HONASA

August 19, 2026

Listing Department
National Stock Exchange of India Limited
Symbol: HONASA

Listing Department
BSE Limited
Scrip Code: 544014

Sub.: Transcript of Earnings Conference Call held on August 13, 2026

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed a copy of transcript of Earnings Conference Call held on August 13, 2026, on the unaudited standalone and consolidated financial results of the Company for the quarter ended June 30, 2026.

This disclosure will also be hosted on the Company's website viz. www.honasa.in.

Kindly take the same on record.

Thanking you,

Yours truly,
For **Honasa Consumer Limited**

Gaurav Pandit
Digitally signed by Gaurav Pandit
Date: 2026.08.19 18:20:45 +05'30'

Gaurav Pandit
Company Secretary and Compliance Officer

Encl.: As above

"Honasa Consumer Limited
Q1 FY27 Earnings Conference Call"
August 13, 2026

MANAGEMENT:	**MR. VARUN ALAGH – CO-FOUNDER – CHAIRMAN AND CHIEF EXECUTIVE OFFICER – HONASA CONSUMER LIMITED** **MS. GHAZAL ALAGH – CO-FOUNDER AND CHIEF INNOVATION OFFICER – HONASA CONSUMER LIMITED** **MR. RAMANPREET SOHI – CHIEF FINANCIAL OFFICER – HONASA CONSUMER LIMITED**
MODERATOR:	**MS. POOJA KUBADIA – JM FINANCIAL**

Moderator: Ladies and gentlemen, good day and welcome to the Honasa Consumer Limited Q1 FY27 Earnings Conference Call hosted by JM Financial. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Pooja Kubadia from JM Financial. Thank you, and over to you, ma'am.

Pooja Kubadia: Hello. Good evening, everyone. Welcome to 1Q FY27 earnings conference call of Honasa Consumer Limited. Today on call, we have Mr. Varun Alagh, Co-Founder, Chairman, and CEO; Ms. Ghazal Alagh, Co-Founder and Chief Innovation Officer, and Mr. Ramanpreet Sohi, Chief Financial Officer. We will start the conference with prepared remarks from the management, after which we will open the floor for question and answers.

Over to you, Mr. Varun.

Varun Alagh: Hi. Hello, everyone. Welcome to the quarterly call for Honasa Consumer for quarter one FY27. We have our team, Raman, Ghazal, and IR team with us. I will take you through the performance update quickly, and then we will open the house for question and answers.

Moving forward, Starting with the section, which is crystal gazing into the future of Indian beauty. This time the theme that we have captured is the theme of fragrances as a category. Fragrance is a very interesting category. Globally, as we speak, fragrance is the largest delta driver as a category in beauty and personal care. It is also one of the largest categories, and especially a category which has premiumized very effectively over the last couple of decades. Currently, if you look at India, it is one of the fastest-growing categories amongst beauty and personal care.

In India the current penetration for fragrances is just 3% versus 11% globally, which is why if you look at, in terms of the BPC market share, in India it's just 3% market share versus 11% for the U.S. by penetration.

It's also a category which is moving towards e-commerce. Seven years ago, one of the things which was being highlighted was that this category is very about experiences and hence might not move to e-commerce, but we have seen strong move towards e-commerce because of trial packs that have come in this category, as well as understanding of notes which have grown amongst consumers.

If you look at Indian market also, we have seen a very strong transition from deodorants to fragrances. We believe over the next decade, this is going to be a very interesting category to participate in for BPC players, right, which is why in our five-year journey, we had talked about this being one of the categories that Honasa will be interested in unlocking as horizon two categories.

Moving from the future to present, which is our financial snapshot for quarter one. We are glad to announce that this has been a great quarter for the organization. The team has done brilliantly well in delivering 32% growth with an EBITDA of almost INR110 crores and a PAT of INR90 crores.

This has also been driven with volumes. 30.5% volume growth is what we have seen, and we continue to be negative working capital and generating almost INR83 crores of cash this quarter. It's a quarter which has seen significant improvement in our EBITDA profile over the same quarter last year.

As we have mentioned in the past, and we continue to hold, the two large buckets through which we see our business improving our EBITDA profile is the bucket of Advertisement & Promotion (A&P) spends, which improves with higher mix of profitable B2B channels, growth momentum of our core brands, as well as our younger brands becoming more profitable.

While all of this happens, the absolute A&P spends still continue to grow, which is helping deliver strong growth for the company. So that model that we have talked about is clearly, consistently playing out for the company.

The second bucket that we have talked about is operating leverage. As we scale, we also see Opex leverage coming in, and in this quarter, we have seen almost 300 basis points to 350 basis points, which is because of mix impact and 100-odd basis points because of operating leverage.

There is also 50 basis points because of seasonality within this quarter for us. Q1 being summer quarter and some of our core categories being face wash and sunscreen, which are also high-margin categories. This quarter usually also is a relatively healthier quarter, so that also is circling there.

Of course, thirdly, there is a non-recurring one-time opex benefit that we have seen within this quarter. But all in all, the commitment that we have made from a five-year perspective, which is that we will continue to expand EBITDA margin by 100 basis points to 150 basis points each year to get to that 15% EBITDA margin in five years is something that we are moving towards and is something that we stick to. Of course, by quarters it will vary. We have seen a good movement as we have grown in this quarter.

This is a slide that we had showed in the past three quarters as well after the Flipkart settlement process came in. This is actually the last quarter we will be sharing this, because from next quarter onwards, the base of settlement will become clean, and then our reported growth and our like-to-like growth will actually become same then.

Currently, there is a slight difference that you see which happens because of the settlement issue. We have explained this and, in the past, as well, we continue to see this. Next quarter onwards, it should get even.

The healthy thing about us being able to deliver this growth on the back of the stated strategy. The stated strategy was that we will be sharply investing in a few focus categories. And those focus categories will help us drive strong growth. We have seen that.

Focus categories actually have grown 35%+, and we have also seen growth coming across channels. Our e-commerce channels, 20%-plus growth. Our general trade and modern trade, all the work that we have put-in in redesigning our distribution system, the hiring of the right kind of GT teams has actually really helped us in terms of on-ground GT growth, which are now at 40%+ for secondary sales growth.

In parallel, the strong brand strength and traction that we have been developing is showcased in modern trade offtakes, where we have 40%+ growth in terms of offtakes. Now the contribution of focus categories has also increased to almost 85%, in Q1FY '27.

Mamaearth, our core, again, another area which has been an area of focus for us to make sure that our core continues to grow strongly. This is where the large brand playbook that we have built has been tested. Clearly, every quarter we have demonstrated it to become better. This is in line with that. Mamaearth has accelerated to high teens growth in Q1 FY '27, driven by focus categories. In fact, even within focus categories, driven by our hero SKUs, which we have been focusing on.

Rice has become our number one face wash now. Ubtan is again growing in strong double digits. Rosemary shampoo is growing in strong double digits and has become INR100 crores plus ARR ingredient now. Sun care also grew very strongly this season for Mamaearth.

So continuously, whatever we are focusing on is where our growths are also coming from. That just gives us confidence that this is an input-driven growth model. As long as we keep those inputs intact, it will continue to do well.

Of course, this growth would not come in if the consumer love backing the brand would not exist. So we have worked strongly on product enhancement and communication relevance, and that is visible now in growth in brand searches. It is visible in our share amongst handlers increase. It is visible in our Kantar brand power score, which is at its ever highest. So I think all in all, consumer love is visible both in output metrics like revenue and market share, but also in input metrics which are measured from consumer tracks.

Apart from this, the core is growing strong, but the new is also growing stronger. I think for us that is the headline that both parts of the business are growing strongly now. Young brands continue their strong growth at 40% plus. Aqualogica, Dr. Sheth's, BBlunt, Staze, Reginald, all of them have their own niche, their own sort of categories, their own TGs that they are talking to, and we are using them to take higher share of BPC as a category, and executing them well, which is visible in the outcome of those.

Specifically, the good news is that we now have the second INR1,000 crores brand within our portfolio. This is a very heartening moment and news for us because we have been able to take our second brand to this gives us more confidence that in future we will be able to build more INR1,000 crores brands within this company. The brand recorded its highest-ever brand searches. The Derma Co has also seen strong traction in offline and modern trades, which is visible in Nielsen shares now. Face cleansers has become a relevant category, more than INR200 crores run rate now.

The EBITDA profile as the brand grows continues to become better. It's entered teens EBITDA club now. That's a healthy dimension that we continue to see for the brand. BTM Ventures, which we acquired in January, it continues to do well. It has reached an ARR of INR150 crores in the last quarter.

Since we acquired, we've actually grown it almost 100%. We've also been able to expand the franchise of the brand to Maharashtra, open a new category as well as unlock new channels, which is what our bases of acquisition growth modeling was. We've actually been able to deliver it.

This again shows that the company has the muscle to do inorganic acquisitions and actually scale them faster, which in the long-term will continue to be growth driver for our growth. We have seen strong growth in both general trade and modern trade. Again, an area where we strongly focused, improved our distribution model, improved our execution, got higher quality distributors, reduced our DOH, and all of that is visible in healthy secondary sales growth, which are coming in retail as well as the brand strength, like I said, is visible in the modern trade growth. This has come by gaining share. So almost 350 basis points gain in share in face washes, 160 basis points gain in share in shampoos. All in all, a pretty healthy execution by the offline team, leading to outstanding results.

E-commerce channel grows strongly. We continue to focus on three areas. We continue to build our focus categories, which are actually grown over 25% in e-commerce. We continue to focus on gaining share in quick commerce. We continue to focus strongly on gaining share in Tier 2 and beyond markets channels, which are strong there, and which is visible in our overall growth.

Our innovation capabilities continues to strengthen our portfolio across brands wherever we are seeing opportunities to serve the consumers better through newer ingredients, newer science, as well as newer formats.

The company continues to innovate and bring products that consumers are giving love to. And we will continue to do that. Innovation has been one of our strong edges, and we will make sure that it continues to remain.

I talked about fragrance at the beginning of this presentation, and one of the reasons was because we have finally entered this category. And we have talked about this category multiple times in the past, that we like the category. We have been doing work on this category for almost 1.5 years to make sure that we have a differentiated product proposition with which we are able to enter this category.

We finally have launched a brand called FIKN. It's India's first elixir-based brand, which is the highest dosed and the strongest form of perfume that we have brought to India. These are one of the key needs for Indians, given our temperature, given the sweat profile that we have, as well as external environment that we have, is perfumes which stay longer.

That's what we have optimized this for. The perfumes are clinically tested for 12 hours long stay. The design with which we have launched is actually patented by Honasa. It is again a first to world design that we have brought in fragrances for our collectible packs.

And we are very confident that this brand is going to be FIKN amazing as we scale it. With that, we come to the last section.

As we grow, our community contributions also continue to grow. Our brands continue to plant more trees, teach more kids, give more certifications to women in salons, provide more fresh water as well as do more health checkups. And we will continue to have purposeful growth as a company.

With that, I will come to an end. Thank you so much for listening in. Would love to answer the questions that you have.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question comes from the line of Vivek M with Jefferies. Please go ahead.

Vivek M: Hi Varun and team. Good evening. Two questions from my side. First is, I know you are a very young company with young brands, but when we look at purely from a Y-o-Y comparison, as we head into let's say the rest of the year, the comps start to get higher on that, let's say revenue base. What is your expectation for growth, let's say, from a 9 month perspective?

Management: Hey, Vivek., like we have said, from a five-year view, we have a high-teens agenda. We will make sure that we deliver that CAGR over the next five years. If you divide that over years, there will be years where we will do better than that in terms of our overall growth profile. And there will be years where we will be just about that CAGR in terms of our growth profile.

And I think this is going to be an year where we will be better than that CAGR on the growth profile. And the attempt will always be to make sure that continue to grow faster Priority will be wherever we can reinvest to grow faster, we do, And that's what we're doing. But we stick to our five-year callout of where we want to get to, which we communicated in our Investor Day recently

Vivek M: Sure. And just a follow-up Varun, do you think on the Mamaearth side, how do you think the trajectory will be for rest of the year. So you've done exceptional job in this quarter and I think Mamaearth for the last few quarters has also done very well. What do you think will be the trajectory and apologies if the question is more near term, but I just want to know how does it progress for the rest of the year?

Management: Vivek, you might find my answer again boring. But like we have said Mamaearth from a five year perspective, will be a double digit CAGR growth story. We stick to that story. We would make sure that we deliver that right. Again, it usually never is a average journey over the next five years. There are years which we will do better in terms of our growth profile, and where there'll be years where we will be sort of almost at the level that we've said.

This year, again, even for Mamaearth, will be better than the planned CAGR growth profile is how its sort of looking and feeling like right now. The inputs that we are doing, the distribution gains that we are sort of getting are actually serving us in getting to the goal that we want to hit.

Vivek M: Got it. And second question is on your point on call out in the presentation on gaining shares on quick commerce platform. Now two parts or two things over here. Apologies if it's a naive question, but what level of data that the platforms share with you when you say gaining share, is it at the category level or is it at an overall level, number one?

And the second part is with the -- when we look at the QC apps, it looks like that the number of brands are like expanding by the day literally on a daily basis. How is it that you are able to still gain market share given that, there is a traditional FMCG from which market share can be gained, but you yourself have been ahead in this game. So how are you ensuring so two parts, if you can answer on both, please.

Management: So Vivek, we engage with the QC teams, and we get understanding of category-level shares, So we would track, for example, what is Honasa's share in a face wash, in a sunscreen. Of course, this is not a third-party audited data like AC Nielsen, which is why we would not sort of, share it in the platform.

This is a data that between us customer and partner, because of the relationship, and we get it, And we track that data. So the data is at category level, and we look at Honasa's share in every category and how we are gaining. So that's to the first question.

The second question, honestly, compared to e-commerce, quick commerce is, in our view, especially in our category, a further branded purchase play, which means that if for any category in e-commerce, we see 50%, 60% of the sale coming from branded searches, in case of quick commerce, it's higher.

And hence, we believe that quick commerce, people buy, people are evolved enough to know the brands that they want to buy, right, especially in our categories, and they come searching for the brands. And quick commerce is able to fulfill that in just 10 minutes.

So for us, building the brand strongly in the minds of consumers, which is measured through our brand tracks, which is measured through the searches that we have, is the strength which is visible in our ability to gain share on quick commerce as well.

So as long as our brands continue to get stronger, they will continue to also gain share in quick commerce, and we believe that in the long term, Pareto is what will thrive on quick commerce as a format, because finally, it's not a unlimited digital space play, which is what a e-commerce would be, It is actually a constrained physical space play. And over time, the best velocity per square feet is what the channels will need to get tuned into, and brands which do better will continue to do even better over time. So I think that's, what our belief is.

Vivek M: Sure. Over time, I do understand, but, you know, at this stage, gaining share, I think, compliments to you and your team, and wishing you all the best.

Management: Thank you.

Moderator: Thank you. Our next question comes from the line of Vidisha Sheth with Ambit Capital. Please go ahead.

Videesha Sheth: Hi. My first question was on the emerging younger brand portfolio, and this I'm looking at excluding The Derma Co. So the organic brands, or even the inorganic ones, be it BBLUNT, Aqualogica, Dr. Sheth's, it's been a little challenging to scale those brands beyond the INR180 crores, INR200 crores ARR. And with even Reginald reaching this, a similar number of INR150 crores ARR, what are the initiatives that you're undertaking to scale up all of these brands to the next level, maybe to a INR500 crores ARR?

Management: So I think, the playbook is fairly similar to the playbook that has worked for Mamaearth and Derma Co. It is about finding a differentiated proposition in a category, doubling down on that proposition and actually gaining share within that category with that proposition.

Different brands go through their own different journeys. Mamaearth has gone through its own journey. Derma Co has gone through its own journey, And over time we need to keep reflecting and contextualizing them versus the consumer and how they are evolving, So each of these brands, the younger brands also -- as they grow, we are also recognizing what part of the category portfolio mix, what part of the consumer brand mix is where we are seeing the best right to win. And once that gets recognized, we invest harder in that cell and over time the brand starts to grow much stronger because of that clarity emerging.

So I think each of the brands is in that journey, we just did a packaging as well as proposition re-hash for Aqualogica to make it far more relevant for GenZs. It's the first brand which is tested on GenZs claims, And that has shown very good results in terms of, how we are seeing the growth for the brand, right. Similarly there are other actions around BBlunt, Dr. Sheth which are planned over the next 6 months to 9 months and you would see those sharpening happening on the brand.

In case of Reginald, of course, we have clearly got some underlying low-hanging fruits like expansion on two marketplaces or expansion into other geographies which we deployed quickly to grow that. So for each brand there is a different strategy which gets crafted and we test that out and whenever we see green shoots on that, we double down. But that's the basic playbook that we execute.

Videesha Sheth: Sure. My second question was on the margin. Now, given that you're already at 12.5% normalized EBITDA margin and there could be front ending of the 15% aspiration, but from a long-term basis, how should we think about the balance between growth investment and margin expansion? So at what point of time would you prioritize reinvesting in the younger brands or the brands which are kind of trading out on the growth profile to get that incremental growth?

Management: So honestly, the plan that we have shared as part of our investor day, assumes the prioritization of growth over margin,. and the commitment that we have made already takes into account the new categories or the new brands that we want to build. So it's just that, you know, even with that we know that our core will also continue to grow and the core will continue to become more profitable, allowing us to actually invest in some of these new categories or new brands that we want to build. But overall, still be able to deliver to the goals that we have committed. So the plan that we have shared already assumes that we are going to build young brands into larger franchises, we are going to enter into new categories. And So it takes all of that into account.

Videesha Sheth: Thanks for that. I will get back in the queue.

Moderator: Thank you. Our next question comes from the line of Aditya Soman with CLSA. Please go ahead.

Aditya Soman: Hi. Good evening and thanks for the opportunity. So thanks for the clarification on sort of the margins and on the slide that you had. So just to be sure about 300 basis points to 350 basis points was sort of organic margin improvement and then you have another 100 to 150 which is sort of seasonal which may not reoccur from 2Q onwards. Is that the right way to look at this number for this year?

Management: I think from a year perspective, like, we said, right, I mean, while we are saying over 5-year we will improve by 500 basis points, right? I mean, if you divide it by average that comes out to be 100s. But there will years – they will do better than that. And this a year where we will clearly do better than that, at least 150 basis points – 200 basis points is what we see us doing you know over last and this year. But yeah, broadly, that's what we think from a year perspective as well.

Aditya Soman: Thanks. No, that is clear. Secondly, you have had obviously very strong growth in general trade and modern retail. Now, we have had this issue in the past where there was, sort of, an inventory build-up. I see in your slide you have sort of called out that primary and secondary growth are similar. But how confident are you that you do not see any of this, sort of, issue as we saw before?

Management: Extremely confident. We are now tracking every distributor's inventories. And our collections are at highest ever levels. Tracking cash is the best way to, sort of, ensure you are tracking the health of a distribution system, so we do that very clearly. And our distribution system is on less than 30 days of inventory now. With our kind of wide investment -- in wide assortment, that is actually very tight to run with. But we have been able to sort of achieve that.

All of those factors, in fact, even if you look at retail STRs -- our retail STRs are also relatively far healthier than the categories that we operate in. So from all of those angles, we are continuously tracking this and extremely confident that this is being built on a fairly healthy distribution system.

Aditya Soman: Thanks. Thanks a lot. That was very clear and very impressive. Thanks.

Moderator: Thank you. Our next question comes from the line of Jay Doshi with Kotak. Please go ahead.

Jay Doshi: Yes. Hi, thanks. I have a couple of questions. First one, in terms of the retail outlet reach of INR3 lakh, is this for Mamaearth as well as The Derma Co.? If not, then where is The Derma Co. in the journey of offline scale-up? And if you could give some color of this INR1,000 crores ARR, what is the split between online and offline ballpark at this point of time for The Derma Co.? That's question number one.

And the second one is some thoughts on, you know, Fluence Pharma acquisition. How do you intend to build the nutraceuticals business on that asset and how, ballpark, what should we expect in the next 12 months in that space?

Management: Sure. Hi, Jay. So on the first question, Jay, the INR3 lakh is actually the universe that we are reaching out to according to AC Nielsen. That's largely an intersection of the universe, but largely Mamaearth is what is driving that expansion in terms of distribution. And The Derma Co. is relatively new in this journey, about a year old into getting into offline, but has seen very good traction in offline, especially in modern trade and now in GT as well.

In general trade, we are already there in close to 50,000 outlets. And from a contribution perspective, latest contribution, 80% still online, 20% is coming from offline, which is GT plus MT for The Derma Co., is how we are seeing that shape.

On your second question, I think Honasa Health is the subsidiary that we have created. We are clearly thinking very strategically about this whole space and category. We believe nutrition and wellness is going to be a decadal opportunity like beauty and personal care. And we will get to create brands which stand for different niches, different kind of payoffs, appealing to different kind of life stages over the next 10 years in that space, which is why we have chosen to create a separate company around it.

Now, within that, we will do different propositions. I mean, fluence is one proposition that we announced where we're still in the condition precedent process and the diligence process, which is getting completed. As it completes is when we will be able to talk about it getting integrated. But outside of that as well, we continue to think about potential organic propositions that we can shape over time to take on the category of nutrition and wellness, which we believe is a multi-decadal opportunity in India.

Jay Doshi: Is it right to assume that you will probably acquire some more brands in this space over time as you build the portfolio in nutrition and wellness? Will it be organic from this point?

Management: Like we have always mentioned, our priority is always to find things that we can do organically. And even in this case, the priority will be to build the R&D capability to do things organically. We have already hired the right kind of capabilities to actually be able to go after that organically. But of course, if we come across good inorganic opportunities where we are buying not only great brands but also bolstering our capability in this space as an organization, we will continue to be on the lookout certainly.

Jay Doshi: Sure. Thank you so much. I'll get back in the queue.

Moderator: Thank you. The next question is from the line of Umang Shah with Banyan Tree Advisors PMS. Please go ahead.

Umang Shah: Hi sir. Thank you for taking my question. Great performance. Sir, my question was, why has it been that fragrance as a segment has not been cracked by any of the large players in India? What have been the challenges? And the second part to it was, if my memory serves me right, we had done a foray in fragrances through Mamaearth some time back, and we discontinued it. So what were the learnings from the same?

Management: Yeah. Let me answer these two questions. Actually, the second question first, and probably that will answer the first. So there is a certain world that Mamaearth as a brand operates in. There are certain categories where as a brand it has the right to win. While when we did our early research, we felt that fragrance was a category where the brand can extend into.

But with early reads that we had with consumers, we were not happy in terms of the PMF we achieved, so we shut down. And those are experiments that we keep doing. But like we have under Mamaearth, we have not called out that as a core strategy. In fact, none of the brands have that called out as a core focus category because we realized that fragrance brands will need to be fragrance first, if they want to win in the fine fragrance market in the long term.

Once you win in fine fragrances markets, then of course your ability to extend into other fragrant categories like body washes, body lotion, body care actually become relevant. Multiple examples exist globally where brands have been able to do that.

But starting with fragrances as the core is essential for you to win in fine fragrance market is what we learned from that experiment, which is why we have chosen to launch specific brands which are targeted at gender-specific fragrances and building brands like that, and picking is where we are sort of starting this journey with.

It also took us time to build the product capabilities internally, to be honest. Any category that you want to succeed in, we clearly learned that our own strong R&D capabilities, understanding the science of loads bearing, how do you extend life of fragrances on skin is also critical. So that's the time that we spent over last two years after shutting down that category in Mamaearth and actually building this internally for us.

If you look at the India landscape, then yes, probably you won't come across FMCG companies who have done fragrances because there are no pure-play BPC companies that exist here. But if you look at BPC pure-play companies globally, you look at L'Oréal, you look at The Estée Lauder Companies, fragrances is one of the largest business areas that they have as a category.

Which is why I believe any pure-play FMCG company needs to have a strong fragrance play over time. It not only gives them entry into a relevant category, but also builds internal capabilities to do fragrance well in other categories as well. And that's the way we are shaping up.

Umang Shah: Understood, understood. Very useful. Second question was, our e-commerce growth was 20%. Can you break it down between our own website versus quick commerce and e-commerce?

Management: Yeah. No, we usually don't give breakdowns of different channels.

Umang Shah: Okay. Okay, not a problem. Thank you so much, all the best.

Moderator: Thank you. Our next question comes from the line of Nitin Shakdher with Green Capital Single Family Office. Please go ahead.

Nitin Shakdher: Hi, good evening. This is Nitin Shakdher from the Green Capital Single Family Office. Congratulations to Varun, Ghazal and Ramanpreet for a stunning performance for a tough quarter. And my question is more related to, in my conversations as an investor with many large

FMCG companies that are in personal care, they've indicated a huge hit to their bottom lines in terms of either the cost of packaging or the cost of crude oil derivative products, or the cost of certain logistics, which has increased over the last quarter, and it's showcasing in the results.

I don't see that impact happening in Honasa, so I would just like to understand what has the company done specifically in terms of offsetting the costs for this quarter? Because it seems very impressive that you probably only had an increase of INR30 crores, INR40 crores rather than anything more than that on the cost of raw materials.

Management: Yeah. Hi, Nitin. Raman this side. Let me take this one. Yeah. So, I think you rightly pointed out, of course, I think the crude oil price has been on an inflationary trend given the West Asia war. I think as for other personal care companies, we've also seen our pricing index for packaging materials specifically going up.

Given that we were able to actually do a good job with the inventory management in Q1, we did not see the implication of that in our financials as you see it, especially on the gross margin side. I think the real impact of it will be Q2, but given that we've actually taken calibrated price increases towards the end of Q1, we'll be able to offset any such inflationary impact on our procurement perspective.

I think that's how we've been able to manage it. I think we don't see any impact on our gross margin profile, specifically from this part. Hopefully, I think, as we move into the second half of the year, some of these pieces, the inflation trend reverses, and we'll probably see some benefits coming into the P&L.

Nitin Shakdher: Okay. That's clear. Thanks a lot. My second question is, I'm not sure if Gazal is on the call, and maybe Varun can take this if she's not there. In terms of new categories, which you're obviously looking at as nutraceuticals or fragrances, are you also looking at certain micro-trends within a large category?

So, for example, there is a trend of looksmaxing for men, and within men in the hair care category, hair fiber brands like Toppiks are doing large global annual revenue. Would you also sort of look into micro-category niche spends or product development within the larger category? Is that interesting for the brand? I just wanted to have a sense of innovation in terms of the product development.

Management: Hey. Hi. Thank you for that question. I think we do keep looking at all of these trends. The teams are aware, we discuss it internally. But I think we've also aligned on a focused category strategy for the company. So there is a lot of weightage given to what is it that we want to build next where we can create an impact rather than just hopping on to trends.

So through that evaluation, while we continue to be very focused on our core categories that we have defined, there is a lot of experimentation that happens across brands.

Nitin Shakdher: Okay, understood. It's a very impressive turnaround and extremely great results in spite of a tough quarter. I'm sure your third-party suppliers are getting squeezed by the company, but I'm sure the company's doing a great job on the bottom line, especially in terms of the raw material cost, so all the best for. Yeah, thank you.

Moderator: Thank you. Our next question comes from the line of Nitin with HDFC Securities. Please go ahead.

Nitin: Yeah, hi. Thanks for taking my question. My first question pertains to general trade. We have seen consistent growth here. Just wanted to understand how is the growth with our old distributors, like whom we have not replaced. Just wanted to see how is the like-to-like growth for Mamaearth brand or maybe in the offline where you have the existing distributors.

Management: Actually, most of this growth is from our existing geographies only. Existing distributor or new distributor doesn't matter. What matters is it the same geography that we are talking about? As part of new project, in fact, we have further narrowed our direct distribution from 100 cities to focusing on 100 cities. All of the growth that you see is coming on the back of that focused distribution strategy. Of course, within those geographies, with our distribution partners, we are expanding to more stores, but it is coming from the same sort of new geography itself.

Nitin: Would you be able to comment on how is this GT growth for a brand specific like Mamaearth?

Management: Yeah, GT growth for brand Mamaearth will also be more than actually the average growth that we have monitored. It's one of the drivers of brand.

Nitin: Okay. Yeah, that's heartening to note. Second question is pertaining to your younger brands. If I adjust for this male grooming brand, how would be the growth? Also if you can throw some light around how is the performance of Aqualogica and how would be the ARR currently for that brand?

Management: So, if you remove the BTM Ventures acquisition, the young brands are still growing at 30% plus. We do not further disclose numbers for all the brands, right? Otherwise, we will start getting into pretty detailed and competitively sensitive information. But Aqualogica, like I said, is doing very well, especially after the restage and relaunch that we have done in Q1. We are very confident of being able to continue to scale that brand and make it our next big bet in Honasa.

Nitin: Thanks a lot. But just wanted to take further on this thing. If you can highlight in terms of this proportion, what we have with the Aqualogica, like how overall the consumer cohort, the demand is evolving in that space. Not specific to the brand, but specific to the space, if you can highlight.

Management: Aqualogica is a brand which is targeted at Gen Z. Gen Z already is becoming almost 45% buying cohort in B2C categories, especially in e-commerce channels. That's where the brand is completely focused on and will continue to focus to be. I think we're very confident that given the sharpness of the brand and the relevance of that TG as a buying cohort, that's what we are betting the brand on.

Nitin: Sure. Thanks a lot, and all the very best.

Moderator: Thank you. Our next question is from the line of Jay Doshi with Kotak. Please go ahead.

Jay Doshi: Thanks for the follow-up opportunity. First question is on Mamaearth. Is the growth well-balanced across online and offline channel, or is it largely driven by offline channel only?

Management: Jay, both are strong double-digits.

Jay Doshi: Perfect. Thank you. Second is can you talk a little bit about -- I know there is a slide, but Rosemary shampoo as well as Rice Face Wash, these are products that have been around for a while. Are there any other new products which probably have not crossed INR50 crores ARR, but where you think can drive the next leg of growth for Mamaearth, which early success gives you confidence that some of those products could be INR50 crores, INR100 crores ARR? Anything in the last six months or nine months that has been successful that you are launching under Mamaearth?

Management: Yeah. Firstly, Jay, I think, for us, Rice as a franchise itself can become a INR500 crores franchise, is what we believe. Rosemary, as a shampoo franchise, itself can become a INR250 crores franchise next year, is what we believe. So, these franchisees, given the partitions and categories that they operate in, themselves have a long way to go in terms of the market share that they can gain.

They both remain at significant market shares as franchisees. So there is a lot more headroom there. But from a new things perspective, the three, four things that I would talk about, again, moisturizers is something that we are trying to build in Mamaearth, and that's now getting into that stage where it is close to that INR50 crores ARR. We are very confident of how we will execute that in winter.

Sunscreens, Vitamin C Daily Glow Sunscreen is something which we saw do really well in this summer. So that's another candidate for becoming the next INR100 crores sort of piece. We have also, in our core categories of face wash and shampoo, opened newer partitions. And while they are younger, but we are very confident in the medium term, we will see them becoming also INR100 crores franchisees over the next two to three years.

One is in acne, where we have Tea Tree Face Wash that we are focusing on building. Second is in dandruff, where we have Lemon & Aloe Shampoo that we are focusing on building. So multiple partitions like this, which we are confident of into becoming the next engines of growth. But even the core continues to have a long way to go in terms of how large it can become.

Jay Doshi: Understood. My next question is for Raman. Usually, this quarter is INR110 crores EBITDA, and if I exclude the one-time component, it's close to INR100 crores. In the past, what we have seen is, probably 2Q is similar to 1Q or slightly lower, but then second half quarterly EBITDA generally tends to be much higher.

So, in that context, the guidance that you have given, both in terms of margins as well as probably growth or EBITDA growth seems to be a little too conservative. So what am I missing?

Are you seeing any risk or is there any phasing of A&P spends spends that you are expecting during the course of the year? Can you explain the margin guidance a little better?

Management: Yeah. I think, Jay, I think Q1, adjusting for the one-time non-recurring piece, the numbers come around to 12 odd percent. And of course, like we were talking about earlier, there is clearly a seasonal leverage also as part of this. Now as we move ahead, typically Q2, there is a Q1 seasonality, the summer category seasonality goes away, then sequentially the scale kind of dips a little. Having said that, of course, like we've said in the past, our focus is growth first -- I think mindset is clearly growth first. Hence, I think if there are opportunities for us where we'll have to reinvest and target growth, I think that's how we will approach the rest of the year.

And hence, our focus is to ensure that the growth continues and sustains, and it's more about how the margin profile needs to -- we are looking at a four to five-year ambition from a margin profile perspective. Like Varun said, 100 to 150 basis points is what we target. And if there is anything that we need to reinvest to fuel the growth and make the business more sustainable from a long-term perspective, we'll continue to do that. Hence, that's how we will sort of approach the rest of the year.

Jay Doshi: Thank you so much. Congratulations on good performance, and wish you the best for the year.

Management: Thank you.

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

Management: Thank you so much, everyone, for dialing in. We look forward to meeting you again in the next quarter results. Thank you.

Moderator: Thank you. On behalf of Honasa Consumer Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.