

13 November 2025

India | Equity Research | Results Update

Honasa Consumer

Consumer Staples & Discretionary

Clarity, focus and execution - we stay believers!

Honasa's Q2FY26 performance reaffirms its focus on building category depth, scaling younger brands, and strengthening distribution reach. Mamaearth is back to growth (LFL: double digit) and sustained traction across younger brands such as The Derma Co. underscoring portfolio resilience, while continued innovation and selective entry into premium segments strengthened category relevance. Expanding offline footprint, improving mix and disciplined cost control supported steady margin progression in Q2. With younger brands now contributing >50% of revenue, new initiatives such as *Luminéve* in premium skincare and *Fang* in oral care broaden Honasa's play in emerging adjacencies. The business enters H2FY26 on a steady footing, with margin tailwinds and broad-based brand momentum likely to drive healthy performance ahead. **BUY.**

Broad-based growth led by core categories and younger brands

Honasa's Q2FY26 revenue / GP grew 17% / 19% YoY with UVG at +16.7%, reflecting steady volume-led performance. On a like-for-like (LFL) basis (adjusted for the Flipkart settlement change of ~INR 280mn), revenue grew 22.5% YoY, with no impact on absolute profitability as brand contribution remained unchanged. Growth was driven by broad-based traction across focus categories - face wash, sunscreen, moisturizer and haircare, which continued to deliver double-digit growth, contributing over 75% of total revenue. Mamaearth returned to growth, gaining +123bps share in face cleansers (NielsenIQ), while The Derma Co. crossed the INR 7,500mn ARR mark, emerging as India's #1 sunscreen brand (Euromonitor CY24).

Distribution network expanded with 35%+ YoY growth in direct outlets billed and coverage of 0.25mn FMCG retail outlets, reflecting Honasa's expanding offline reach. Younger brands maintained 20%+ YoY growth, supported by innovation-led launches such as Aqualogica's in-vivo tested Anti-Pollution sunscreen and Dr. Sheth's prestige serums. The company has also diversified into high-growth adjacencies with the launch of *Luminéve* in prestige skincare and an investment in *Fang* (a premium oral care brand).

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	20,669	22,876	26,829	31,205
EBITDA	685	1,985	2,422	2,894
EBITDA Margin (%)	3.3	8.7	9.0	9.3
Net Profit	727	1,654	2,054	2,576
EPS (INR)	2.2	5.1	6.3	7.9
EPS % Chg YoY	(34.9)	127.6	24.2	25.4
P/E (x)	126.2	55.4	44.7	35.6
EV/EBITDA (x)	124.5	42.2	33.9	27.7
RoCE (%)	1.7	8.9	10.0	10.7
RoE (%)	6.4	13.1	14.2	15.3

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Market Data

Market Cap (INR)	92bn
Market Cap (USD)	1,035mn
Bloomberg Code	HONASA IN
Reuters Code	HONA.BO
52-week Range (INR)	388 /190
Free Float (%)	42.0
ADTV-3M (mn) (USD)	2.6

Price Performance (%)	3m	6m	12m
Absolute	4.7	13.7	(24.6)
Relative to Sensex	(0.5)	11.3	(32.0)

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	(2.4)	(3.1)
EBITDA	24.4	(0.3)
EPS	6.1	(14.5)

Previous Reports

13-08-2025: [Q1FY26 results review](#)

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

Margin expansion lifts profitability; operating discipline sustained

Gross margin expanded +172bps YoY to 70.5%, aided by a favourable channel mix and improving premium brand salience, while EBITDA margin improved to 8.9% (Q2FY25: -6.6%), reflecting recovery from a weak base and improved operating leverage despite sustained brand investments. EBITDA stood at INR 476mn and PAT at INR 392mn, underscoring healthy earnings recovery. Management reiterated its focus on scaling core categories, premium-led expansion and distribution-driven growth, while maintaining margin improvement momentum through cost discipline and operating efficiency.

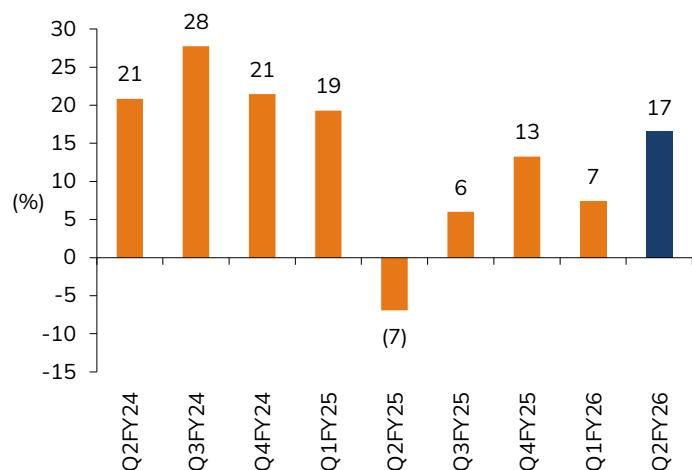
Valuations and risks

We tweak our earnings for FY26-27E, adjusting for changes in reporting for Flipkart, and changes in our assumptions and introduce FY28 estimates. We model revenue/EBITDA/PAT CAGR of 15/62/52 (%) over FY25–28E. Maintain **BUY** with DCF-based target price of INR 400 as we roll forward to Sep'27E. At our TP, the stock could trade at 59x Sep'27E EPS. Key risks: 1) Heightened competition, 2) execution miss, 3) low success in scale-up of new brands and 4) continued slowdown in Mamaearth.

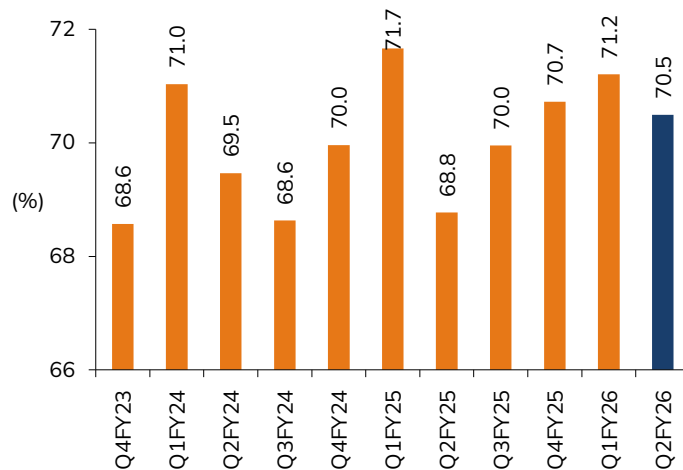
Exhibit 1: Q2FY26 result review

	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Net Revenue	5,381	4,618	16.5	5,953	(9.6)	11,333	10,159	11.6
COGS	(1,588)	(1,442)	10.1	(1,714)	(7.4)	(3,302)	(3,012)	9.6
Gross profit	3,793	3,176	19.4	4,238	(10.5)	8,031	7,147	12.4
Staff cost	(598)	(515)	16.3	(604)	(0.9)	(1,202)	(1,009)	19.2
A&SP	(1,800)	(1,830)	(1.6)	(2,060)	(12.6)	(3,860)	(3,830)	0.8
Other opex	(918)	(1,139)	(19.4)	(1,117)	(17.8)	(2,035)	(2,154)	(5.5)
Total opex	(3,317)	(3,483)	(4.8)	(3,780)	(12.3)	(7,097)	(6,992)	1.5
EBITDA	476	(307)	NA	458	4.0	934	154	506.2
Other income	201	200	0.6	239	(15.7)	440	387	13.6
Finance cost	(33)	(31)		(33)	0.4	(66)	(62)	
D&A	(117)	(106)	11.1	(108)	8.5	(226)	(200)	12.9
PBT	527	(244)	NA	556	(5.1)	1,083	280	286.6
Tax	(135)	58	NA	(143)	(5.2)	(278)	(63)	338.3
Recurring PAT	392	(186)	NA	413	(5.1)	806	217	271.5
Extraordinary items	-	-		-		-	-	
Net profit (reported)	392	(186)	NA	413	(5.1)	806	217	271.5
EPS	1.2	(0.6)	NA	1.3	(5.1)	2.5	0.7	267.5
Costs as a % of sales								
COGS	29.5	31.2	-173 bps	28.8	70 bps	29.1	29.7	-52 bps
Gross margin (%)	70.5	68.8	172 bps	71.2	-71 bps	70.9	70.3	51 bps
Staff cost	11.1	11.1	-2 bps	10.1	97 bps	10.6	9.9	67 bps
A&SP	33.5	39.6	-618 bps	34.6	-116 bps	34.1	37.7	-365 bps
Other opex	17.1	24.7	-760 bps	18.8	-170 bps	18.0	21.2	-325 bps
EBITDA margin (%)	8.9	(6.6)	1550 bps	7.7	115 bps	8.2	1.5	672 bps
Income tax rate (%)	25.6	23.8	184 bps	25.7	-4 bps	25.6	22.6	302 bps

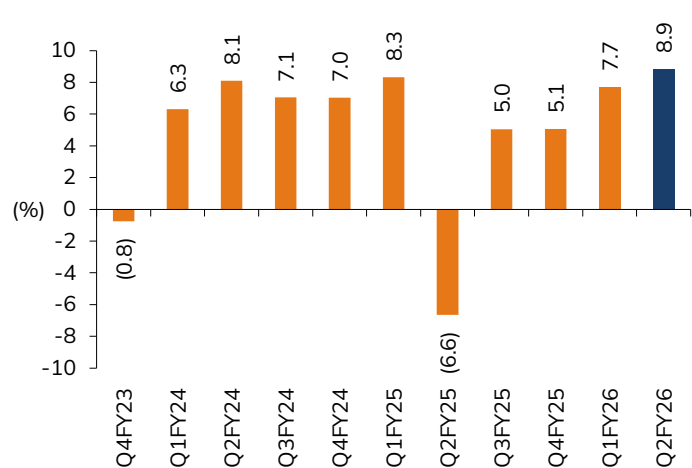
Source: Company data, I-Sec research

Exhibit 2: Revenue growth


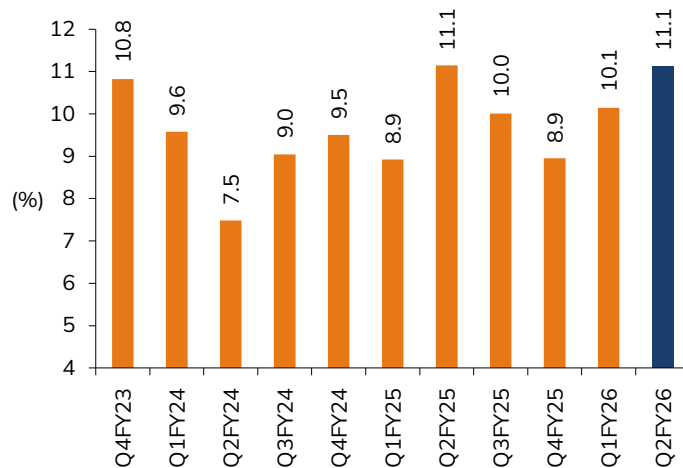
Source: Company data, I-Sec research

Exhibit 3: Gross margin


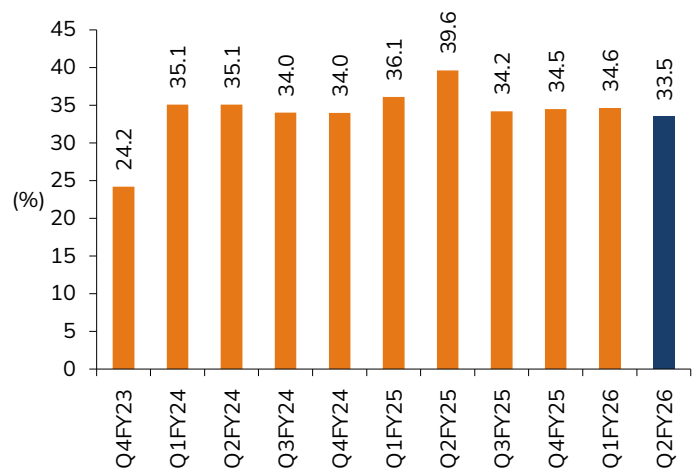
Source: Company data, I-Sec research

Exhibit 4: EBITDA margin


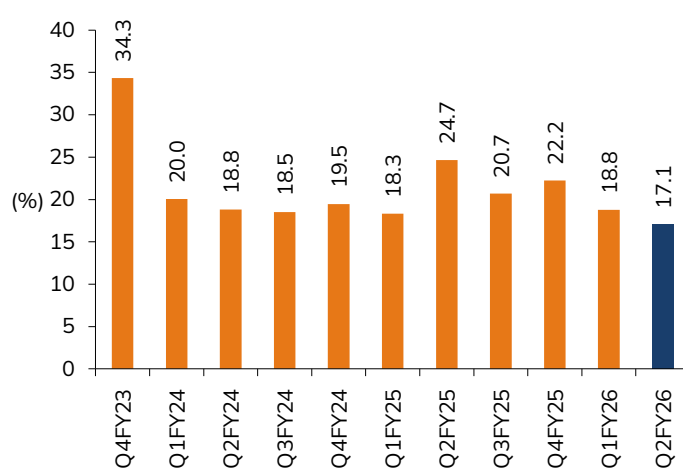
Source: Company data, I-Sec research

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 expenses as a % of sales


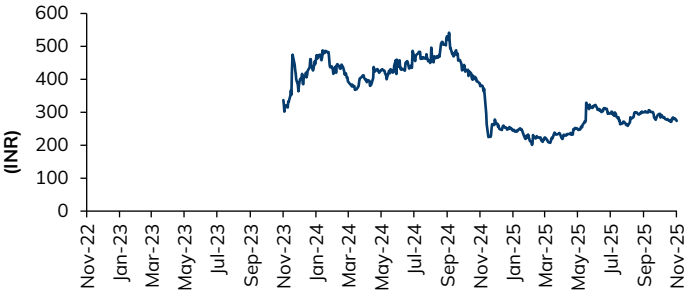
Source: Company data, I-Sec research

Exhibit 8: Shareholding pattern

%	Mar'25	Jun'25	Sep'25
Promoters	35.0	35.0	35.0
Institutional investors	34.1	34.1	34.7
MFs and others	2.7	2.4	2.5
FIs/Banks	0.0	0.0	7.4
Insurance	9.1	9.1	9.3
FIIIs	22.3	22.6	15.5
Others	30.9	30.9	30.3

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	22,876	26,829	31,205
Operating Expenses	19,984	20,890	24,407	28,311
EBITDA	685	1,985	2,422	2,894
EBITDA Margin (%)	3.3	8.7	9.0	9.3
Depreciation & Amortization	450	484	486	491
EBIT	235	1,502	1,936	2,402
Interest expenditure	126	136	137	144
Other Non-operating Income	-	-	-	-
Recurring PBT	896	2,217	2,753	3,454
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	169	563	699	877
PAT	727	1,654	2,054	2,576
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	727	1,654	2,054	2,576
Net Income (Adjusted)	727	1,654	2,054	2,576

Source Company data, I-Sec research

Exhibit 11: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	10,115	12,101	14,466	17,318
of which cash & cash eqv.	6,361	7,945	9,593	11,649
Total Current Liabilities & Provisions	4,631	5,126	6,012	6,992
Net Current Assets	5,484	6,975	8,455	10,326
Investments	-	-	-	-
Net Fixed Assets	1,284	960	662	401
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	5,151	6,041	7,027
Deferred Tax assets	-	-	-	-
Total Assets	13,175	14,840	16,915	19,514
Liabilities				
Borrowings	-	-	-	-
Deferred Tax Liability	(95)	(95)	(95)	(95)
Provisions	108	119	140	163
Other Liabilities	-	-	-	-
Equity Share Capital	3,252	3,252	3,252	3,252
Reserves & Surplus	8,546	10,201	12,254	14,831
Total Net Worth	11,798	13,452	15,506	18,083
Minority Interest	-	-	-	-
Total Liabilities	13,175	14,840	16,915	19,514

Source Company data, I-Sec research

Exhibit 12: Quarterly trend

(INR mn, year ending March)

	Dec 24	Mar 25	Jun 25	Sep 25
Net Sales	5,175	5,336	5,953	5,381
% growth (YOY)	6.0	13.3	7.4	16.5
EBITDA	261	270	458	476
Margin %	5.0	5.1	7.7	8.9
Other Income	192	208	239	201
Extraordinaries	-	-	-	-
Adjusted Net Profit	260	250	413	392

Source Company data, I-Sec research

Exhibit 13: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	1,022	1,029	1,018	1,237
Working Capital Changes	(50)	(393)	(705)	(780)
Capital Commitments	(1,817)	(160)	(188)	(231)
Free Cashflow	(795)	869	830	1,006
Other investing cashflow	365	852	955	1,195
Cashflow from Investing Activities	(1,451)	691	767	964
Issue of Share Capital	48	-	-	-
Interest Cost	(8)	(136)	(137)	(144)
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	-	-	-	-
Others	-	-	-	-
Cash flow from Financing Activities	(311)	(136)	(137)	(144)
Chg. in Cash & Bank balance	(741)	1,585	1,647	2,057
Closing cash & balance	4,116	4,897	6,545	8,602

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	5.1	6.3	7.9
Adjusted EPS (Diluted)	2.2	5.1	6.3	7.9
Cash EPS	3.6	6.6	7.8	9.4
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	36.3	41.4	47.7	55.6
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	7.7	10.7	17.3	16.3
EBITDA	(50.0)	189.7	22.0	19.5
EPS (INR)	(34.9)	127.6	24.2	25.4
Valuation Ratios (x)				
P/E	126.2	55.4	44.7	35.6
P/CEPS	77.9	42.9	36.1	29.9
P/BV	7.8	6.8	5.9	5.1
EV / EBITDA	124.5	42.2	33.9	27.7
P / Sales	4.4	4.0	3.4	2.9
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	70.3	70.8	71.0	71.1
EBITDA Margins (%)	3.3	8.7	9.0	9.3
Effective Tax Rate (%)	18.9	25.4	25.4	25.4
Net Profit Margins (%)	3.5	7.2	7.7	8.3
Net Debt / Equity (x)	(0.5)	(0.6)	(0.6)	(0.6)
Net Debt / EBITDA (x)	(9.3)	(4.0)	(4.0)	(4.0)
Fixed Asset Turnover (x)	15.0	14.9	15.7	16.3
Working Capital Days	(18)	(17)	(18)	(18)
Inventory Turnover Days	29	29	30	30
Receivables Days	24	25	25	25
Payables Days	65	66	68	68
Profitability Ratios				
RoCE (%)	1.7	8.9	10.0	10.7
RoE (%)	6.4	13.1	14.2	15.3
RoIC (%)	1.7	8.9	10.0	10.7

Source Company data, I-Sec research

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