

Honasa Consumer

21 May 2026

Operator: Ladies and gentlemen, good day and welcome to Honasa Consumer Ltd. Q4 and FY26 earnings conference call hosted by JM Financial Institutional Securities Limited. As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rajat Gupta from JM Financial. Thank you and over to you.

Management: Good evening everybody. Welcome to the Q4 FY26 earnings conference call of Honasa Consumer Ltd. Today on the call, we have Mr. Varun Alagh, Co-Founder, Chairman and Chief Executive Officer; Ms. Ghazal Alagh, Co-Founder and Chief Innovation Officer; and Mr. Ramanpreet Sohi, Chief Financial Officer. I now hand over the call to Mr. Varun for his opening remarks. Over to you, sir.

Management: Hi, thank you. Welcome everyone to the quarterly results call for Honasa Consumer Ltd. for Q4 and FY26. I am joined here with Ghazal, Raman, and our team. We are going to start by quickly taking you through the presentation that we have also uploaded along with the results and then open the floor for questions that you have for us.

Starting with the presentation, the first section, as we have always been covering in our previous calls, is the future of the Indian beauty and personal care space. Today, the insight we are talking about is "inside-out beauty." We believe there is a new trend that has been actively shaping both globally and in India where consumers are looking for comprehensive solutions to their beauty problems, be it hair fall, acne, etc. To address these problems, apart from topical solutions, ingestible vitamins and supplements which aid in correcting these problems at the core is something that consumers have been seeking as a stronger solution. We are seeing this shape up very well in India. We are watching this space and we would also like to participate in this space over time, but that is an interesting insight we wanted to present to you.

Coming to the financial snapshot and the update on Q4 and the full year for the business, I am delighted to inform you that Q4 FY26 has been a great quarter—another great quarter, because this is the third consecutive quarter of 20% plus growth for the company. We have delivered 28% YoY growth with EBITDA scaling almost 1.5 times over the same quarter last year. Overall, we achieved 682 crores in quarterly revenue and a 71.4% gross margin, which has expanded by 70 basis points YoY. EBITDA stood at 77 crores, which is 11.3%, and PAT was at 69 crores, which is 10.2%. Underlying volume growth has been strong, as this growth has actually been driven by volume and not just price. We continue to maintain negative working capital.

Just to call out, this growth includes our recent acquisition of BTM Ventures as well, and this is the like-for-like growth. The reported growth, of course, contains the Flipkart adjustment that we have been talking about over the last few quarters where revenue recognition gets impacted but not the bottom line. We have shared those numbers as well. If you correct for the basis, the growth actually remains the same. But because the base changes and the delivery changes while the original base does not, the reported growth looks relatively lower. That is the like-for-like growth for the business at 28%.

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We are also delighted to inform you that this is the first full year for the company where the Board has decided to reward shareholders with a dividend of Rupees 3 per equity share. This is about 50% of the PAT the company generated for the full year, which is in excess of 200 crores. The total cash payout will be about 98 crores as part of this dividend. This signals the strength of our belief in the ongoing cash generation capability of the company, even after deploying what we feel are relevant inorganic opportunities. Given we are a negative working capital company, we will continue to generate excess cash and we would like to reward shareholders by distributing it in the form of dividends.

Coming to the core business highlights, I am elated to inform you that the focus categories we have chosen to double down on continue to drive growth. They have grown by 35% YoY. The contribution of focus categories has increased by 500 basis points in one year. All channels are growing strongly in our focus categories, so this strategy has clearly paid off.

I am also delighted to tell you that Mamaearth continues to become stronger in terms of consumer love, which is visible in the growth. The brand has grown at mid-teens this quarter. Brand health is at a multi-quarter high, and the value market share across core categories and SAH has gone up consistently. In terms of the Brand Power Index, measured through Kantar, it has consistently gone up over the last 3 years. Our hero product strategy has been working for us, with our hero products growing two times faster than the brand overall, pointing to our inputs fundamentally shaping a better trajectory that we are confident of for the future.

Younger brands continue to dominate growth, growing at almost 40% with the inclusion of Dr. Sheth's, which we acquired. All brands with a strong focus on product superiority, innovation, and sharp consumer cohorts and targeting have shown very strong results. We continue to back them to help us win in our defined focus categories.

The Derma Co has been a continuous star performer. It delivered strong growth again while maintaining double-digit EBITDA. The face cleanser business has almost doubled for the brand in terms of growth. This is also visible in General Trade market shares in Nielsen, where almost 1% market share for The Derma Co face wash is visible now. We have been consistently working on formulations where all core formulations are winning in blind tests. Hero product contribution is already more than 50% of the brand and continues to grow. All in all, it was a phenomenal performance for The Derma Co.

In its first quarter of consolidation, we have integrated Dr. Sheth's fairly well and continued its strong momentum. The brand has grown by over 100% and doubled its revenue YoY. It has also crossed the 100 crore ARR mark, becoming the sixth brand in Honasa's portfolio to do so. Honasa now has more than six brands with 100 crore plus ARR trajectories. We have also been able to unlock newer geographies like Maharashtra. We are strengthening the brand across other commerce channels and doubling down on aspirational content.

Looking back at overall FY26, this is a year where we delivered 20% YoY growth. This was our internal agenda and the team has delivered it. This is also the year where we tripled our EBITDA, taking the full-year EBITDA margin to about 9.3%, keeping in line with the promise to improve EBITDA by approximately 100 basis points every year. Our gross profit margins continue to be healthy for the overall year. Growth has been volume-driven, which is reflected in our UVG. We

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delivered a 200 crore PAT for the full year.

All of this is a combination of the fundamental levers we have discussed: the focus category strategy, product superiority in all core partitions, hero product scaling in focused brands, General Trade and Modern Trade as core channels, and sharpening our content to be diverse, wider, and Gen Z relevant. We have a much more stabilized offline system. The hard work and the transition we went through is paying off with a satisfied distribution ecosystem in the top 100 cities. Our direct distributor stocks are optimized at between 15–30 days. This distribution system is helping us drive other brands like The Derma Co in General Trade as well.

Our core DNA of being innovative across categories continues to drive our agenda and ensures our brands remain relevant. These six pillars have been core to delivering a better than planned outcome. In line with our confidence in our ability to take share and craft brands, we have also been strengthening talent within the organization to build more businesses in the decade to come.

We recently made a few new appointments, which include Sahil, who has been CEO at multiple cosmetic and makeup companies; Neeraj, who was the founder of a nutraceuticals brand; and Mazhar, who has worked across new-age companies to build and shape younger businesses. We welcome them to the team and will work with them on shaping the next horizon of business for Honasa.

We continue to contribute to our communities as our brands scale up through the initiatives each brand has. Apart from what our brands do outside the domain of CSR, these contributions are part of our marketing spends. Our CSR agendas also continue to shape up strongly, focusing on clean air, urban greenery, and education for tomorrow. We are continuously focusing on shaping initiatives in the communities where we operate around these three focus areas. With that, I would like to thank you for listening to the update and would love to answer your questions.

Operator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

We will take our first question from the line of Vivek from Jefferies India. Please go ahead.

Vivek – Jefferies India: Hi, Varun and team. I hope I am audible. My first question is on the Mamaearth brand. If we look into FY27 and the medium term, both...

Operator: Sorry, you are sounding muffled.

Vivek – Jefferies India: Is it better now?

Operator: Yes, please go ahead.

Vivek – Jefferies India: To repeat, Varun, regarding Mamaearth, the recent quarter has done well. For FY27 and the medium term, given the size of the brand and the penetration-led opportunity on the offline side, how do you think about this brand growing into next year and from a three-year

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perspective?

Management: Hi, Vivek. Thanks for that question. We are fairly confident of delivering a double-digit CAGR on the brand over the next 5 years. We see a lot of share gain opportunities across our focus categories, such as face wash, shampoo, and other categories of interest. We are investing in them. We also see distribution gain opportunities, given the brand is only in 200,000 outlets and can potentially reach 500,000 outlets over the next 3 to 5 years. A combination of those two makes us feel fairly confident that over the next 5 years, the brand should continue to grow at a double-digit CAGR.

Vivek – Jefferies India: Okay, got it. That is very interesting. My second question is on the focus categories. You have highlighted these six or seven categories that you will go after. Then you entered the men's category and have spoken about nutraceuticals. Do you think these two initiatives will create complexity, or is the organization robust enough to handle these beyond what you have articulated as the focus parts of the portfolio?

Management: Yes, Vivek. I would say two or three things. Firstly, men's skincare is a proposition. The categories continue to be skincare and face wash, which are core for us, led by sunscreens in Dr. Sheth's specifically. It is the same category, like sunscreen, but now we have another way to capture the demand men are looking for within that same category.

To answer the second question, I would like to state my operating philosophy. I am a person who believes in keeping goals and dreams at the top and changing circumstances and constraints to achieve them. I heard this young in my career from a leader called Miles-Barber Hilton, a blind man who ran marathons across deserts and did not let his blindness stop his dreams. He stated that the only limits that exist for us are the ones we choose to accept. I was moved by that; it is my operating philosophy.

If we believe there is a dream or an opportunity we want to go after as an organization, we will put that upfront and shape the organization to capture it. If the right manpower or talent is required for new categories, I would rather build that out. If there is a worry about profitability, I would build it softly early on. We will continue to go after opportunities we believe we can capture by building a robust organization and the right playbooks to execute them.

Vivek – Jefferies India: Got it. And generally, I like the growth mindset. The last question—and apologies if it is an unfair question—is that over the quarters, the presentation drift for The Derma Co versus Aqualogica makes it feel like The Derma Co has performed far better than expected while Aqualogica has been a bit under. Is that observation correct? Can you give your reasons and some backdrop regarding the Aqualogica brand?

Management: Vivek, on The Derma Co specifically, that is the second brand we started after Mamaearth. That is the brand we want to take to 1,000 crores to become probably the only company in the last couple of decades that has crafted two 1,000 crore plus brands from scratch. We have been actively sharing detailed progress on The Derma Co. It has benefited from being in the actives segment, which we recognized at the right time. By executing correctly and finding the right fundamentals based on what we learned from Mamaearth, we have been able to scale that brand strongly. We double down on talking about it to show the replicability of our playbooks and

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our ability to build another 1,000 crore brand.

The rest of the brands are much younger. Aqualogica is two and a half years younger than The Derma Co in terms of its birth. They are years apart in terms of progression. For the rest of the brands, we provide a combined view. Each brand has its own trajectory, and every year we have new learnings. Our strategy is to have "horses for courses"—different brands standing for sharp propositions. Depending on how consumer sentiments change—whether toward naturals, hydration, or actives—we will change our investment gears using the right brand chassis. Right now, there is a strong tailwind for actives, so we are doubling down on The Derma Co. As Aqualogica becomes material enough, we will share more. We will keep bringing those updates to you.

Operator: Vivek, does that answer your question? Since there is no response, we will move to the next question. Ladies and gentlemen, to ask a question, please press star and one on your phone. The next question is from the line of Manoj Menon from ICICI Securities. Please go ahead.

Manoj Menon – ICICI Securities: Hi, team. Good evening. I just have one small clarification regarding the overall growth, which has obviously been very impressive. How much of the growth is driven by the core businesses versus the newer SKUs or products launched in the last year?

Management: If we look at products launched just in the last year, Manoj, that growth contribution would be about 7–8%. We have started looking at our innovations from a three-year horizon because it is unfair to judge them over just one year. Most innovations, especially since last year, are aimed at entering a certain partition and structurally taking share over time. We could share a medium-term number around innovation trends starting next time, but from a calendar year perspective, that is the contribution.

Manoj Menon – ICICI Securities: Right, that is loud and clear. Secondly, regarding Dr. Sheth's for men, it has been about five months now. What is your initial take and medium-term aspiration? When I searched for the brand on a platform like Nykaa, I could not find it. It seems there are low-hanging fruits to be executed here. What are the qualitative aspects for the brand?

Management: Yes, Manoj. I agree with your observation. We know the brand has multiple axes to grow on, which attracted us to it. One axis is distribution. As you pointed out, we are currently extending distribution. By next time we meet, you should be able to find the brand on those platforms. We have done the basic work, and now it is about replication and scale-up.

Categories are the second axis. It was largely a sunscreen brand, about 90%, when we acquired it. We are unlocking new categories based on our R&D and consumer insights. We see face washes and serums becoming future categories for the brand. The third axis is geography. The brand was largely focused on South India; we are now opening up Maharashtra and focusing on other states. We are confident the brand will grow well over the next 3 to 5 years.

Manoj Menon – ICICI Securities: Thank you. One last thing, if I may. Is Mamaearth's growth also being driven by online, or is it heavily driven by offline?

Management: Yes, online is also seeing double-digit growth.

Manoj Menon – ICICI Securities: Super. Thank you and good luck.

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Operator: Thank you. We will take our next question from the line of Umang Shah from Banyan Tree Advisors PMS. Please go ahead.

Umang Shah – Banyan Tree Advisors PMS: Hi, sir. Thank you for the opportunity. I had one observation: advertising expenses grew at about 6% for the full year, while other expenses declined. I wanted to understand what led to this and how you balance margins and sales growth going forward in terms of reinvesting in the brand or expanding distribution.

Management: In general, advertising as a value spend will go up. But as a percentage of revenue, it comes down due to the A&P leverage we generate. We saw that unlocking value and EBITDA for us last year. There are three key buckets for leverage: channel and performance spends, brand spends, and OpEx spends.

A combination of leverage from these three will help us generate the 100 basis point improvement in the EBITDA profile we have discussed for the next 5 years. Our internal plan is to improve our bottom line by 500 basis points over 5 years. The weightage between those levers might vary each year, but we are confident of delivering a high-teens CAGR over the next 5 years along with this 500 basis point EBITDA expansion.

Umang Shah – Banyan Tree Advisors PMS: Great, sir. And what was the reason for the decline in other expenses for the full year and for Q4?

Management: Hi, Umang. Raman here. When you look at Q4 and the year-on-year figures, it is not a like-for-like comparison because the reported numbers reflect the impact of the Flipkart settlement and adjusted General Trade charges. These have reduced our realization and removed the distribution expenses they used to charge from our P&L. Other expenses, which appear as 15% for Q4, are actually around 18%, whereas they were about 22% in the same quarter last year. The 400 point reduction is largely due to scale benefits and leverage, though it is not purely like-for-like.

Umang Shah – Banyan Tree Advisors PMS: Sure, sir. Thank you so much and all the very best.

Operator: Thank you. The next question is from the line of Nitin from HDFC Securities. Please go ahead.

Nitin – HDFC Securities: Hi, thanks for taking my question. Congrats on the good recovery. How are you placed regarding inflation and what are your thoughts on price hikes?

Management: Could you repeat that? I did not understand the last part.

Nitin – HDFC Securities: Yes, I was asking how we are placed with inflation and plans for price hikes.

Management: We foresaw the impact of crude prices and the war scenario on our packaging and raw material prices. In line with that, we have executed calibrated price increases where competition has done the same. Our relative price indices remain competitive at the premium we want to maintain. These have already been executed in Q1. At this point, given where crude is, we do not expect further price increases; what we have done should cover the current inflation.

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Nitin – HDFC Securities: Thanks for the answer. Would you be able to quantify the quantum of the price hike?

Management: Not really.

Nitin – HDFC Securities: No problem. Regarding actives, how are we placed compared to a larger competitor like HUL, which is placing Minimalist aggressively in the offline channel?

Management: I would just say that The Derma Co continues to grow very fast. In our view, it is a larger brand. According to Euromonitor data, it is the largest actives brand in the country. Nielsen data also shows that The Derma Co's shares are the highest among any actives brand in the country. We are well-positioned.

Nitin – HDFC Securities: And what is the ARR for The Derma Co brand now?

Management: We last disclosed it was at 750 crores plus, and it continues to grow from there.

Nitin – HDFC Securities: Okay, thank you. One last question. How big is the General Trade revenue for FY26 and how do you plan to grow this channel?

Management: That channel is now one of our fastest-growing. Fundamental inputs, including the right manpower, distribution partners, store coverage, and tracking execution at the store level, are key. We are ensuring quality distribution, automatic ordering systems, and high visibility on distribution management systems. These levers make us confident that we will continue to win in current outlets and reach our agenda of adding new ones.

Nitin – HDFC Securities: Thank you. All the very best.

Operator: Thank you. Next question is from the line of Mehul Desai from JM Financial. Please go ahead.

Mehul Desai – JM Financial: I wanted to know the like-for-like growth if you remove Reginald from sales and EBITDA. How would the core business growth look for the quarter?

Management: From a growth perspective, 21% would be the like-for-like growth. From an EBITDA perspective, the impact would be about 30 basis points; the rest of the EBITDA is from the core business.

Mehul Desai – JM Financial: In this 21%, you are removing the Flipkart impact as well?

Management: No, the Flipkart impact would need to be further removed, which is why I mentioned it is like-for-like. If you remove the Flipkart impact, it is not like-for-like.

Mehul Desai – JM Financial: Okay. You mentioned 40% growth for younger brands. Does this include Reginald? What would growth look like excluding it?

Management: Yes, including Reginald. Without it, the younger brands are at 28% plus.

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Mehul Desai – JM Financial: Lastly, can you give some flavor on Mamaearth's growth for the full year FY26?

Management: For the full year, it is also in the double-digit range.

Mehul Desai – JM Financial: Got it. Thank you so much.

Operator: Thank you. Next question is from the line of Yogita from Aditya Birla Capital. Please go ahead.

Yogita – Aditya Birla Capital: Hi, congratulations on the good set of numbers. Could you provide some detail on your strategy for driving premiumization in skincare and haircare, and how you expect this to impact growth and margins?

Management: Our underlying hypothesis for all our brands has been premiumization. We exist because we felt the emerging middle class was not being served with differentiated, aspirational brand propositions that make them feel they are moving forward in life. All the businesses we have built tap into the premiumization trend, which we expect to continue for decades.

Yogita – Aditya Birla Capital: Understood. Could you give some color on margin performance for core brands like Mamaearth and The Derma Co for FY26 and guidance for FY27?

Management: From a margin standpoint, Mamaearth and The Derma Co are both double-digit EBITDA positive now. We foresee them continuing to improve their margin trajectory alongside growth. Looking forward over the next 5 years, the company plans to grow at a high-teens CAGR. Some years may be a few points higher or lower, but overall we will grow at a high-teens CAGR. Our effort is to do better than that. From an EBITDA profile perspective, we want to improve by 500 basis points over the next 5 years. While we aim for 100 basis points per annum, we may deliver higher in some years as we did last year.

Yogita – Aditya Birla Capital: Got it. Regarding younger brands and focus categories, should we expect growth to continue at similar levels in FY27?

Management: We expect the young brands to continue to grow strongly and drive growth for the company next year as well. While specific levels will fluctuate, we are aligned with our broader goals. Some young brands will continue to drive stronger growth for the major portfolio.

Yogita – Aditya Birla Capital: And about focus categories?

Management: Focus categories are receiving more than 90% of our investment and focus, so we expect them to continue being the growth drivers for the organization.

Yogita – Aditya Birla Capital: Okay, got it. Thanks a lot.

Operator: Thank you. Next question is from the line of Aditya Laddha from Stallion Asset. Please go ahead.

Aditya Laddha – Stallion Asset: My questions have been answered. Thank you.

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Operator: Thank you. Ladies and gentlemen, we will take that as the last question for today. I now hand the conference over to management for closing comments. Over to you.

Management: Thank you so much for those questions. It was a pleasure speaking to all of you. We will see you next quarter, hopefully with an even better set of results. Thank you.

Operator: Thank you. On behalf of JM Financial Institutional Securities Limited, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.

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