



November 21, 2024

To,  
Listing Department  
**NATIONAL STOCK EXCHANGE OF INDIA LIMITED**  
Exchange Plaza, C/1, Block G,  
Bandra Kurla Complex, Bandra (E),  
Mumbai – 400 051  
**Scrip Symbol: HONASA**

To,  
Listing Department  
**BSE LIMITED**  
P. J. Towers,  
Dalal Street,  
Mumbai – 400 001  
**Scrip Code: 544014**

**Sub: Clarification for recent misinformation being spread by AICPDF covered in certain news articles, and social media conversations**

Dear Sir / Madam,

Please find enclosed Clarification for recent misinformation being spread by All India Consumer Products Distributors Federation (AICPDF) covered in certain news articles, and social media conversations.

Please note that this clarification will be made available on the Company's website [www.honasa.in](http://www.honasa.in).

Kindly take the same on record.

Thanking you,

Yours faithfully,  
For **HONASA CONSUMER LIMITED**

**DHANRAJ DAGAR**  
**COMPANY SECRETARY & COMPLIANCE OFFICER**  
Encl: a/a

**Honasa Consumer Limited**

**Registered Office:** Unit No - 404, 4th Floor, City Centre, Plot No 05, Sector-12, Dwarka New Delhi 110075  
**Corporate Office:** 10<sup>th</sup> & 11<sup>th</sup> Floor, Capital Cyberscape, Ullahwas, Sector-59, Gurugram, Haryana - 122102  
Email: [info@mamaearth.in](mailto:info@mamaearth.in); Phone: 011 - 44123544 | Website: [www.honasa.in](http://www.honasa.in)  
| CIN: L74999DL2016PLC306016 |

## **Clarification for recent misinformation being spread by AICPDF covered in certain news articles, and social media conversations**

We would like to strongly deny the recent misinformation being spread by All India Consumer Products Distributors Federation (AICPDF) around Honasa's practices with its distributors and distribution transition, covered through some of the recent news articles, and social media conversations based on the same. Hence we would like to share more clarity on distribution transition in General trade (Project Neev) being undertaken by the company. We offer the following clarifications:

1. As of 31st Oct 2024, as per data from the Distribution Management System implemented at Honasa distributors currently active and associated with the company, the distribution value-chain, consisting of direct distributors, super-stockists and sub-distributors, carried a total inventory of INR 40.69 Cr, (as against the quoted figure of ~INR 300 Cr of near-expiry inventory by AICPDF).
2. As part of the General Trade Distribution transition under Project Neev, we have removed the 2-layered channel partner structure of super-stockists and sub-distributors from Top-50 cities, and are setting up single-layered distributor structure. We have implemented this single-layered structure across 70% of these cities, through appointment of new direct distributors. We have actively and transparently addressed our transition to a direct distribution model during our results for Q2FY25, proactively taking back inventory from discontinued distributors. Total returns, including provisions for subsequent returns, totalled to INR 63.52 cr. Of these, the company has already received returns worth INR 41.21 Cr in its warehouses, while balance returns of INR 21.32 are in the process of being picked up from the concerned distributors.
3. Claims from our General Trade channel partners pertaining to market schemes, pending with the company for settlement, is only INR 4.73 Cr as on 30th Sep 2024 (as against the quoted figure of ~INR 50 Cr of unsettled credit notes by AICPDF).
4. Accounts receivables from General Trade distributors have also reduced- from INR 46 Cr as on 31st Mar 2024 to INR 25 Cr as on 30th Sep 2024. Amount collected from distributors over past 6 quarters has been consistently healthy, and stands at 94% of sales (inclusive of GST).
5. As per Nielsen RMS data, at retailers, our Stock Turnover Ratio has improved from 35 to 27 days in the past year while the category still stands at 35 days in General Trade. This directly disproves the claim of high inventory in retail.

Given these efforts, the claims made are not reflective of the current reality, and are spreading misinformation about us.

We at Honasa are driven by the highest standards of corporate governance and are attuned to fair practices and transparency. We are audited by a member firm of one of the 'Big 4' firms, with strong internal audit processes as well audited by a reputed firm. Over the past few months, we have actively collaborated with our channel partners to ensure a seamless transition, focusing on healthy RoIs for them, and supporting our growth ambitions.