

13 August 2025

India | Equity Research | Results update

Honasa Consumer

Consumer Staples & Discretionary

Steady start to the fiscal; scale and mix to drive momentum. We stay believers.

Honasa started FY26 on steady footing – revenue/ UVG up 7.4%/ 10.5% YoY driven by 20%+ growth in focus categories across brands. Revenue growth was partially impacted by early onset of monsoon (200bps impact on revenue). Modern trade and e-commerce channel grew in double digits, while general trade channel sequential performance continues to improve on management initiatives. Younger brands, now contributing more than 50% of revenue, continue to register 20%+ growth. Overall profitability was stable during the quarter, which is expected to improve with operating scale in younger brands. Going ahead, scaling up of younger brands driven by NPDs and sustained improvement in Mamaearth's performance on the back of RTM changes, should drive a healthy performance. **BUY.**

Focus categories sustain double-digit growth; younger brands deliver 20%+ momentum

Honasa's Q1FY26 revenue / GP / EBITDA / recurring PAT growth (YoY) stood at 7 / 7 / (1) / 3 (%) with UVG: +10.5%. Growth was driven by broad-based traction across younger brands (>20% YoY), with The Derma Co registering 100%+ growth in face cleansers and expanding into hair care. Focus categories – face wash, shampoo, sunscreen, moisturizer, and lipstick – maintained double-digit growth across modern trade (+30% YoY offtake) and e-commerce (sequential share gain of +45bps), contributing ~80% of brand sales. Management aims to sustain high-teens growth in these categories through innovation, premiumisation, and offline expansion.

Mamaearth strengthened its position in key categories, with MAT Jun'25 value share gains of +114bps YoY in face cleansers and +19bps in shampoo. Retail distribution expanded 20% YoY to 0.24mn FMCG outlets, with >50% YoY growth in direct outlet billing through distributors and healthy general trade secondary sales. Face cleanser became the third category after serums and sunscreens to cross INR 1bn ARR. Innovation momentum remained robust with India's first sunscreen with Anti-Pollution Factor (Aqualogica), peptide-stem cell hair fall control shampoo, bond repair shampoo, Y.U.M.M.Y lip gloss balm, and sensitive-skin sunscreen variants, reinforcing premiumisation and category depth. Blind testing showed Mamaearth's shampoo chassis outperforming a leading global brand.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	20,669	23,438	27,674	32,142
EBITDA	685	1,596	2,326	2,898
EBITDA Margin (%)	3.3	6.8	8.4	9.0
Net Profit	727	1,551	2,305	2,858
EPS (INR)	2.2	4.8	7.1	8.8
EPS % Chg YoY	(34.9)	113.4	48.6	24.0
P/E (x)	120.5	56.5	38.0	30.6
EV/EBITDA (x)	118.5	50.0	33.5	26.1
RoCE (%)	1.7	6.5	9.4	10.5
RoE (%)	6.4	12.3	15.9	16.7

Manoj Menon

manoj.menon@icicisecurities.com
+91 22 6807 7209

Dhiraj Mistry

dhiraj.mistry@icicisecurities.com

Akshay Krishnan

akshay.krishnan@icicisecurities.com

Aniket Kamble

aniket.kamble@icicisecurities.com

Market Data

Market Cap (INR)	88bn
Market Cap (USD)	998mn
Bloomberg Code	HONASA IN
Reuters Code	HONA.BO
52-week Range (INR)	547 /190
Free Float (%)	42.0
ADTV-3M (mn) (USD)	3.6

Price Performance (%)	3m	6m	12m
Absolute	8.6	31.6	(40.4)
Relative to Sensex	11.3	26.2	(41.1)

ESG Score	2023	2024	Change
ESG score	NA	52.3	NA
Environment	NA	32.1	NA
Social	NA	41.7	NA
Governance	NA	75.7	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
Revenue	-	-
EBITDA	6.0	(11.8)
EPS	4.5	(6.9)

Previous Reports

30-06-2025: [Company update](#)

23-05-2025: [Q4FY25 results review](#)

Margins soften YoY but improve sequentially

Gross margin contracted 46bps YoY to 71.2% in Q1FY26 (up 48bps QoQ) on higher input costs, partly offset by an improved mix and higher offline salience. EBITDA margin declined 63bps YoY to 7.7% (+263bps QoQ), benefiting from scale-led overhead leverage and improved channel mix despite elevated A&P spends (34.6% of sales). Recurring PAT grew 3% YoY to INR 413mn, aided by lower finance costs and a negative working capital cycle (-11 days).

Organisationally, leadership was strengthened with the appointment of a Chief Business Officer and the elevation of senior HR and Supply Chain leaders, alongside a milestone-based ESOP plan for talent retention. Management reiterated focus on sustaining double-digit revenue growth in FY26 with further margin improvement as scale efficiencies and distribution gains continue.

Valuations and risks

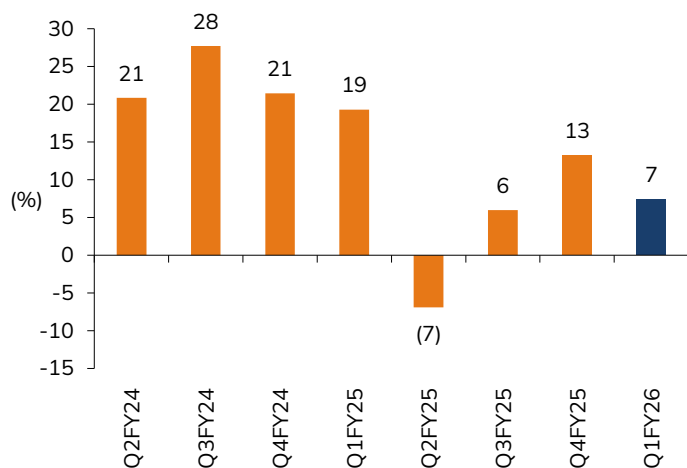
We rationalise our earnings estimates for FY26-27E factoring in higher A&P spends to support growth younger brands; modelling revenue/ EBITDA/PAT CAGRs of 16/62/58 (%) over FY25-28E. Maintain BUY with a DCF-based target price of INR 400 as we roll forward to Sep'27E. At our TP, the stock will trade at 50x Sep'27E EPS. Key risks: 1) heightened competition, 2) execution miss, 3) low success in scale-up of new brands and 3) continued slowdown in Mamaearth.

Exhibit 1: Q1FY26 result review

INR mn	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Net Revenue	5,953	5,541	7	5,336	12
COGS	(1,714)	(1,570)	9	(1,562)	10
Gross profit	4,238	3,970	7	3,774	12
Staff cost	(604)	(494)	22	(478)	26
A&SP	(2,060)	(2,000)	3	(1,840)	12
Other opex	(1,117)	(1,015)	10	(1,186)	(6)
Total opex	(3,780)	(3,509)	8	(3,504)	8
EBITDA	458	461	(1)	270	70
Other income	239	187	28	208	15
Finance cost	(33)	(30)		(32)	3
D&A	(108)	(94)	15	(124)	(13)
PBT	556	524	6	322	73
Tax	(143)	(121)	18	(72)	98
Recurring PAT	413	403	3	250	65
Extraordinary items	-	-		-	
Net profit (reported)	413	403	3	250	65
EPS	1.3	1.3	2	0.8	65
Costs as a % of sales					
COGS	28.8	28.3	45 bps	29.3	-49 bps
Gross margin (%)	71.2	71.7	-46 bps	70.7	48 bps
Staff cost	10.1	8.9	122 bps	8.9	119 bps
A&SP	34.6	36.1	-150 bps	34.5	12 bps
Other opex	18.8	18.3	43 bps	22.2	-348 bps
EBITDA margin (%)	7.7	8.3	-63 bps	5.1	263 bps
Income tax rate (%)	25.7	23.2	250 bps	22.4	331 bps

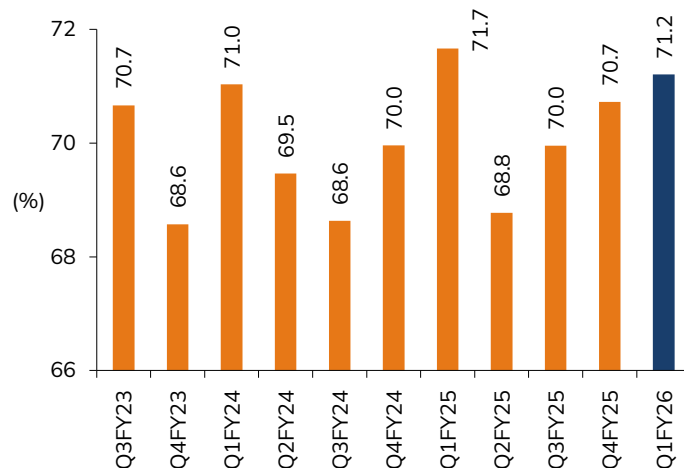
Source: Company data, I-Sec research

Exhibit 2: Revenue growth



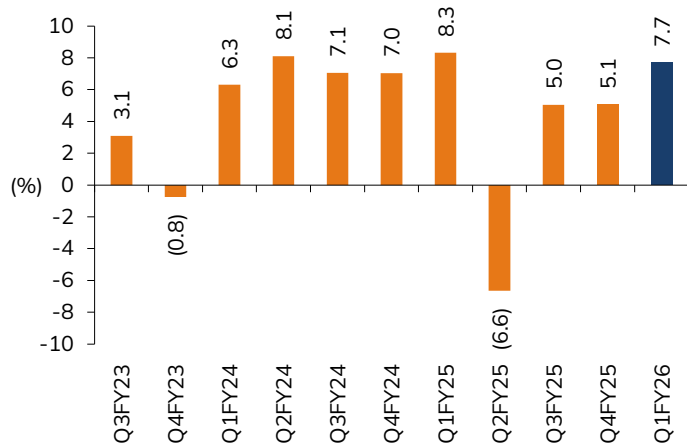
Source: Company data, I-Sec research

Exhibit 3: Gross margin



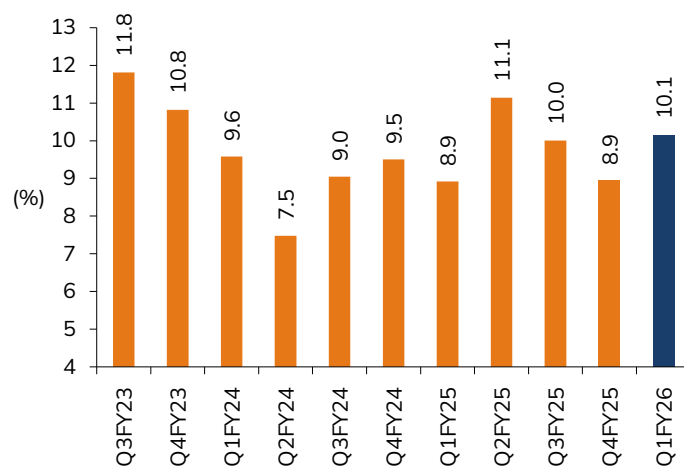
Source: Company data, I-Sec research

Exhibit 4: EBITDA margin



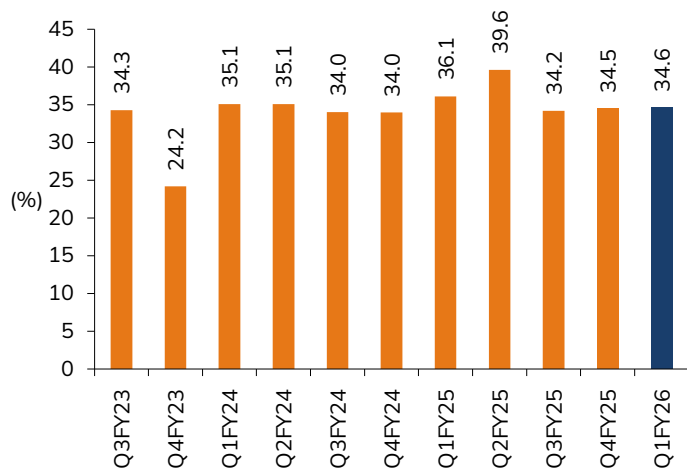
Source: Company data, I-Sec research

Exhibit 5: Staff cost as a % of sales



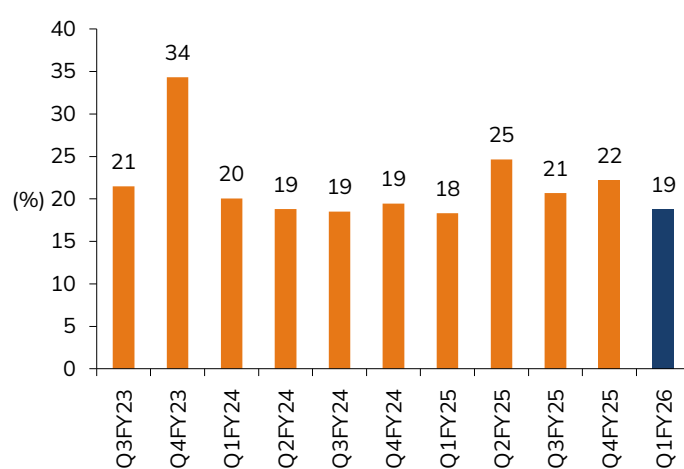
Source: Company data, I-Sec research

Exhibit 6: A&SP as a % of sales



Source: Company data, I-Sec research

Exhibit 7: Other Exps as a % of sales



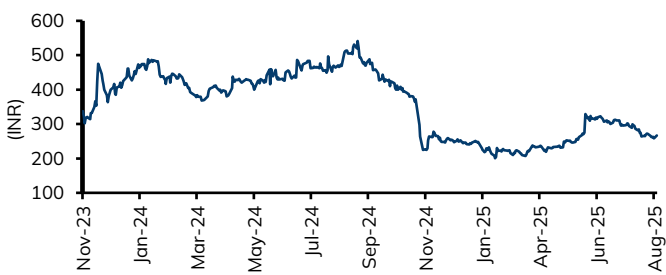
Source: Company data, I-Sec research

Exhibit 8: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	35.0	35.0	35.0
Institutional investors	34.0	34.1	34.1
MFs and others	3.1	2.7	2.4
FIs/Banks	0.0	0.0	0.0
Insurance	9.5	9.1	9.1
FIIIs	21.4	22.3	22.6
Others	31.0	30.9	30.9

Source: Bloomberg, I-Sec research

Exhibit 9: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 10: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales	20,669	23,438	27,674	32,142
Operating Expenses	19,984	21,842	25,348	29,243
EBITDA	685	1,596	2,326	2,898
EBITDA Margin (%)	3.3	6.8	8.4	9.0
Depreciation & Amortization	450	494	496	501
EBIT	235	1,102	1,830	2,397
Interest expenditure	126	136	143	150
Other Non-operating Income	-	-	-	-
Recurring PBT	896	2,079	3,090	3,831
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	169	528	785	973
PAT	727	1,551	2,305	2,858
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	727	1,551	2,305	2,858
Net Income (Adjusted)	727	1,551	2,305	2,858

Source Company data, I-Sec research

Exhibit 11: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	10,115	12,006	14,628	17,765
of which cash & cash eqv.	6,361	7,748	9,601	11,926
Total Current Liabilities & Provisions	4,631	5,252	6,201	7,202
Net Current Assets	5,484	6,754	8,427	10,563
Investments	-	-	-	-
Net Fixed Assets	1,284	954	651	388
ROU Assets	1,210	1,210	1,210	1,210
Capital Work-in-Progress	1	1	1	1
Total Intangible Assets	528	528	528	528
Long Term Loans & Advances	4,654	5,278	6,232	7,238
Deferred Tax assets	-	-	-	-
Total Assets	13,175	14,740	17,067	19,949
Liabilities				
Borrowings	-	-	-	-
Deferred Tax Liability	(95)	(95)	(95)	(95)
Provisions	108	122	144	167
Other Liabilities	-	-	-	-
Equity Share Capital	3,252	3,252	3,252	3,252
Reserves & Surplus	8,546	10,098	12,403	15,261
Total Net Worth	11,798	13,349	15,655	18,513
Minority Interest	-	-	-	-
Total Liabilities	13,175	14,740	17,067	19,949

Source Company data, I-Sec research

Exhibit 12: Quarterly trend

(INR mn, year ending March)

	Sep 24	Dec 24	Mar 25	Jun 25
Net Sales	4,618	5,175	5,336	5,953
% growth (YOY)	(6.9)	6.0	13.3	7.4
EBITDA	(307)	261	270	458
Margin %	(6.6)	5.0	5.1	7.7
Other Income	200	192	208	239
Extraordinaries	-	-	-	-
Adjusted Net Profit	(186)	260	250	413

Source Company data, I-Sec research

Exhibit 13: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	1,022	575	786	1,129
Working Capital Changes	(50)	(493)	(755)	(796)
Capital Commitments	(1,817)	(164)	(194)	(238)
Free Cashflow	(795)	410	593	891
Other investing cashflow	365	1,113	1,403	1,584
Cashflow from Investing Activities	(1,451)	949	1,209	1,346
Issue of Share Capital	48	-	-	-
Interest Cost	(8)	(136)	(143)	(150)
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	-	-	-	-
Others	-	-	-	-
Cash flow from Financing Activities	(311)	(136)	(143)	(150)
Chg. in Cash & Bank balance	(741)	1,388	1,853	2,325
Closing cash & balance	4,116	4,700	6,553	8,879

Source Company data, I-Sec research

Exhibit 14: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	2.2	4.8	7.1	8.8
Adjusted EPS (Diluted)	2.2	4.8	7.1	8.8
Cash EPS	3.6	6.3	8.6	10.3
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	36.3	41.1	48.1	56.9
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	7.7	13.4	18.1	16.1
EBITDA	(50.0)	132.9	45.7	24.6
EPS (INR)	(34.9)	113.4	48.6	24.0
Valuation Ratios (x)				
P/E	120.5	56.5	38.0	30.6
P/CEPS	74.4	42.8	31.3	26.1
P/BV	7.4	6.6	5.6	4.7
EV / EBITDA	118.5	50.0	33.5	26.1
P / Sales	4.2	3.7	3.2	2.7
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	70.3	70.3	70.2	70.3
EBITDA Margins (%)	3.3	6.8	8.4	9.0
Effective Tax Rate (%)	18.9	25.4	25.4	25.4
Net Profit Margins (%)	3.5	6.6	8.3	8.9
Net Debt / Equity (x)	(0.5)	(0.6)	(0.6)	(0.6)
Net Debt / EBITDA (x)	(9.3)	(4.9)	(4.1)	(4.1)
Fixed Asset Turnover (x)	13.2	12.3	13.3	14.0
Working Capital Days	(18)	(17)	(18)	(18)
Inventory Turnover Days	29	30	30	30
Receivables Days	24	25	25	25
Payables Days	65	67	68	68
Profitability Ratios				
RoCE (%)	1.7	6.5	9.4	10.5
RoE (%)	6.4	12.3	15.9	16.7
RoIC (%)	1.7	6.5	9.4	10.5

Source Company data, I-Sec research

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, **E-mail Address** : complianceofficer@icicisecurities.com

For any queries or grievances: [Mr. Bhavesh Soni](#) Email address: headservicequality@icicidirect.com Contact Number: 18601231122
