“A luxury Indians will never pay for.” Last quarter alone, she sold ₹756 crore of it.

WOMEN WHO BUILT IT

Mamaearth

Ghazal Alagh
Co-founder & Chief Innovation Officer
Founded 2016

THE ZERO	THE BET	THE PEAK	THE RESET
Her son’s skin reacted to almost everything on Indian shelves	**Toxin-free baby care, zero marketing budget, sold through mothers**	**India’s first unicorn of 2022**	**FY26 profit up 175% — two ₹1,000 cr brands**

ABOUT THE FOUNDER

Ghazal Alagh studied computer science, trained managers as a corporate trainer at **NIIT**, then studied at the **New York Academy of Art**. In 2014 her son Agastya was born — his skin reacted to almost everything available in India. Friends flying in from abroad carried lotions back for him in their suitcases.

In 2016, with her husband Varun Alagh, she launched **Mamaearth** — toxin-free baby care, no marketing budget, built through a community of mothers. What she built for her own child, other mothers picked up too, and the trust it earned stretched from baby lotion into face wash, then shampoo, then separate brands with their own promises.

THE CONDITION Ahead of its 2023 listing, reports speculated Honasa was worth close to ₹24,000 crore — speculation, not a confirmed figure — and the backlash was sharp. Ghazal later admitted the company got the communication wrong.

IN THE NEWS NOW 6 Oct 2026

Honasa guides to early-30s growth for Q2 — Mamaearth in the high teens.

A provisional update: group sales growth in the **early thirties**, younger brands around **mid-forties**. Q1 FY27 was a record: **₹756 cr** revenue, **₹90 cr** profit.

THE ROAD, IN SEVEN STOPS

2014	2016	Jan 2022	Nov 2023	FY25	FY26	Aug 2026
Son’s skin reacts to all	Launches Mamaearth	India’s first unicorn of ’22	Lists on NSE/BSE; valuation backlash	Distributor reset; one loss quarter	Profit +175%; “Honasa 3.0” set	Record quarter: ₹756 cr, ₹90 cr

IN HER WORDS

> **“You have a newborn; why are you running around factories?”**
>
> The question people asked her · Mint, Mar 2026

> **“...standing in a manufacturing unit, exhausted ... being told toxin-free products were a luxury Indians would never pay for.”**
>
> Her recollection · Mint, Mar 2026

01
A felt need beats a business plan.
She wasn’t trying to build a company. She was trying to solve her own child’s problem, and the company followed.

02
Trust stretches — but not infinitely.
Baby lotion earned the right to sell face wash and shampoo. Not a strong acne serum under the same gentle name.

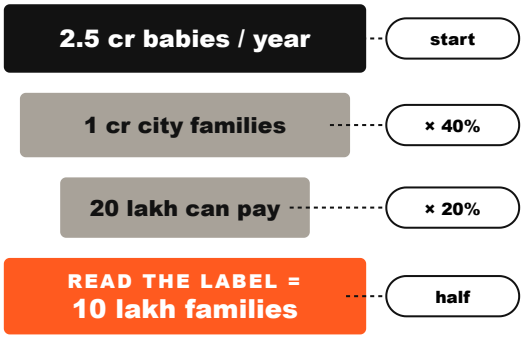
03
A record quarter doesn’t close the question.
The ₹200 crore question on page 2 is one the business answers every quarter.

* The ~₹24,000 cr figure was media speculation around the 2022 DRHP filing, never a confirmed company valuation.

A real market isn't a feeling. It's four honest cuts, multiplied.

■ QUESTION 1 · FROM THE SCRIPT

How many Indian parents would actually pay extra for a toxin-free baby lotion?



10 LAKH × ₹3,000 **= ₹300 cr / year**

Estimated — the script's own teaching assumption, not Mamaearth's disclosed spend.

WATCH THE TWO "756"S

Q1 FY27's **₹756 cr** is **operating revenue**. The company's own **"like-for-like"** figure is ₹785 cr. This PDF uses ₹756 cr throughout.

30-SECOND SANITY CHECK

Baseline: 10 lakh × ₹3,000 = **₹300 cr**.

TEST "Can pay a premium" at 25% instead of 20%: ₹375 cr **(+25%)**. At 15%: ₹225 cr **(−25%)**.

CONCEPT Fermi estimation

PLAIN WORDS	MBA TERM	MAMAEARTH
Break one big unknown into smaller guesses you can defend.	Top-down market sizing.	All Indian babies → city families → can pay a premium → actually care about the label.

CONCEPT Brand extension

PLAIN WORDS	MBA TERM	MAMAEARTH
Carry the trust you earned on one product into the next.	Brand extension / line extension.	Mothers who trusted the baby lotion asked for face wash, then shampoo.

■ QUESTION 2 · THE CTA

You're running Mamaearth's parent. ₹200 cr — the name everyone knows, or the one growing faster?

	MAMAEARTH (FLAGSHIP)	THE DERMA CO (FAST GROWER)
Growth, Q1 FY27	High-teens	**Crossed ₹1,000 cr ARR**
Scale	**Majority of group revenue**	Younger, closing the gap
Q2 FY27 guide *(provisional)*	High-teens growth	Younger brands ~mid-forties

THE CALL

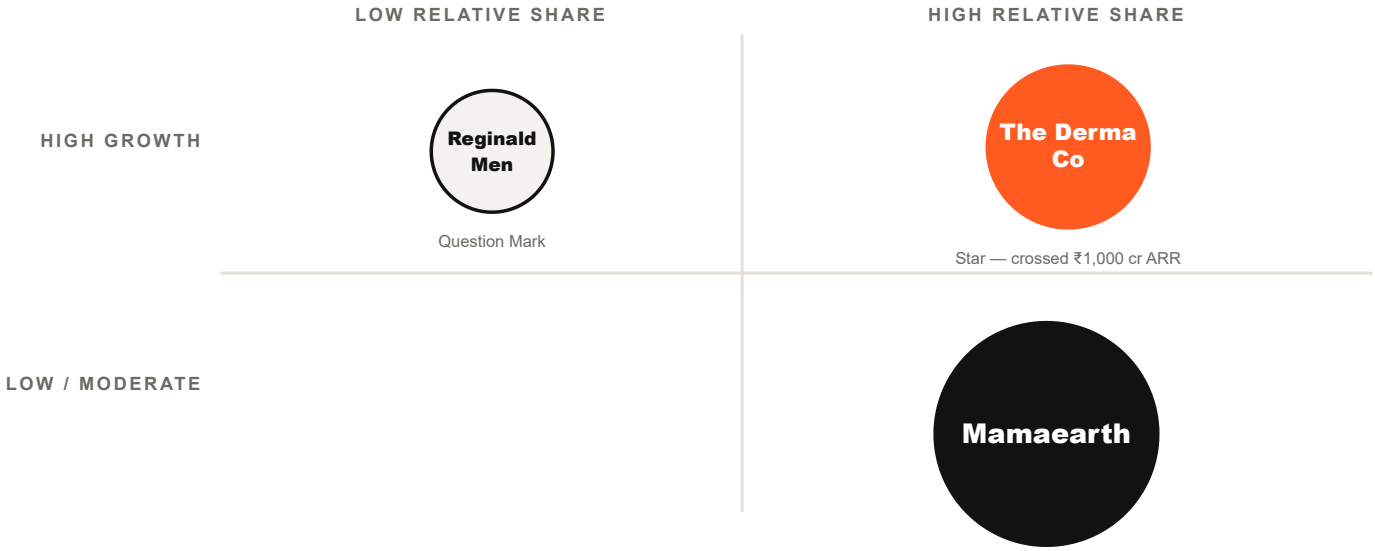
Fund the faster grower first — but don't starve the flagship.

Working split: ~60% Derma Co / ~40% Mamaearth *(illustrative)*.

Your comment template: **my call → the framework I used → an example I've seen work → what I'd be worried about.**

FRAMEWORK 1 The BCG Growth-Share Matrix

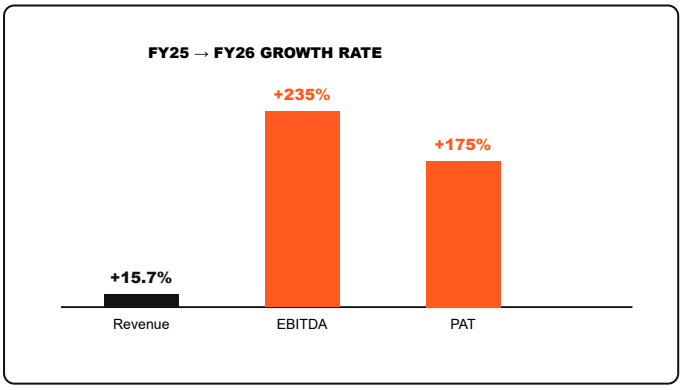
PLAIN WORDS	MBA TERM	MAMAEARTH
Sort products by growth and share, then decide which gets the next rupee.	BCG Growth-Share Matrix (1970).	The ₹200 cr question on page 2 is this matrix, with real names on it.



Reading: the ₹200 cr question on page 2 is really "how much does the Cash Cow keep for itself, versus how much goes to the Star."

FRAMEWORK 2 Operating leverage: the numbers behind the decision

PLAIN WORDS	MBA TERM	MAMAEARTH
Once fixed costs are covered, a small rise in sales can turn into a much bigger rise in profit.	Operating leverage.	FY26 shows exactly this.



The maths: Revenue ₹2,067 cr → ₹2,392 cr (+15.7%). EBITDA ₹69 cr → ₹231 cr (+235%). PAT ₹72.7 cr → ₹200.2 cr (+175.4%) — all reported. Leverage ratio ≈ **11×**.

Scale doesn't just add revenue. Once the fixed costs are paid, it multiplies what's left over.

APPLY IT How the ₹200 cr decision actually gets made



Mamaearth keeps maintenance spend to defend its lead; group profit compounds per the operating-leverage maths above.

FRAMEWORK 3 7 Powers / moat map

PLAIN WORDS	MBA TERM	MAMAEARTH
List what actually stops someone from copying you.	7 Powers (Hamilton Helmer).	A toxin-free claim is easy to copy once a leader has proven demand.

Scale economies PARTIAL
Large ad spend; 2.5 lakh+ outlets.

Branding PARTIAL
MadeSafe certified — but the story is copied.

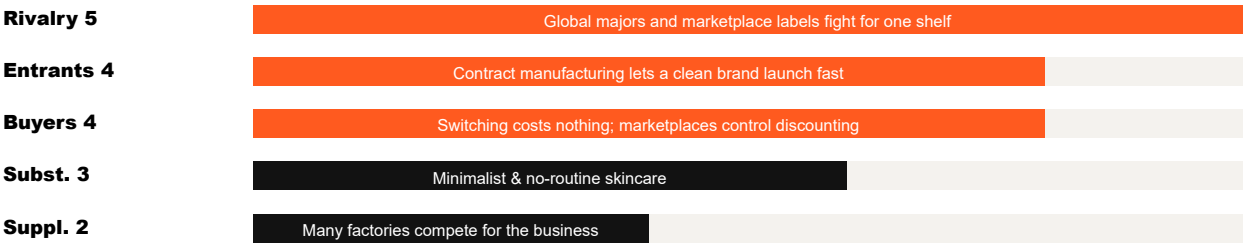
Network economies NO
No network effect between buyers.

Cornered resource NO
No exclusive ingredient or supply lock.

Verdict: ~1.5 of 7 real powers — neither is the "toxin-free" claim itself. The moat is scale and process.

FRAMEWORK 4 Porter's Five Forces

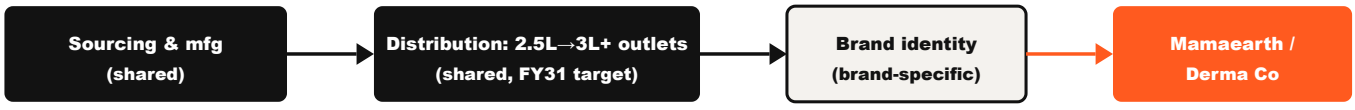
PLAIN WORDS	MBA TERM	MAMAEARTH
Five pressures decide how much of an industry's profit you keep.	Porter's Five Forces, scored 1-5.	India's D2C beauty market: crowded, low switching cost.



Verdict: when entry and exit are both this easy, positioning is a head start, not a moat.

FRAMEWORK 5 Value chain / economies of scale

PLAIN WORDS	MBA TERM	MAMAEARTH
One shared factory floor and distribution network can carry many brand names.	Value chain / make-vs-buy.	Honasa runs Mamaearth, The Derma Co, Aqualogica, BBlunt off one backbone.

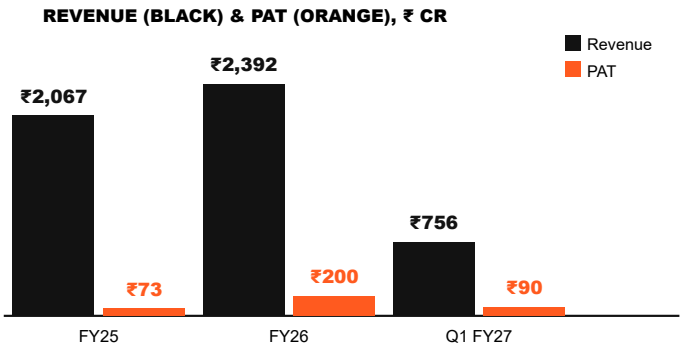


Honasa's own FY31 plan targets revenue of about ₹5,500 cr and an EBITDA margin of 15% or more.

Copy the lotion. You can't copy the kitchen behind it.

Five Forces scores and 7 Powers ticks are our own assessment, not company-reported.

WHERE HONASA STANDS TODAY



Q1 FY27 is a single quarter, not annualised — shown for scale, not growth-rate comparison.

THE PROBLEM THEY FACE RIGHT NOW

1. **Flagship dependence.** Mamaearth still carries the majority of group revenue.
2. **A thin moat on the original claim.** Toxin-free/MadeSafe was easy for larger FMCG rivals to copy.
3. **Two numbers for one quarter.** Reported Q1 FY27 revenue is ₹756 cr; like-for-like is ₹785 cr.
4. **Scaling the backend.** About 1.2 lakh direct outlets today, 3 lakh+ targeted by FY31: that needs capital and operating cash.

FIVE TAKEAWAYS

1. Size a niche with cuts you can defend, then stress-test the one that moves the answer most.
2. Trust extends sideways — but not into every category.
3. A "cash cow vs star" question is really about where the fixed-cost base already sits.
4. Revenue growth and profit growth aren't the same curve, once costs are covered.
5. An easily-copied claim needs a second, harder power behind it to survive.

THE MISTAKE MUSEUM

- ✖ **Reading one number as two.** Operating revenue (₹756 cr) and like-for-like revenue (₹785 cr) answer different questions.
- ✖ **Treating "toxin-free" as a permanent moat.** It won the first customers; it didn't stop bigger rivals copying it.
- ✖ **Assuming extension is free.** Baby to adult skincare worked. A strong acne serum under the same name reportedly wouldn't have.

Full loop. In the script you chose between the flagship and the faster grower. Honasa's own FY26–FY31 roadmap makes a public version of that same call.

WHAT TO WATCH NEXT

SIGNAL 1

Does the gap close?

The Derma Co is past ₹1,000 cr run-rate; the younger brands are guided to ~mid-forties growth against Mamaearth's high teens (provisional, Q2 FY27).

SIGNAL 2

Does the outlet count move?

~1.2 lakh outlets today, 3 lakh+ targeted by FY31.

SIGNAL 3

Does margin keep compounding?

FY26 EBITDA margin was ~9.7%; Honasa 3.0 targets above 15%.

Sources: Honasa Consumer NSE filings and press releases (May–Oct 2026); Mint (Mar 2026); Business Today; Inc42, YourStory, Reuters coverage. Not investment advice.

Every term, formula and full form used in this PDF — one page to keep.

FULL FORMS & MEANINGS

BCG Matrix	**Boston Consulting Group Growth-Share Matrix.** Sorts products by growth and relative share.
Cash Cow	High share, slower growth — funds the rest of the portfolio.
Star	High share-building, high growth.
7 Powers	Hamilton Helmer's framework for a durable competitive advantage.
Five Forces	Porter's framework for how much profit an industry lets you keep.
EBITDA	**Earnings Before Interest, Tax, Depreciation and Amortisation.**
PAT	**Profit After Tax.**

INDIAN NUMBER UNITS

1 lakh = 1,00,000 · 1 crore = 100 lakh = 1,00,00,000
10 lakh families = 1 million.

₹756 crore ≈ ₹7.56 billion
Handy for reading global comparisons.

FORMULAS USED

MARKET SIZE (FERMI)
Babies × city share × premium share × label-reader share = families
2.5 cr × 40% × 20% × 50% = 10 lakh; × ₹3,000 = ₹300 cr/yr

PERCENTAGE CHANGE
(New − old) ÷ old × 100
FY26 revenue: (2,392 − 2,067) ÷ 2,067 × 100 ≈ 15.7%

OPERATING-LEVERAGE RATIO
%Δ profit ÷ %Δ revenue
175.4 ÷ 15.7 ≈ 11×

THE FRAMEWORKS, IN ONE LINE EACH

Fermi estimate	**How big is it?** Small cuts, then stress-test the biggest.
BCG Matrix	**Which brand gets the money?** Cash cow funds the star.
7 Powers	**What can't be copied?** Scale, process — not the claim itself.
Five Forces	**How much profit can we keep?** Rivalry, entrants, buyers, substitutes, suppliers.