

## Honasa Consumer (HONASA) - ADD

### Result Update

Current Market Price (CMP) <b>Rs. 361</b>	Fair Value (FV) <b>Rs. 405</b>
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### Rationale:

- Honasa's Q4 organic revenue growth of 21% yoy was strong.
- Growth aided by 28% yoy growth in younger brands and mid-teen growth in the Mamaearth brand.
- Adjusted EBITDA margin of 11.3% (KIE: 9.7%) was a multi-quarter high, aided by strong operating leverage.
- Honasa's renewed strategy anchored around focus categories, and fundamental changes in its distribution architecture and investment strategy led to a good recovery in FY26.
- Honasa executed calibrated price hikes to offset crude inflation impact.
- Company is confident in sustaining growth momentum across brands and margin improvement in FY27E.
- We raise FY2027-28E EPS by 2-4%, roll over and revise FV to Rs405 (from Rs375), valuing Honasa at 45X June 2028E PE.
- We incorporate Reginald acquisition and increase our revenue estimates by 4- 4.5%.
- We tweak EBITDA margin estimates, resulting in a 2-4% increase in FY27-28E EPS.

#### 👍 Positives:

- Honasa's reported revenue grew 23.2% yoy to Rs660 cr (4% beat).
- Growth driven by strong growth momentum in young brands (28% yoy growth).
- Recurring PAT stood at Rs69.2 cr (34.2% beat).

#### 👎 Negatives:

- Cash balance declined to Rs210 cr.



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

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- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE** – We expect the stock to deliver -5% - +5% returns over the next 12 months
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- NR** – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
- SUBSCRIBE** – We advise investor to subscribe to the IPO.
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- NA** – **Not Available or Not Applicable.** The information is not available for display or is not applicable
- NM** – **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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