Dated: 13th November 2025

Honasa Consumer (HONASA) - ADD

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs. 282	**Rs.320**

Rationale:

- Honasa delivered 16.5% yoy (22.5% LFL) revenue growth, aided by a weak base (down 7%).
- Young brands grew ~20% yoy and Mamaearth registered positive growth on a weak base.
- Adjusted EBITDA margin of 8.4% (up 65 bps qoq) was 100 bps above our estimate, aided by GM improvement.
- Honasa is well placed to deliver DD LFL revenue growth and 7%+ EBITDA margins in FY2026E.
- Young brands tracking well (GM accretive) and Mamaearth growth improving on a weak base.
- We raise EPS estimates by 3-5% and revise FV to Rs320 (from Rs300), valuing it at 45X Dec-27E PE.
- We expect earnings to grow by 35.2% in FY27E & grow by 26.1% in FY28E.
- Stock is currently trading at valuation of 37.0x P/E FY28E EPS.

Positives:

- Honasa’s reported revenue grew 16.5% yoy to Rs5.4 bn (0.4% beat).
- Growth driven by sustained growth momentum in young brands (~20% yoy growth.
- EBITDA margin stood at 8.9%, (KIE: 7.4%; 8.4% adjusted).
- Mamaearth growth turned positive, led by Double digit (DD) growth in Ecom and MT.

Negatives:

- Flipkart Group changed its settlement process.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

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
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
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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