09th June, 2026

Honasa Consumer Ltd.

BSE: 544014 | NSE: HONASA | Mkt Cap: Rs 13,438 cr

Recommendation	Time Period	Current Price	Target Price	Potential Upside
BUY	**12 months**	**413.0/-**	**475.0/-**	**15.0%**

Honasa Consumer Ltd (HCL) is one of the largest digital-first Beauty & Personal Care (BPC) company in India with a diversified portfolio of brands offering differentiated propositions to cater to distinct consumer needs. The company houses brands such as Mamaearth, The Derma Co., Aqualogica, BBlunt, Dr. Sheth's, Ayuga and Staze.

Key Investment Rationale:

- **House of Brands architecture:** HCL has built a 'House of Brands' architecture with a portfolio of seven brands in the BPC space. Each of the brands offer a differentiated value proposition which includes products in the baby care, face care, body care, hair care, color cosmetics and fragrances segments.
- **Omni-channel distribution model:** The company's products are available to its customers through omni-channel distribution network across both online and offline touchpoints. HCL leverages its online channels during the brand or product's early stages of lifecycle and then selectively introduces such brands or products in offline stores to drive penetration amongst a larger consumer base post trials and market acceptance. This digital-first approach in its distribution strategy enables HCL to incorporate customer feedback across new product launches and thereby efficiently scale new products.
- **Strong 4QFY26 performance:** HCL reported strong revenue growth of 23.2% YoY at Rs 657 cr with sharp EBITDA and PAT growth of ~2.9x YoY each in 4QFY26. EBITDA margin expanded 666 bps YoY to 11.7%. Underlying volume growth was 30% YoY. Company continues to have negative working capital. Mamaearth, the core cash engine for HCL, grew in mid-teens during the quarter with management confident of delivering double-digit CAGR in next five years led by distribution expansion and market share gains in core categories. Focus categories grew ~35% YoY with their contribution increasing ~500 bps in last one year. Younger brands are also scaling faster, recording growth of ~40% YoY and ~28% YoY ex. Reginald Men.
- **Structural Growth Outlook:** The growth outlook for Honasa Consumer is strong and structurally positive driven by multiple levers such as category tailwinds (premiumization), operating leverage, healthy innovation, channel mix optimization, offline distribution expansion, etc. which provides sustained growth outlook. The company expects high-teens CAGR over the next five years. EBITDA margin is targeted to grow by ~100 bps per year for the next five years through a combination of marketing leverage, channel cost efficiencies and operating leverage.
- **Reasonable Valuation:** At CMP of Rs 413, the stock trades at FY27E/FY28E Bloomberg consensus PE of 55.5x/45.3x respectively which looks reasonable given the company's transition from a single-brand digital-first player to a scaled, multi-brand platform with sustained growth visibility.

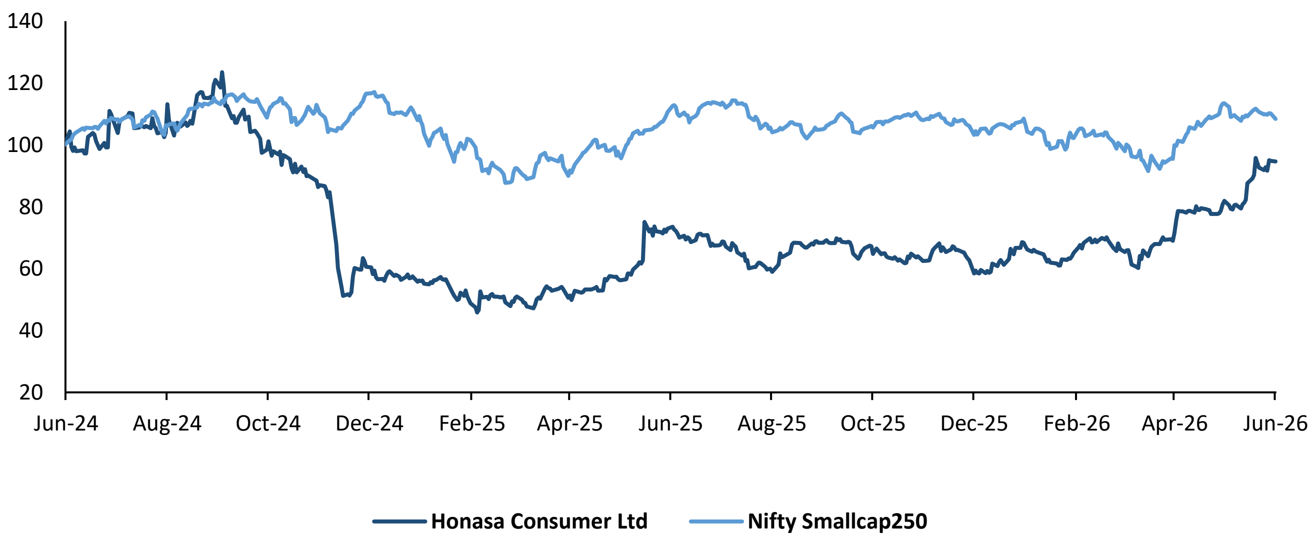
Key Risks: High Competition; Slower than expected execution; Delay in scaling up offline channel

Financial Summary

Particulars (Rs cr)	FY25A	FY26A	FY27E	FY28E
Net Sales	2,067	2,392	2,792	3,207
EBITDA	69	236	300	372
Net Profit	73	200	242	297
EBITDA Margin (%)	3.3	9.9	10.7	11.6
RoE (%)	6.2	14.2	15.2	16.0
EPS (Rs)	2.2	6.2	7.4	9.1
P/E (x)	184.9	67.1	55.5	45.3
EV/EBITDA (x)	191.2	56.0	43.4	34.4

Source: AceEquity, Bloomberg, SSL Research

Stock Performance (2-Yr) – Indexed to 100



Source: ACE Equity, SSL Research

Recommendation History

Date	Stock Price	Target Price	Recommendation	Status
21st August, 2025	295.0	340.0	Buy	Closed – Target Achieved

Disclaimer

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