respectful Nykaaites that fill our offices every day.

Dear shareholders, I'm pleased to announce that the year witness, the formation of Nykaa Foundation, Nykaa CSR arm with a focus on vulnerable communities, especially underprivileged women and children within the founding year itself, the foundation has taken up multiple initiatives spanning education, training, children's health and empowerment. As shown on the presentation, you can see the various initiatives we have taken collectively driving a positive impact in over 15,000 lives.



On the operational front, our 10x10 plastic reduction program continues to drive us in the direction of our goals through packaging innovations and recycling efforts as well as delivery optimization. Through the year, we invested in building a regional fulfillment strategy which served two purposes, reducing the last mile carbon footprint by getting closer to the customer as well as reducing the number of shipments required for order, directly reducing our packaging material consumption.

We expanded and invested in 13 new warehouses for our beauty and personal care vertical and 6 warehouses for our fashion vertical. These investments will have a substantial impact on our carbon footprint and packaging utilization for years to come. We continue to increase our reliance on sustainable eco-friendly packaging in majority of our orders using paper fillers as well as paper flyers.

With investments in technology in our warehouses, we have adopted paperless picking as it has resulted in elimination of almost 90% of paper consumption across all our warehouses. We have been strong advocates of inclusivity and diversity right from the start. As I mentioned earlier, this reflects in our people's strategy.

Along with that, our marketing strategy also strives to bring positive societal change and our campaigns have touched across many ideas from diversity of skin tones to empowerment of women to gender diversity and body positivity as one and much more. We are very proud of the impact and reach of these campaigns.

I had mentioned earlier that we are passionate about empowering our consumers to make the right informed choices. We make concerted efforts to bring sustainable brands to the forefront through increased visibility and special curation on both our beauty and fashion platforms. Conscious at Nykaa for the beauty platform recognizes brands and products that are as mindful as our consumers' lifestyle choices, showcasing over 140 cruelty-free, vegan, clean, ingredient-based brands.

The responsible collection on our fashion platform brings together over 600 sustainability-focused brands which follow practices such as using recycle materials, employing low-waste practices, and are certified organic. Moving ahead, it gives me immense joy to share our thoughts on our future.

We have invested in businesses and platforms that operate in industries like beauty and fashion where we see immense long-term potential. Today, India's GDP per capita stands at \$2,500 but is expected to reach \$5,500 by 2030. Consumption is meant to grow even faster at a CAGR of 25% over the next eight years. Reflecting on the BPC landscape, currently India's per capita BPC consumption is at a nascent stage with only \$15 spent per capita versus developing countries like Vietnam at \$30 and Brazil and Thailand at \$100.

Developed countries have per capita BPC spends in excess of \$200 based on experience and trajectory from other countries. Given GDP per capita growth projections, BPC spend per capita in India are likely to grow to about \$50 by 2030. This represents a significant opportunity for



Nykaa which already enjoys an annual consumption value of \$80 per customer which is five times more than the national average.

While BPC consumption continues to grow, there is a notable shift in India's preference from personal care to beauty, skincare and fragrances which are emerging as the fastest growing segments from the year 2020 to 2035 with growth rates more than twice that of the personal care categories. Additionally, the premium segment in the market is growing at 2.5 times the mass segment and Nykaa is strategically positioned to capitalize on this opportunity.

The fashion market in India is expected to grow to 147 billion by 2027. Fashion is 4x the size of the beauty TAM and we are excited that our fashion foray allows Nykaa to dramatically expand the TAM it operates in giving a massive headroom for sustained growth. Today, per capita fashion consumption stands at \$54 and is expected to reach \$160 by 2030.

Based on our trajectory of developed markets, the Nykaa customer today spends \$130 on fashion and we remain optimistic that we should be able to maintain this premium over the per capita consumption based on our superior customer profile.

Both beauty and fashion categories are also experiencing increased width and proliferation in terms of micro-categories as well as micro-customer segmentation. On the beauty side, brands catering to specific needs of niche customers' segments are taking up increasing space.

In fashion, we see an emergence of local and homegrown brands. These trends in both categories will be well serviced by vertically focused digitally-led retailers such as Nykaa. On the digital front, the internet economy is set to become a 1 trillion market by 2030, representing 12%-13% of the country's GDP.

Within this market, e-commerce, B2C and B2B combined, will account for half of the internet economy. An exciting shift is happening in consumer behaviour, which is the significant migration of beauty and fashion spends from offline to online platforms.

We have witnessed a remarkable transformation over the past decade as consumers have become more comfortable with online purchases of these products. The overall e-commerce penetration is underscored by very different penetration depths by category.

The online penetration of B2C and fashion categories are currently under-indexed compared to evolved categories such as electronics and mobile phones. By 2027, digital markets for these lifestyle categories are expected to mature and the e-commerce share of both B2C and fashion can reach an expected one-third share of the respective categories.

All these expected shifts to digital is why technology continues to remain the backbone of our discovery, shopping and post-order experiences, and we continue to make significant investments here. Personalization, discovery engines, acquisition and retention journeys, including our flagship loyalty program, Nykaa Prive, marketing innovation, generative AI for textual context, all witnessed developments in the year.



We have also developed and launched our superior ad tech platform and a new seller portal for our brand partners this year and improved our ability to execute multiple complicated supply chain models. And finally, the biggest driver of our growth will be the demographic dividend of our economy.

Millennials and Gen Z in India represent the most bold, adventurous and most importantly, aspirational youth we have ever witnessed. They are digitally native consumers and will continue to increase their digital wallet share. As of today, 92% of e-commerce transactions come from these age groups, while they only make up 42% of the population.

This has a two-fold implication. As these groups move up in their lifestyle, they will increasingly seek a more diverse range of lifestyle products online. Second, new generations will also come into the consumption fold and many young users who have grown up with our brand in their consciousness will become our customers.

Finally, I want to end on the message of the Nykaa spirit. I'd like to cite one of our values, which is to be bold and to be good. There could not be an articulation that encapsulates our ethos as much as this one. We are ambitious and entrepreneurial, but always while being ethical and quite simply good.

We truly believe that we only achieve our goals when the whole ecosystem succeeds. And we believe the industry cannot be created and sustained for long term unless we add long term value to all.

For our brands, this means we ensure we build their brand equity through the right storytelling and drive the art of retailing for the end consumer delight. For our customers, we build the right consumer centric solutions and empower them to make the decisions best suited for themselves.

For Nykaaites, we truly want to be the employer of choice and provide a fulfilling work and long-term career path. And for our shareholders, we focus on driving long term sustainable growth and diversification of businesses to mitigate risk. And finally, every day we make decisions to operate in a way that's best for the larger society and the environment.

On behalf of the company, I would like to thank all of the shareholders, investors, partners, suppliers, Nykaaites and customers for your unwavering faith in Nykaa and your continued support. Thank you so much.

Moderator:

Thank you, Ms. Nayar. I would now like to call upon Mr. Sujeet Jain, Chief Legal and Regulatory Officer, Company Secretary and Compliance Officer, to give instructions about the e-voting process.

Sujeet Jain:

Thanks, Inba. Dear members, I request you to take note of the general instructions regarding e-voting. In accordance with the provisions of Companies Act 2013 and the rules issued there under and the SEBI Listing Regulations, the shareholders are provided with an opportunity to cast their vote through remote e-voting facility on the resolutions as set out in the notice convening this AGM.

The remote e-voting period commenced at 9 a.m. on Thursday, 14 September, 23 and the facility was available to the shareholders till 5 p.m. on Sunday, 17 September, 23. The shareholders who have not cast their vote yet through remote e-voting and who are participating in this meeting will have an opportunity to vote during the meeting through e-voting system provided by NSDL.

The facility for e-voting shall also be made available for 15 minutes after the conclusion of this meeting. Since the AGM is being held through video conferencing or other audio-visual means and the resolutions mentioned in the notice have already been put to vote through remote e-voting, there will not be any proposing or seconding of the resolutions.

Mr. Sachin Sharma, or failing him Mr. Dinesh Trivedi, Partners at Sharma and Trivedi LLP, Practicing Company Secretaries, have been appointed as the Scrutinizer for scrutiny of the votes cast through the remote e-Voting platform and e-Voting during the AGM in a fair and transparent manner.

The voting results will be declared within the time stipulated under the applicable law, along with the scrutinizer's report and will be available on the company's website and on the website of NSDL and the stock exchange where the Company's shares are listed.

Now I request Inba our moderator for the meeting to initiate the Q&A session. Over to you Inba.

Moderator:

Thank you Mr. Jain. Dear shareholders, the speaker shareholders may now ask questions pertaining to any item as set forth in the notice and offer the valuable comments. During the question and answer session, the names of the speaker shareholders will be sequentially announced and the maximum time allowed to each speaker would be three minutes.

However, in the interest of time, we request each speaker shareholder to be brief as possible. Speaker shareholders may note that there will be a timer of three minutes. When your name is announced, kindly unmute your microphone, switch your camera on and speak.

For better experience, we would request the speaker shareholders to use earphones so that they are clearly audible, verify the network connectivity, ensure Wi-Fi is not connected to any other devices, no applications are also running in the background and there is proper lighting for good video experience.

Members are requested to confine their comments to the business items set out in the notice and not to repeat the points raised by other members. If any shareholder is unable to speak due to connectivity issues, the next speaker shareholder will be asked to address the meeting. Once the connectivity improves and if the time permits, the speaker shareholder may be called up again to join, only after the other speaker shareholders have completed their turn.

To avoid repetition, the answers to all the questions will be provided in a consolidated manner towards the end. Let us start with the first speaker, Dr. Arun Kumar Bopanna. Request you to please unmute your audio and video and ask your question.

Arun Kumar Bopanna: Good morning to everybody. Falguniji, after a long time, after Tata Motors I am seeing you. Very good morning to you and compliments for Nykaa being one of the most significant online beauty and cosmetic retailers for winning several awards in beauty sector. I think it is a good opportunity because now people want to look good and feel good. There is room for greater penetration too.

In India, I believe Indians spend about 6.5 hours per day compared to China's 5.5 hours in the internet and with the economy reaching 1 trillion by 2030, it is a great opportunity for Nykaa. My questions, there are these innovative products which are coming from Japan called transdermal patches for skin care with dissolvable micro needles for reducing facial wrinkles.

Maybe it is a direct substitute for Botox. The chairman of the company, Dr. Dangi a scientist in transdermal patches from USA, will be in India and Mumbai for a meeting on 17th October. I would suggest it would be a great opportunity with the chairperson Mrs. Falguni Nayar. You can meet him on 17th morning or a day here or there. Maybe it will be bold and it will be good for Nykaa. The right thing in the right way to meet for Nykaa.

And how many physical retail stores are in India? What are the footfalls during 2022-23? What is the average building size? How many own products, private label products and what are the plans for the future? How are product reviews, tutorials and beauty-trips monitored to help customers decision making it as it is to user content platforms?

How is price discovered for national, international brands? What are the bucket sizes for makeup, skin care, hair care, fragrances, personal care and wellness products? India is an edge on the growth opportunities. Nykaa is synonymous with personal care products. And I think that is a great opportunity. It is a great future for Nykaa.

I wish you all the best. But I would be happy if you can give time to meet, find time to meet the chairman from US who is coming to India on the third week of October, the 17th of October. Thank you. I sent a mail to the company secretary Ms. Falguni Nayar. I hope you get back on this to me. Thank you.

Moderator: Thank you. We now invite our next speaker member Mr. Manoj Kumar Gupta to please proceed with your question. You may unmute your mic and your webcam.

Manoj Kumar Gupta: Hello. Good morning respected Chairperson, Board of Directors, fellow shareholders. My name is Manoj Kumar Gupta. I have joined this meeting from my residence Kolkata. Thanks to you that we are doing a lot of work to grow the company and increase the employment and take the company on new heights. But I will tell you one thing, the secretarial services are very poor.

After sending the request to the speaker, I have not got a single response from the company. And I request to send a hard copy of balance sheet. Till day I have not got any copy of the balance sheet. How the investors will get return on their investment? And how you will face the competition? There is a lot of competition in your business. And what's your future plan? And how much amount will expand in the CSR program in 2022-23?

And why are you not taking the professional pupils or young and talented pupils in the KMP? And like as executive director, full-time director, those have vast experience, those can return to the investors and the company. And what's your plan for Tier 2 and Tier 3 cities with your store? Have you any plan to take the store up with a Nykaa brand in Tier 2, Tier 3 cities?

And have you any plan to give franchisees? And try to consider discount coupon 25% to 30% to investors that they can buy the products of Nykaa, of your own Nykaa brands, so that people can use. And how much amount you have paid to the brand ambassador for the brand endorsement? And have you any plan to export with a theme of Make in India to fulfill the vision of our Prime Minister Shri Narendra Modi, Make in India plan?

So, may try to export, increase the export. And your market capitalization is approximately INR 44,000 crores. And shareholders have lost so much, so many money. So, how you will reward them? What's your plan in that regard? And how many pupils have enjoyed in the Superstore by Nykaa? How many pupils has enjoyed the services of Superstore by Nykaa? And I wish to work to give you more success in coming time with the hope that you will take the company on new heights under your leadership in coming time and try to improve the services of Secretarial Department and ask the Secretarial Department if the shareholders ask, hard copy, kindly send them. Thank you.

Moderator: Thank you. We invite our next speaker member, Ms. Vasudha Dakwe, who is connected on audio, to please unmute her microphone and ask your question.

Vasudha Dakwe: Respected Chairman, Sir, Board of Directors and my fellow Shareholders, myself Vasudha from Thane. I would like to congrats our Company Secretary team for sending me the soft copy of the report well in advance, which itself is very transparent. So please be given by the first chair person is very good and informative.

I would like to ask what is our attrition rate? Secondly I would like to ask what is our dividend policy? And when did the last bonus, dividend bonus given? With this I support all the resolution. Thank you very much and wish the company all the best for coming financial years and my best wishes for Ganapati, Dasera and Diwali festivals. Thank you very much.

Moderator: Thank you. Our next speaker member Mr. Satish Shah had registered. However, is not connected. We therefore, move to our next speaker member, Miss Lekha Shah, request you to please unmute your audio and video and ask your question.

Lekha Shah: Respected Chairperson, Board of Directors and my fellow members, good morning to all of you myself Lekha Shah from Mumbai. First of all, I'm very much thankful to our Company Secretarial team for sending the AGM Notice well in time, which is full of knowledge fact and figures in place. Thank you ma'am for explaining outlook of the company. Ma'am I pray to God that he always shower his blessing upon you.

I would like to ask few questions. How many new products developed from the international market, by our house research team? With the ongoing festive season, how much of revenue and

profit expecting in our online platform and stores? Ma'am, I hope the company will continue video conference meeting in future.

I strongly and wholeheartedly support all the resolutions for today's meeting and my best wishes always our company and its prosperity. Thank you so much ma'am.

Moderator: Thank you. We move to our next speaker member Mr. Dileep Jain, request you to please unmute your audio and video and ask your question. There seems to be no response from this connection. We will therefore move to our next speaker, registered speaker member was Rajesh K. Chainani, request you to please unmute your mic and ask your question.

Rajesh Chainani: Good morning respected chairperson madam, Falguni Nayar ji, a very highly distinguished prominent Board of Directors, my fellow shareholders, my name is Rajesh Chainani, I'm speaking from Vile Parle, Mumbai. First of all I thank the -- ma'am first of all I thank our Company Secretary Mr. Sujeet Jain for sending me the email notice very well on time. I got the annual report also in email and you are given a very good presentation about the company. So there is nothing much to ask. And ma'am the price of our share has gone down to INR 114 and it was -- high was INR 235, today is INR 154 with the plans and the future outlook, definitely our price will touch to the greater heights and shareholders will obviously make money.

So I wish you all the very best for the coming festival and I have few words to say, because it's the month of coming months of festivals, so I would like to say, I wish you all the very best for the coming festival months and next year, we will be in a much-much better and brighter position. Thank you very much ma'am.

Moderator: Thank you. We invite our next speaker member, Mr. Lokesh Gupta, would like to ask question on audio. Sir could you please unmute and go ahead.

Lokesh Gupta: I'm Lokesh Gupta from Delhi, I welcome all the Board members. Ma'am I am from the company's shareholders since IPO, excellent chairman speaking about the company have briefed you ma'am. I have been covered in your speech about the company whatever my questions are but I want to ask you a few things. Are we thinking of any extension plan in this way of thinking of Nykaa Parlour? If that is the case then kindly inform us ma'am. This is also give our business a huge growth ma'am.

Ma'am rest we have trust on you, whatever decision you take will be good for the company but I have a small request that the shareholders are connected to you from that product which is used in every house so think about that you also think about them and ma'am you will do well in the company. We are also making a dividend policy ma'am tell us a little about this because the dividend is very good for the shareholders. We have got a good platform which we are using in the future if we use this platform then the shareholders of Pan-India will be able to connect with you.

I will definitely tell you about a secretary, I called them, whenever I called them, got response from them promptly, I ask for the hard copy of report, I got that well on time, I connected on

this portal, by the support of secretarial team. I have a request with secretarial team, when you send speaker link, kindly send it along with serial number information. I thank all team for the excellent performance. Thank you ma'am.

Moderator: Thank you. We invite our next speaker member Mr. Ayush Gupta. Request you to please unmute your microphone and ask your question. There seems to be no response from this connection. If Mr. Gupta rejoins, we will promote his turn. In the meanwhile, we will ask our next speaker member to proceed with the question. It's Hiranand Kotwani. Sir could you please unmute your audio and video and ask your question?

Hiranand Kotwani: Good morning to all of you. I am Hiranand Kotwani, speaking from Kalyan. Namaste Madam. It is a great pleasure to join you for a certainly disappointment on the capital front. Our investment. There is no dividend. Thank you. We hope in the future that dividend will come. Madam sir, the growth is good. But what about the profitability? There is no profit. You have shown huge expenditures. When they profit, I am not to show the profit. Please clarify.

Where our expenditures are too high, where our scale should be high, our production should be vast and safe at Indian. And one thing I suggest, please disclose these rupees and not in the million. Let the foreigners see the million and billion. We have to go for the crores and rupees in the near future.

There are so many subsidiaries. What are the reasons to be foreign subsidiary, Indian subsidiary? How they are going to increase the profitability? That is my concern. If we reduce the subsidiary, cost should be cut. Reduction is the must. What is your vision in this direction? How you are going to reduce the cost and increase the scale?

Your products are well known. But certainly the marketing is important. How you are going to increase the market share? At various end, because today market is very easy. But products should be at their response from the market should be good. What is your vision in this regard? How you are going to increase the revenue and the minority shareholder interest?

Last thing but not the least is the Sweat equity. How many persons has given Sweat equity? And what about the ESOP? How many employees have taken this? At what price? So, please clarify the future vision and mission and profitability, reduction in the cost, expansion, a new product, innovative product, but digital evolution. Thank you.

Moderator: Thank you. Now that we have all the questions from our esteemed shareholder, we will break for 10 minutes, post which our Chairperson will address your questions in a consolidated manner. Please know during this break, we will run Nykaa commercials. Thank you.

[Advertisement]

Moderator: Welcome back dear shareholders. The Chairperson would now respond to the queries. Over to you Ms. Nayar.



Falguni Nayar:

At the outset, I want to thank each one of you to participate in the AGM and ask very relevant questions. I can see that Nykaa's growth and success is at the heart of how you all feel about the company. So thank you very much. I have tried to group the questions, I've grouped the questions so that I can give answers to similar questions together. So I hope, at the end of this, you all will be able to get the answers to your specific questions.

Starting with retail, where a lot of you asked questions about the retail business of ours. I just wanted to say that we are at the moment focusing on covering about Top 100 Indian cities with Nykaa stores. At the moment as you are aware, we have 152 beauty stores across 60 cities in India, which means that we will continue to expand beyond these 60 cities. And we will be going to about 100 cities and we have been saying that over a three years to four year period, we should be at about 300 stores to 350 stores. This continues to remain our plan.

In terms of square footage, we have about 1.4 lakh square feet of space, which has grown 43% year-on-year. And we also have one of the highest productivity for our stores at INR 3,500 per square feet-plus. Our stores were of the average size of about 1,000 square feet but going forward, they are going to get larger. I think going forward, our stores will be the 2,000 square feet or 2,500 square feet stores. Because we work so hard at expanding the market and the participation of brands is going up. So we will have larger size of stores going forward.

And the footfalls in the store have been quite strong. In fact financial year 23 so revival in footfalls in stores as you are all aware. And as a result, our physical retail business grew faster. And we are back to about 8.3% of our beauty GMV, is now being contributed by physical retail. With that I hope I have answered most of your questions on the retail side.

Talking about the private label business, which again there were a lot of questions on those. In beauty, we have about 12 own brands. And they contribute about 12% of our GMV. I always say that private label or we call it our house of brand business. In fact in Nykaa is hidden a very large consumer company of the future. Because many of these brands have started scaling up now. And as the brand starts scaling up, we see the benefit of size and scale. And typically, at that stage brand also goes outside our platform and is retail in third party retail formats as well as in GTMT as we call it in our country. And that gives a further flip to the growth of private label, which is in excess of the platform growth.

And as you are all aware the private label profitability is obviously better than our third party brands. But we always say that we are a multi-brand retailer first. And at the core, we want to do justice to all the brands that exist in India. So we are not private label obsessed. We want our house of brands to grow, with their own passion and their understanding of the consumer and succeed in the market. And with that we hopefully will deliver a multi-pronged strategy of being a strong multi-brand retailer as well as a house of brand.

Particularly, noteworthy, is a new brand that we acquired in 2021, Dot & Key, which has really done very well in terms of growth as well as Kay Beauty, which is our celebrity brand with Katrina Kaif, which continues to grow very rapidly. This doesn't mean other brands don't do well. Each of the brand has its unique positioning and growing extremely nicely and there is



more going forward. Some of our brands will also now go into exports market. So there are clear plans and advance work has been done to take many of our brands be it Kay Beauty, Dot & Key, Nyveda as well as Nykaa Cosmetics in international markets, particularly in GCC as well as Europe and US.

And this is very complimentary for what we are doing in terms of our international expansion where we are building a multi-brand retail business in beauty in GCC. And that will also house some of our successful brands. So it's a very positive reinforcement from retailer to the brand and brand to the retailer.

Talking about the festive season impact, which many of you all also asked about. On the festive season, it's always a very big opportunity on the platform. October to December quarter has always been the strongest quarter in the year. And this year also, we expect the festive season to allow our DRR rate to increase. And it is obviously, it's a period in which we not only have Dussehra, Diwali and many festivals but also Nykaa's flagship being Friday sale will also take place during this period. So along with our flagship event, we do hope to see a big pickup.

One more information that I'd like to mention and it's already in public domain that Nykaa for the first time is doing Nykaaland, which is an immersive beauty experience to be done in Bombay. And while physically it is only happening in Mumbai but digitally all of India will participate in Nykaaland. We are very proud of that event. Because more than 80 brands have chosen to participate in that and it's going to be a consumer delight and we are looking forward to that. This is waited for early November.

Talking about the fashion brands also, like we talked about it. We have done very-very well with many of our fashion brands. Nykd is a very large brand and we do see that over the next five years, it will have a very large business opportunity not just in India but even globally. Similarly, Twenty Dresses, which actually fulfills the need of western wear for Indian consumers, is another brand that is growing very rapidly not just on platform but also off-platform. So together with both on platform and off platform business many of our fashion brands are achieving as much as 12.9% of fashion business contribution.

Talking about exports. We are as you are aware already presence in Mauritius with a partner. We have a number of stores in Mauritius. And now, we are entering the UAE market. Not just UAE but as I call it GCC countries. Not just to our joint venture with apparel group called Nysaa but beyond that in the Middle East market we are present on known Namshi as well as some of the retailer platforms from lifestyle group.

In the US too, we have started selling. Now Indian ingredient-led products as well as in near future, we will be taking our ayurveda format international. So we believe that exports is a big opportunity going forward.

A number of you ask questions about the profitability. And from profitability perspective, I wanted to remind each one of you that even for the year ended financial year 23, EBITDA level, the profitability has been good. Our EBITDA grew 65% year-on-year and it is an information



that you all had in the past. But and I think all of you are aware that we have built Nykaa with very limited capital so far. Pre-IPO, we had used all of \$70 million to build Nykaa to a size and scale that it reached there. And even post-IPO, because we raised a little bit of money in the IPO, we are only at about \$150 million raised so far.

With that most of the growth initiatives of B2B business which today offers size and scale as well as the fashion business which is already now it is somewhere in consumer mindset. Somewhere between number two or number three e-commerce platform in India. That's no mean feat at all. And all of this investment has happened over the last four years and it has happened out of our regular cash flows of the business. We are also acquiring accelerated customer acquisition. In beauty alone, we would be acquiring close to 5 million new customers and similarly, when you put together fashion and other businesses, the number goes up somewhere around 7.5 million.

All of this new customer acquisition is again being funded from our annual cash flow. Last but not the least, the amount of investment we are making in technology is massive. I would like to share that very large part of our people cost is towards technology platform. And I would like to explain to you all of you that how cement companies put up yet another plant which allows the turnover to grow, our investment in technology is like our plant and machinery that will allow us to grow in future. Not only have we corrected all the cost structures from fulfillment costs to marketing costs to now even people costs have all we made initiatives to correct each of these costs. In fact on people front, we have been very prudent where we have had headcount freeze for last nine months and we plan to continue that for next nine months.

So we have been consciously managing each aspects of our cost element. However, below EBITDA line, I want to remind each one of you, the items of cost that hit us are depreciation and interest which are very much needed to create and build the business. So that investment in stores, that investment in warehouse and the investment in inventory is very much needed to grow our business. And that should be looked at in that light and the expectation of profitability should come in that light. I constantly get reminded that we must achieve balance between near term profitability and long term investments that will pay off our shareholders well in the long run.

Talking about our warehouse investment, we made a very large investment in warehouse in the last year. As we rolled out almost 21 warehouses with a capacity of 14.6 lakh square feet, which was up 70% year-on-year. In any business environment, this should be seen as a positive indication towards belief in our future and being future ready to meet with the demand that we are likely to see going forward.

However, there will be near term cost impact of such investment in warehouse from both depreciation and inventory perspective. But we do believe that, most of the warehouse investment is behind us. We may add one or two more new warehouses going forward, but the investment that has been made in the last couple of years will pay rich dividend in future. As we are able to scale our size of operation out of those warehouses.



Similarly, we have been adding number of physical retail stores, there are almost 45 stores in beauty and 7 other stores were added. And these also have needed some amount of investments. This is also likely to continue going forward. A small amount of investment, May was made in offices. We had given up our offices during COVID years and we believe in bringing everybody back into office, so some amount of office space investment has happened.

However, we do believe that is also beyond us. So that is behind us and now from here, we do believe many of the investments will be under control. Except for direct variable costs and investments that are needed to grow our retail franchise. Some of you asked about the dividend question. Though Nykaa is reporting small profits, it is not paying dividends. I would like to urge all of you to be in the same mindset as us, that lets invest in building our businesses for the future and so that in future, we are able to give sizable dividend.

And I remain confident of being able to do that because if you look at our capital base, it is quite small in relation to the earning potential of our business and that in the long run will be very beneficial from dividend expectation perspective. Talking a little bit about competitions, since some of you had questions on that. Nykaa has created significant moats in the beauty business over the last 11 years. As all of you are aware, we were responsible in building the beauty business in the country.

We in fact created the industry and created the demand and this has come with authenticity, omnichannel strategy, strong brand relationships, great own brand portfolio, content to commerce strategy at scale, strong beauty enthusiasts and fashion conscious customers already in our customer base. Each of these is a moat in itself and very difficult for anyone to replicate it in a hurry.

There has always been competition For Nykaa from early days, be it from 2012 onwards from Amazon to Flipkart to Myntra, Sephora and Purplle, all have been in the market since then. Also with our relentless execution that we do, in terms of specialty beauty retailer both online and offline, we have gone ahead of many of our competitors, thanks to the bouquet of services that we offer.

And like many of you all said, Nykaa is getting ready for the next phase of growth, which will come through beauty services also. So we have plans in that area for sure. With all of this investment that we made in creating and building this industry and unique moats as we call it, we remain confident that any kind of competition, be it coming from large conglomerates to any small D2C brands will all just help us expand the market and expansion of market is always good for some of the largest and leaders in the market.

So we remain confident that current expansion of competition will lead to greater mindshare about our category in the minds of the consumer and benefits of that will flow to all the participants in the industry, including Nykaa. attrition, this has also been on your minds. How are we addressing employee attrition, especially at the top and the middle leadership and what is our ESOP pool? To be honest, Nykaa has a strong professional management team of 10 CXO, who come with rich and relevant experience.



Our ability to attract talent has gone up multi-fold post-IPO and we have upgraded talent across all layers. Several of our leadership team come with rich FMCG and technology experience. We also have a second tier of leadership of about 188 employees from varied industries like retail, marketing, home and personal care, brands and technology

With this, we have the right set of leaders to drive the next phase of growth particularly important is to note that almost 33% of our leadership team is women, while 46% of our employees in aggregate are women. And as you are aware, at the Board level, we have four women out of 10. So this is one company that has true representation of diversity. Of course, we are not happy at the levels, we are and we will aim for more equal representation going forward. Talking about the attrition specifically, we would like to tell you that we have had similar to industry level of attrition, which is around 30%.

However, if you were to look at our attrition from competency perspective because we are an organization that rewards high competency, employees and believes in rewarding them differentially. So for those competencies in fact the attrition is as low as mid-teens. There were a few questions around return on capital employed. I would like to say that, return on capital employed in 2021 was at a healthy 17%.

We raised about \$75 million in the IPO and it was committed to spend that money in a certain manner, including retail store rollout as well as warehouse capacity creation. Some amount of marketing spend as well as some amount of inventory build-up. All of that has been achieved. Now at the moment, the capital efficiency is looking low because we have been investing for the future businesses but as these businesses achieve EBITDA breakeven in their respective businesses, you will see long-term ROCE come back to more normalized level that were expected of us in the long run.

I again want to remind you that Nykaa has been built so far with all of \$150 million of capital raise and only \$70 million pre-IPO and that's a large value creation of close to 1.2 billion in GMV perspective and market cap you all are and all of that has been achieved with very little capital. So Nykaa has been extremely prudent on amount of capital that has gone to build this business which always augurs well for investors in the long run from return on equity and return on capital employed perspective.

Talking about businesses, we do give out and I don't want to go into too much of specific numbers, you can always get it on our website but we do give out profitability of beauty business separately from fashion and other businesses and you can see that our beauty business is enjoying very high and healthy business EBITDA margins. And it is more, the investment in new businesses that is dragging down our overall profitability and as these businesses turn the corner after four years- five years of existence, which is normally needed for a new business to come to scale and profitability, we remain optimistic that our overall profitability of the company will improve.

There were few questions around CSR. Our CSR obligation, we are very much focused on doing CSR not just to the extent of obligation but even maybe beyond that CSR and doing good for

the society and economy as well as the environment remains at the crux of all we do and many of our efforts are not even measured. However, there was a CSR spend of total of about IINR 2.7 crores was expected and all of that has been committed to various activities. Some had not spent till the end of the year, however, it will be spent over the next one year. With that, we remain committed to all our shareholders.

I hope, I have answered each of your questions and in case something is missed out, be sure that our company secretarial team will reach out to each one of you to individually answer the questions that may have got left unanswered since we were not in the commonality of questions. However, there is one quick question, I just realized, I needed to answer, that's about the ESOP. Someone asked about, what is the size of our ESOP pool. What I'd like to point out that from the beginning of our journey till now, as much as 8.5% of the company's equity has been shared with employees through long term incentive schemes.

In fact, Nykaa because we are promoters have never participated in those unlike other companies, which are founder led. At the time of the IPO, this would have translated to equity holding more than \$500 million to our employees. And over the life of the ESOP, almost 380 employees have got ESOP allocations. At the moment, there are about 240 employees, who have the ESOP and this is about 10% of our current employee base.

The pool currently available for ESOP allocation is about 1% of the company's equity and this includes both the un-vested ESOP as well as the new pools that are available with us. And this we believe should suffice for the next one or two years or at least two to three years, we'll have to see but we do believe that, ESOP is a very long term employee incentives are a very good way to share the wealth creation effort with key employees and it is critical to our compensation policy.

With that, thank you very much for participating with us and I'd like to just read out certain closing formalities. Dear members, in case any of the queries raised by you during the meeting have remain unanswered, you may send a request by writing an email to the company secretary. The company secretary on receipt of such request shall respond suitably. I would also like to authorize the company secretary to conduct the voting procedure and conclude the meeting. The e-voting facility will remain open for next 15 minutes to enable members to cast their vote.

The resolutions that set forth in the notice shall be deemed to be passed today subject to the receipt of requisite number of votes. We are grateful to all our shareholders from all over the world, who joined the meeting through video conference and offer their most valuable suggestions to make a company better. I would also like to thank all our Board of Directors, who continue to provide enormous guidance to this Board and for attending this meeting.

I would also like to thank our statutory and secretarial auditors, who have supported us today. With your consent, I conclude today's proceeding and to repeat that the e-voting facility will remain open till such time as is regulatory required. And thank you all for making it convenient to attend this meeting. We look forward to seeing you again next year, be safe and be healthy.