

Honasa Consumer (HONASA) - BUY

Result Update

Current Market Price (CMP) Rs. 431	Fair Value (FV) Rs. 580
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Rationale:

- Honasa reported ~26% yoy organic LFL revenue growth.
- EBITDA margin expanded by 485 bps yoy to 13.1%.
- Mamaearth grew in the high teens on a weak base, while younger brands grew 40%+ (~30% organic).
- TDC crossed Rs1000 cr in net sales on an ARR basis, with a low-teen EBITDA margin.
- Management categorically confirmed that secondary sales are tracking primary sales, with no benefit from channel stocking.
- We raise FY2026-29E EPS by 12-18%. Roll over and increase FV to Rs580 (from Rs455), based on a 50X Sep-2028E PE (40X earlier).
- We upgrade the stock to BUY from ADD.

 Positives:

- Honasa's reported revenue grew 27% yoy to Rs760 cr (2.4% beat).
- Growth driven by Mamaearth's acceleration to high-teen growth and 40%+ yoy growth in younger brands.
- Recurring PAT grew 98% yoy to about Rs81.8 cr.
- Strong start to FY27E, ahead of medium-term growth and margin guidance.

 Negatives:

- Company has very low dividend yield.



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months