

**Contract with Direct Sellers/Distributors**

**AGREEMENT**

This agreement is signed on the..... by and between VADIC NETWORK PRIVATE LIMITED, a company registered under the Companies Act 2013 having its Registered office at PLOT NO 43 SHIV T P NAGAR AMBALA CITY AMBALA HARYANA 134007 INDIA acting through its **Director Mr. HARVINDER SINGH** hereinafter called **Company** which expression shall, unless repugnant to the context, include its successors in business, administrators, liquidators and assigns or legal representatives) of the FIRST PARTY

AND

Shri/Smt,.....aged.....years, S/o. d/o w/o  
.....house,  
.....post,.....street,.....Tehsil.....  
..... District..... State ..... the (hereinafter called as **Direct Seller** which expression shall include my/our heirs, executors and administrators estates assigns and effects wherein the context so admits or requires) of the second party.

**Definitions:-**

The following words used in these presents shall have the meaning as defined here under:

1. "ACT" means the consumer protection Act, 1986(68 of 1986)
2. "Consumer" –Means who buys goods or services for personal (self) use and not for resale or commercial purpose and shall have the same meaning as provided under the Consumer Protection Act, 1986.
3. "Prospect" means a person to whom an offer or a proposal is made by the Direct seller to join a Direct selling opportunity.
4. "Direct seller" means a person appointed or authorized directly or indirectly by a Direct selling Entity through a legally enforceable written contract to undertake direct selling business on principal to principal basis.  
*Explanation- The 'written contract' includes e-contract or digital contracts and the same shall be governed as per the provision of the information Technology Act, 2000.*
5. "Network of Direct selling" means a network of direct sellers at different levels of distribution who may recruit or introduce or sponsor further level of direct sellers who they then support:  
*Explanation: "Network of Direct selling" shall mean any system of distribution or marketing adopted by a direct selling entity to undertake direct selling business and shall include the multi-level marketing method of distribution.*
6. "**Direct selling**" means marketing, distribution and sale of Goods or providing of services as a part of network of Direct selling other than under a pyramid scheme.  
Provided that such sale of goods or services occurs otherwise that through a permanent retail location to the consumers, generally in their houses or at their workplace or through explanation and demonstration of such goods and services at a particular place.
7. "Direct selling Entity" means an entity not being engaged in a pyramid scheme, which sells or offers to sell goods or services through a direct seller.  
Provided that "Direct selling Entity" does not include any entity or business notified otherwise by the Government for the said purpose from time to time.
8. "Goods" Means goods/products defined in the Sale of Goods Act, 1930 and section 3(26) of the General Clauses Act, 1897, is that, it shall include every kind of movable property other than actionable claims and money and "services" means service as defined in the consumer Protection Act, 1986.
9. "Saleable" shall mean, with respect to goods and/ or services, unused and marketable, which has not expired and which is not seasonal, discontinued or special promotion Goods and /or services.
10. "cooling off period" means the duration of time counted from the date when the direct seller and the direct selling entity into an agreement under clause 4 and ending with date on which the contract is to be performed and within which the direct seller may repudiate the agreement without being subject to penalty for breach of contract.
11. "Pyramid Scheme " means:  
A multi layered network of subscribers to a scheme formed of subscribers enrolling one or more subscribers in order to receive any benefit, directly or indirectly as a result of enrollment action or performance of additional subscribers to the scheme. The subscribers enrolling further subscriber(S) occupy higher position and the enrolled subscriber(s) lower position, thus with successive enrolments, they form multi-layered network of subscribers.  
Provided that the above definition of a "Pyramid Scheme" shall not apply to a multi layered network of subscribers to a scheme by a direct selling Entity. Which consists of subscribers enrolling one or more subscribers in order to receive any benefit, directly or indirectly, where the benefit is as a result of sale of goods or services by subscribers and the scheme /financial arrangement complies with all of the following:
  - a) It has no provision that a Direct seller will receive remuneration or incentive for the recruitment/enrollment of new participants.
  - b) It does not requires a participates to purchase goods or services.
  - c) For an amount that exceeds an amount for which such goods or services can be expected to be sold or resold to consumers .

- d) For a quantity of goods or services that exceeds an amount that can be expected to be consumed by or sold or resold to consumers.
- e) It does not require a participant to pay any entry /registration fee, cost of sales demonstration equipment and materials or other fees relating to participation.
- f) It provides a participant with a written contract describing the “material terms” of participation.
- g) It allows or provides for a participant a reasonable cooling off period to participate or cancel participation in the scheme and receive a refund of any consideration given to participate in the operations.
- h) It allows or provides for a buy back or repurchase policy for “currently marketable” goods or services sold to the participant at the request of the participant at reasonable terms.
- i) It establishes a grievance redressal mechanism for consumers, more particularly described in clause 7 herein.
  - a) Explanation: 1 for the purpose of this proviso the terms “material terms” shall mean buy –back or repurchase policy , cooling off period , warranty and refund policy.

12. “Money circulation Scheme” has the same meaning as defined under the prize chits and Money circulation Scheme Act 1978.

13. “Remuneration System” means the system followed by the direct selling entity to compensate the direct seller which illustrates the mode of sharing of incentives, profits and commission, including financial and non financial benefit, paid by the direct selling entity to the direct sellers, on a monthly or periodic or yearly basis or both as the case may be.

This Remuneration System:-

- Shall have no provision that a direct seller will receive remuneration from the recruitment to participate in such direct selling.
- Ensure that direct sellers shall receive remuneration derived from the sale of goods or services.
- Clearly disclose the method of calculation of remuneration

14. State includes a Union territory.

**15. Authorized Support center /Franchisee/Super store/Sales Point/Sales Depot**

A pick up points and delivery points for maintaining effective delivery system for goods/product of the company and established by the company.

**16. Direct Selling Entity/Company**

*“Direct Selling Entity/Company” Means a Company namely M/s VADIC NETWORK PRIVATE LIMITED and running its main business in the name and style of “VADIC NETWORK” and for the purpose of these guidelines direct selling entity means the Board of Directors or to secretary or manager or any other person competent/authorized by the company.*

**17. Sales incentive**

Means amount of any type of remuneration like commission, Bonus, Gifts, profits, Incentives etc. including financial and non financial benefit payable to the Direct Seller related to their respective sales volume as per the company’s marketing plan for its or tie-up goods /products for effecting sale of goods /products as stipulated in the contract between the Direct Seller and Direct Selling entity on a monthly or periodic or yearly basis or both as the case may be. But amount of remuneration from the recruitment to participate in such direct selling shall not be the part of the sales incentive. Such type of sales incentive shall be part of Remuneration system.

**18. Agreement** – means agreements per Indian contract Act, 1872 and the ‘written contract’ or ‘Agreement’ includes e-contract or digital contracts and the same shall be governed as per the provision of the information Technology Act, 2000.

**19. Unique ID**

Means unique identification number issued by the Company to the Direct Seller as token of acceptance of his/her application for Direct Selling of the goods/ products of the Company.

**20. Password**

Means unique code allotted to each Direct Seller to allow them to log on to the website of the Company.

**21. Website**

Means official website of the Company [http: http://www.vadicindia.com](http://www.vadicindia.com)

WHEREAS VADIC NETWORK PRIVATE LIMITED, a Company incorporated under the Companies Act, 2013, having its Registration No. CIN- **U52339HR2020PTC084931** and Registered Office at **PLOT NO 43 SHIV T P NAGAR AMBALA CITY AMBALA HR 134007 INDIA** hereinafter referred to as The Company. “VADIC NETWORK PRIVATE LIMITED” takes immense pleasure in introducing first ever Retail concept with maximum benefit for customers. The Company is engaged into the business of direct selling through its Direct Seller and Retail Outlets as stated in the Object Clauses of memorandum of Association of the Company.

The company having GST, Income Tax, TDS and other license as may be required as per the law/regulation/Guideline of its principle place of Business and sales tax/vat and other license for each retail outlets at various states in India. The company is also having own trademark to promote the products for sale/ direct selling business and trademark identifies the company with the goods to be sold or supplied.

For smooth running the business of direct selling, Company has certain rules and regulation, marketing plan and other terms and conditions. Now in order to simplify more, to keep more transparent, to control the fraudulent practices and for betterment of the activities of direct selling through multilevel marketing, Company is using better trading plan and marketing plan to promote the sale of the company’s products.

The Company exclusively uses their website and Retail Outlet to display the details about products, products information, product quality certificate, price, complete income plan, marketing methods, business monitoring, information regarding management while uses the word of mouth publicity to promote and create awareness about the website and its products.

An Individual/Firm/Company who is able to do contract as per the provision of The Indian Contract Act, 1872 and wish to become direct seller of the company, can apply to be appointed as a Direct seller to marketing and selling of company's product in whole of India, in prescribed form through online/manual. There is **NO deposit or any charges/enrollment fees/joining fees/renewal charges** for becoming a Direct Seller of the Company.

Now it's agreement witnesses and it is agreed by and between the parties here to as follow:-

**I. The Appointment /Authorization for Direct seller  
(There would be two type of Registration process- A prospect may choose any of the process to become Direct seller)—**

**A. ONLINE**

- (I) That for appointment / Authorization for Direct seller in the company, prospect shall complete the following steps
- Fill the application form online and upload scanned KYC documents
  - Accept the proposed terms and condition of the agreement and create this agreement using digital signature/one time password/affix digital sign/scanned signature, whatever means of the technology.
  - After creation the agreement, he/she shall request for sign of the company through system in technological manner.
  - After the putting Signature of the authorized person of the company, the executed and signed agreement shall be displayed and it shall be treated as legal agreement as per the provision of The Indian Contract Act, 1872.
  - On the completion of the above process, prospect shall take a printout of the signed agreement.
  - Upon the execution of the agreement through the above process, prospect shall become the direct seller of the Company and a Direct seller Unique Identification number and password shall be allotted to the applicant.
- (II) That the Direct seller shall submit the following documents along with this agreement in hard copy to the company within 30 days since the date of execution (a) Filled application form (b) KYC Documents (self attested) (c) Signed Executed Agreement (Including of terms of appointment). A Direct seller, upon appending his/her signature at the bottom of these presents (agreement) as well as all attached documents.
- (a) That the Company upon scrutiny and verification of the Application, KYC and agreement may re-consider the decision of the appointment of Direct Seller for Direct Selling the goods/ products of the Company. The Company shall be at sole discretion and liberty to reject his/her direct selling code, if the KYC and other documents in hard copy found unsatisfactory or mollified, fake etc.

**OR**

**B. OFFLINE**

- (III) That for appointment / Authorization for Direct seller in the company, prospect shall complete the following steps
- Receive/download the application form and agreement form the company/company's site and Fill the application form, attach KYC documents
  - Accept the proposed terms and condition of the agreement through putting him/her signature
  - After the putting Signature of the authorized person of the company, it shall be treated as legal agreement as per the provision of The Indian Contract Act, 1872.
  - Upon the execution of the agreement through the above process, prospect shall become the direct seller of the Company and a Direct seller Unique Identification number and password shall be allotted to the applicant.
- (IV) That the Direct seller shall submit the following documents along with this agreement in hard copy to the company within 30 days since the date of execution (a) Filled application form (b) KYC Documents (self attested) (c) Signed Executed Agreement. A Direct seller, upon appending his/her signature at the bottom of these presents (agreement) as well as all attached documents.
- (b) That the Company upon scrutiny and verification of the Application, KYC and agreement may re-consider the decision of the appointment of Direct Seller for Direct Selling the goods/ products of the Company. The Company shall be at sole discretion and liberty to reject his/her direct selling code, if the KYC and other documents in hard copy found unsatisfactory or mollified, fake etc.
- (ba) That in respect of the KYC, the direct seller shall include and not limited verified proof of address, proof of identity and PAN. The Direct seller shall submit PAN to the company as per the provisions of the income tax Act, 1961. The Direct seller should also submit to Company, any photo ID Card as issued by the state or central Government. These ID cards could be from the following –*
- Aadhaar Card.
  - Voter ID Card
  - Passport
  - Ration card
  - Any identity document issued by the state or central government which can be verified.

**(c) Cooling-off Period—**

- That the direct seller shall have exclusive right to reject/cancel the above agreement within 30 days since the date of the execution of the agreement through the online process. In this relation, the direct seller shall be responsible to give intimation to the company about such decision within specified period through Email or registered letter or speed post at company's mail ID/Registered address.
- That Such direct seller shall have right to return any goods purchased by the direct seller during the cooling off period but the purchased goods should be in saleable condition i.e any seal/protection on the goods is kept unbroken. The refund of amount of cost of such returned product/credit voucher shall be paid by the company within 30 days since the date of receipt of the product.
- That if such Direct seller receive any consideration from the company during this cooling-off period then such direct seller shall be responsible pay the amount of such consideration to the company with repudiate letter in the form of CASH/CHEQUE/DD/NEFT/RTGS etc.
- That if the company receive any fee, including any training fee, franchisee fee, fees for promotional materials or other fees related solely to the right to the participate as Direct seller, the Direct seller have the right to receive such fees, training fees fees for promotional materials or other fees from the company upon the return of all goods received at the time of joining. Then such company shall be responsible to pay the such fees which is related to solely to the participate as Direct seller through the*

## **II. Scope of the Work**

That the Direct seller shall market and sell the company's product through directly to the end user consumer, using word of mouth publicity, display and/or demonstration of the goods/products, and/or distribution of pamphlets, door to door to customers and other related methods.

## **III. Direct Marketing selling**

- (I) That the Direct seller shall be responsible for promoting, marketing and selling the company' products door to door to customers, directly to the end user consumer using word of mouth publicity, display and/or demonstration of the goods/products, and/or distribution of pamphlets and other related methods.
- (II) That the company shall be exclusive owner of the name and logo of the company and the Direct Seller can use logo and name of the company for selling the company' products as per the company's policy and regulation but Direct seller would not be allowed to use logo and the name of the company in his personal capacity or personal use.
- (III) That the Direct Seller will get specified %/point, sales Incentive/commission pertaining to the sales for selling the company' products under this Agreement. Payment of sales incentives/commission will be made after receipt of payment of the products sold/marketed under this Agreement by Direct Seller. Further, in case the company fails to recover the dues from its customers/subscribers, then no sales Incentives/Commission shall be paid by the company to the Direct Seller. The sales incentives/commission would be payable only after the dues/payment are realized from its customers. If the payment is received on monthly/quarterly/half yearly basis then in the same fashion commission payment will be done automatically by the company after receipt of the said payment.
- (IV) That the Company hereby covenants that it shall provide to the Direct Seller with complete instruction books, catalogues, circulars for promoting sales and shall provide training initially for Direct Selling and shall also publish advertisement in the local and regional newspapers, TV etc. for promoting sales of the company's products.
- (V) The Direct seller shall not be liable to pay the cost of such brochures, sales demonstration equipment and materials or any other fees relating to participation.
- (VI) That the company shall issue photo identity cards to Direct Seller. This photo identity card shall be returned by the direct seller to the company at the expiry/termination/revoke of the agreement and shall be destroyed. The identity card shall contain the name of the direct seller, Direct Seller number (which shall be Unique). It shall also have a prominent print declaring that the Direct Seller is not authorized to collect any type of cheques/demand draft in his name from the customer. All cheques/demand drafts etc., if any collected by Direct Seller should be drawn in the name of the company only and should be deposited with the company office or other offices as may be specified by the company, within a day. Direct Seller shall hold the said cash collection/cheque/DD in trust for and on behalf of the company. Upon failure to deposit the said cash collection/cheque/DD, Direct Seller shall be liable to pay damages/compensation. The receipt/Bill which is only issued by the company would be valid documentary evidence in the hand of the customer. It means Direct seller would not be authorized to issue any receipts/Bill on behalf of the company.  
Further, such type of allotted Identity card by the company to the Direct seller, shall not create or make any relationship of employee and employer or service or salaries relationship between the company and Direct seller. Only one relationship shall be exist as a Principal and commission agent or traders.

## **IV. Facilities for Purchases of Products**

That the company may open following facilities for the customer fromw here to purchases products—

- A. Online Portal/ E-commerce
- B. Stores (Retail Outlets)
- C. Authorized Sales Point

Any person who sells or offers for sell including on e-commerce platform/marketplace, any product of the company, must have prior written consent from the company in order to undertake or solicit such sale or offer.

Direct Seller is required to visit above facilities to make payment and collect valid receipt and products on behalf of the consumer/customers.

## **V. Buy-back/Repurchases Policy**

- (I) That the company gives full refund or buy-back guarantee to every direct seller on the following terms –
  - (a) Direct seller who has purchased the goods from the company to distribute or further sale is eligible to avail the benefit of buy-back policy.
  - (b) If the purchased goods are not sold within 30 days from the date of the distribution and billing of the goods to the Director seller
  - (c) The condition of purchased goods must be saleable i.e. any seal/protection on the goods is kept unbroken.
  - (d) IF the fulfillment the above conditions, the Direct seller can be exercised his/her right of buy-back policy with in a period of 30 days, from the date of the distribution and billing of the goods to the direct seller.
  - (e) The company is responsible to buyback/repurchases of the goods on submission of proof of original Bill and/or delivery challan, ID, ADDRESS Proof and purchased goods in Just as it as condition i.e. any seal/protection on the goods is kept unbroken.
  - (f) The company shall refund full amount after deducting of packaging, courier, and applicable taxes etc as per the norms issued by the Govt.

## **VI. Warranty of the Goods**

- (I) That the goods sold by the company shall carry guarantee/Warranty of the Manufacturer of a specified time, in this time the consumer can exchange/ replacement/repair of goods in case of defect.
- (II) That for the above process consumer shall produce the original bill and/or delivery challan and ID, ADDRESS Proof to the company with the goods.

## **VII. Refund Policy of the Goods**

- (I) That the consumer shall have two opportunities as follows—
  - (a) To exchange/return the goods if he find any manufacturing defect or the goods purchased is not useful for the purpose it was meant, within 30 days from the date of purchases, provided any seal/protection on the goods is kept unbroken. OR

- (b) To receive full refund of the price of any goods returned by consumer on the ground of any defect or inferior quality as against the information given by it regarding such goods, within 30 days of the purchases, provided any seal/protection on the goods is kept unbroken.
- (II) That for the above process consumer shall produce the original bill and/or delivery challan and ID, ADDRESS Proof to the company with the goods.

#### VIII. Sales Incentives/Commission Structure or other Benefit

- (I) That the Direct Seller shall enjoy the following privileges:
  - (a) Sales Incentive related to their respective sales volume as per the company's marketing plan for its or tie-up goods /products,
  - (b) Earnings of the Direct Seller shall be in proportion to the volume of sales done by the Direct Seller by self or through team (Sales Group) as stipulated in the marketing plan of the Company.
  - (c) Marketing/selling of Company's Products in Whole of India. There is No territorial restriction to sale the goods/products,
  - (d) With using Unique ID and Password Search and inspect his/her account on website of the Company.
  - (e) Working with other Direct Sellers as a Sales Team/Group
  - (f) The company shall have no provision that a direct seller will receive remuneration from the recruitment to participate in such direct selling.
- (II) That as per Marketing Plan of the company Sales Incentives/ commission structure to be followed for the same.
- (III) That the Company reserves the right to restrict the list of products for a particular Direct Seller.
- (IV) That tariff revisions, Government directives, market forces etc., may lead to change in the company sales Incentives/commission policy and the company's decision in this regard will be final and binding
- (V) That All payments and transactions are to be expressed in Indian Rupees.
- (VI) That the Company does not guarantee/assure any facilitation fees or income to the Direct Seller on account of becoming just a mere Direct Seller of the Company.
- (VII) That all the amount of sales Incentive/sales Bonus/Sales Commission, whatever name called, shall be part of commission on sales volume only and to the Direct Seller shall be subjected to statutory deductions as applicable like TDS, GST etc.
- (viii) That the company shall provide accurate and complete information to prospective and existing direct sellers concerning the reasonable amount of remuneration opportunity and related rights and obligations.
- (ix) That the company shall Pay all dues and make with holding from direct sellers in a commercially reasonable manner.

#### IX. General terms and conditions

- (a) That the Direct Seller shall make proper canvassing for the sale of the products in all over India and for his purpose, the company and Sales Team/Group shall assist the Direct Seller.
- (b) That company will not provide any establishment/office expenses, business running expenses etc. in relation to maintain an owned office for the Direct seller.
- (c) That Direct Seller covenants with the Company that it will exclusively engage in the sale of the company' products and tie-up product and shall not indulge in the sale of similar/identical products and that it shall protect and preserve the patents and trademark of the company's products.
- (d) That Unique Identification Number has to be quoted by the Direct Seller in all his/her transactions and correspondence with the Company. The Unique Identification Number once chosen cannot be altered at any point of time.
- (e) That No communication will be entertained without Unique Identification Number and password. Direct Seller shall preserve the Unique Identification Number and Password properly as it is must for logging on to website.
- (f) That the Company reserves its right to withheld/block/suspend the Direct Seller in the event the Direct Seller fails to provide any details as desired by the Company from time to time like Pan Card details, KYC etc.
- (g) That the Direct Seller shall be faithful to the Company and shall uphold the integrity and decorum to the Company and shall maintain good relations with other Direct Seller and other clients also.
- (h) That the Direct seller shall be abide with policies, procedures, rules and regulations of the company and All privileges laws, rules and regulation and Direction and Guideline issued by the state and central Government of India from time to time.
- (i) That the Company reserves the rights to modify the terms and conditions, products, plan, business and policies with/without giving prior notice. Such notice may be published through the official website of the Company, and any such modification/amendment shall be applicable and binding unto the Direct Seller from the date of such notice.
- (j) That the Direct Seller shall comply with all state and central government and local governing body laws, regulations and codes that apply to the operation of their *VADIC NETWORK PRIVATE LIMITED* business. Direct Seller must not engage in any deceptive or unlawful trade practice as defined by any central, state or local law or regulation.
- (k) That the Direct Seller shall not manipulate the *VADIC NETWORK PRIVATE LIMITED* marketing plan or product's rate, Point volume/ Sales Point/ Business volume etc., in any way and Direct Seller shall not send, transmit or otherwise communicate any messages to anybody on behalf of the Company otherwise than for authorization for the same.
- (l) That the Direct seller shall be libel to produce/show/explain the marketing/sales/trading plan of the company to the customer as it as he is received if the company notices that the Direct seller is working on the line of not permitted/un-authorized way than the company shall have exclusive power to terminate or barred from the company's Direct seller ship after giving show casue notice.
- (m) That the Direct Seller and/or any other person is strictly prohibited to use Business Promotional Material, other than Business Promotional Material developed and/or authorized to develop by the Company.
- (n) That the Direct Seller shall not use the *VADIC NETWORK PRIVATE LIMITED* trademark, logotype and design anywhere without written permission from the Company. This permission can be withdrawn at any time by the Company.
- (o) That all the arrangements, expenses, permission from local authorities, complying with rules of central and state government and local body is whole responsibility of Direct Seller for meetings and seminars conducted by Direct Seller.
- P) That No another Direct seller code shall be issued on same Pan Card.
- q) The Direct seller is agreed and authorized to the company to create his/her Sales and purchases books of accounts stating the details of the products, price, tax, and the quantity and such other details in respect of the goods sold by him/her, in such form as applicable law as mentioned in the sub-clause 5 of the clause 5- Certain obligation of Direct Sellers. In this relation the company shall be authorized to deduct the charges from the incentive of the Direct seller for prepare of such accounts on behalf of the Direct seller.
- (r). *That the company shall be responsible for the quality of products and services sold by by direct seller and further the company will guide and help the direct seller to follow best practices in the interest of the consumer about the products and business opportunity in the legal and ethical manner, if any direct seller work, out of the purview of policy, guidance of the company than such direct seller shall be responsible for his/her all the activites in sales of product/service.*

## X. Obligations of Direct Seller

That the Direct Seller engaged in direct selling shall

- (I) carry their identity card and not visit the customer's premises without prior appointment/approval;
- (II) At the initiation of a sales representation, without request, truthfully and clearly identify themselves, the identity of direct selling entity, the nature of the goods or services sold and the purpose of the solicitation to the prospective consumer;
- (III) Offer a prospective consumer accurate and complete explanation and demonstrations of goods and services, prices, credit terms, terms of payment, return policies, terms of guarantee, after sales service;
- (IV) Provide the following information to the prospect/consumers at the time of sale, namely;
  - (a) Name, address, registration number or enrollment number, identity proof and telephone number of direct seller and details of direct selling entity;
  - (b) A description of the goods or services to be supplied;
  - (c) Explain to the consumer about the goods return policy of the company in the details before the transaction.
  - (d) The order date, the total amount to be paid by the consumer along with the bill and receipt.
  - (e) Time and place for inspection of the sample and delivery of goods
  - (f) Information of his/ her rights to cancel the order and/ or to return the product in saleable condition i.e. any seal/protection on the goods is kept unbroken and avail full refund and sum paid.
  - (g) Detail regarding the complaint Redressal mechanism.
- (V) The Direct seller shall keep proper book of accounts stating the details in respect of the goods sold by him/ her, in such form as per applicable law.
- (VI) The direct seller shall not:
  - (a) Use misleading, deceptive and /or unfair trade practice s.
  - (b) Use misleading, false, deceptive and/or unfair recruiting practices, including misrepresentation of actual or potential sales or earnings and advantages of direct selling to any prospective direct seller in their interaction with prospective direct sellers.
  - (c) Make any factual representation to prospective direct sellers that cannot be verified or make any promise that cannot be fulfilled.
  - (d) Present any advantages of direct selling to any prospective direct seller in a false and/ or a deceptive manner.
  - (e) Knowledge make omit engage or cause or permit to be made any representation relating to the direct selling operation including remuneration system and agreement between the direct selling entity and the direct seller, or the goods or misleading.
  - (f) Require or encourage direct sellers recruited by the first mentioned direct seller to purchase goods and/or services in unreasonably large amounts.
  - (g) Provide any literature and/ or training entity, to a prospective and/ or existing direct seller both within and outside the parent direct selling entity.
  - (h) Require prospective or existing direct seller to purchase any literature or training material or sales demonstration equipments.
- (VII) The company shall provide monetary and non-monetary sales benefit/incentive including service tax/GST. The company shall not pay any service tax /GST to the Direct seller. The Direct seller shall be responsible to pay any service tax /GST (if any).
- (VIII) The Direct seller shall not create any cross line in the sales Network of the company.
- (IX) The Direct seller shall not create any rumors about the company or its products or hit the reputation of the company within or outside the premises of the company.
- (X) That the company is also involved in the manufacturing and sale of the food products hence the Direct seller being a Distributor of the company's food products, shall be registered or licensed under the FOOD SAFETY AND STANDARDS ACT, 2006 and FOOD SAFETY AND STANDARDS (LICENSING AND REGISTRATION OF FOOD BUSINESS) REGULATION, 2011 as Food Business Operator.

## XI. Obligations of Direct Seller Entity/Company towards Direct seller

- (I) That the company shall provide a mandatory orientation session to all prospective direct sellers providing fair and accurate information on all aspect of the direct selling operation including but not limited to the remuneration system and expected remuneration for newly recruited direct sellers
- (II) That the company shall maintain proper records either manual or electronic of their business dealing with complete details of their goods services terms of contract , price, income plan, details of direct sellers ,including but not limited to enrollment, termination active status, earning etc.
  - (a) The company shall maintain a "register of direct sellers" wherein relevant details of each enrolled direct seller shall be updated and maintained.
  - (b) The details of Direct sellers shall include and not be limited to verified proof of address, proof of identity and pan.
- (III) That the company shall maintain proper and updated website with all relevant details of the company, contact information, its management , product , product information, product quality certificate, price, complete income plan, terms of contract with direct seller and complaint redressal mechanism for direct sellers and consumers.
- (IV) That the company shall provide to direct seller their periodic account/ information concerning, as applicable, sales, purchases, details of earning, commissions, bonus, and other relevant data, in accordance with agreement with direct sellers. All financial dues shall be paid and any withholding made in a commercially reasonable manner;
- (V) That the company shall monitor the value of the purchases of all its Direct sellers/ Distributors on a monthly basis and once the purchase value crosses the GST threshold limit, the company /
  - (a) for an amount that exceeds an amount for which such goods or services can be expected to be sold or resold to consumers.
  - (b) For a quantity of goods or services that exceeds an amount that can be expected to be consumed by or sold or resold to consumers.
- (VI) That the Company shall not
  - (a) Use misleading, deceptive or unfair recruiting practices, including misrepresentation of actual or potential sales or earnings, in their interaction with prospective or existing direct sellers;

- a) Make any factual representation to a prospective direct seller that cannot be verified or make any promise that cannot be fulfilled;
- b) Present any advantages of direct selling to any prospective direct seller in a false or deceptive manner;
- c) Make or cause, or permit to be made, any representation relating to its direct selling business including remuneration system and agreement between itself and the direct seller, or to the goods or services being sold by itself or by the direct seller which is false or misleading;
- d) Engage in, or cause or permit, any conduct that is misleading or likely to mislead with regard to any material particulars relating to its direct selling business, including remuneration system and agreement between itself and the direct seller, or to the goods or services being sold by itself or by the direct seller;
- e) Use, or cause or permit to be used, fraud, coercion, harassment, or unconscionable or unlawful means in promoting its direct selling practice, including remuneration system and agreement between itself and the direct seller, or the goods or services being sold by itself or by the direct seller.
- f) Require its direct sellers to provide any benefit, including entry fees and renewal fees or to purchase any sales demonstration equipment or material in order to participate in its direct selling operations;
- g) Provide any benefit to any person for the introduction or recruitment of one or more persons as direct sellers;
- h) Require the direct sellers to pay any money by way of minimum monthly subscription or renewal charges;
- i) *Knowingly make, omit, engage or cause, or permit to be made, any representation relating to its Direct selling practice, including remuneration system and agreement between itself & the direct seller or the goods or services being sold by itself or by the direct seller which is false or misleading;*

(VII) That the company shall be responsible for compliance of these Guidelines by any member of its network of direct selling, whether such member is appointed directly or indirectly by the Direct Selling Entity.

(VIII) *That the training/oriention will be provided by the Direct Selling Entity/Company or by a Direct seller or by any authorized representative of company, either in person or through any digital means.*

## **XII. Obligations of Direct Seller Entity/Company towards consumer**

- (I) That **the** Company shall provide information to the consumer upon purchase which shall contain.
  - (a) The name of the purchaser and seller.
  - (b) The delivery date of goods or services
  - (c) Procedures for returning the goods: and
  - (d) Warranty of goods and exchange/ replacement of goods in case of defect Provided that no Direct seller shall, in pursuance of a sale, make any claim that is not consistent with claims authorized by the Direct seller entity.
- (II) That the company and Direct seller shall take appropriate steps to ensure the protection of all private information provide by a consumer.
- (III) That Direct seller and company shall be guided by the provision of the consumer protection Act 1986.
- (IV) That the supply/Distribution of goods with the knowledge that such goods/products are inferior or exceeded its validity period as per the manufacturer.
- (V) That the MRP should be visibly displayed on the package.
- (VI) That the company/Direct seller who sells goods to a consumer shall issue a cash bill to such consumer in accordance with the provision of the law for the time being force in this respect.

## **XIII. PROHIBITIONS**

- (I) That any payment of Incentive by whatever names it is called unrelated to their respective sales volume is prohibited.
- (II) That the Direct Seller or his/her relatives (relative means dependent son or daughter, father/mother, spouse) shall not engage in any activities of Multi Level Marketing of any other entity. If it is found then such Direct Seller shall be terminated.
- (III) That the Direct Seller is prohibited from listing, marketing, advertising, promoting, discussing, or selling any product, or the business opportunity on any website or online forum that offers like auction as a mode of selling.
- (IV) That the Direct Seller hereby undertakes not to compel or induce or mislead any person with any false statement /promise to purchase products from the Company or to become Direct Seller of the Company.
- (V) That the Direct Seller and the company hereby undertakes not to indulge in money circulation scheme or any act barred by the Prize Chits and Money Circulation Scheme (Banning) Act, 1978.
- (VI) That the Company/Direct seller shall not promote a pyramid scheme, as defined in Clause 1(12) of the "Advisory to state Government/Union territories on Model Guideline on Direct selling" issued by the Department of consumer Affairs, Ministry of Consumer Affairs, Food & Public Distribution, Government of India Dt. 09<sup>th</sup> Sep. 2016 F.NO. 21/18/2014-IT(Vol-II). In the garb of Direct selling Business opportunities as well as all the guidelines law s, Rules, regulation, Notifications, circulars and Direction issued by the Central and State Government of India.

(VII) **Prohibition on sale of the company's product** - Any person who sells or offers for sale, including on an e-commerce platform/ marketplace, any product of the company, must have prior written consent from the Company in order to undertake or solicit such sale or offer.

That if any person who sells the company's product without its consent through e-commerce platform shall be liable for violation to the provisions of the Central Direct Selling Guidelines have been issued by the Ministry of Consumer Affairs, Food and Public Distribution, New Delhi on 26th October, 2016 as well as state Guidelines.

Further, such person may be liable for penalized or prosecuted or Both under Consumer Protection Act, 1986, Trademark Law, 1899.

Moreover, such person may also be liable for criminal and civil suit under Indian Panel Act, 1860, Criminal Procedure Code and Civil Procedure Code.

Further, such person may also be liable for irreparable loss and injury both economically and psychologically to the company by selling the company's product through any e-commerce platform without my client's consent.

#### **XIV. Indemnification**

- (I) That the Direct Seller agrees to protect, defend, indemnify and hold harmless Company and its employees, officers, directors, agents or representatives from and against any and all liabilities, damages, fines, penalties and costs (including legal costs and disbursements) arising from or relating to:
- (a) Any breach of any statute, regulation, direction, orders or standards from any governmental body, agency, or regulator applicable to the company; or
  - (b) Any breach of the terms and conditions in this agreement by the Direct Seller, or
  - (c) Any claim of any infringement of any intellectual property right or any other right of any third party or of law by the Direct seller; or
  - (d) Against all matters of embezzlement, misappropriation or misapplications of collection/moneys which may from time to time during the continuance of the Agreement come into his/her /its possession /control.
- (II) That this clause shall survive the termination or expiry of this Agreement.

#### **XV. Relationship**

That the Direct seller understands that it is an independently owned business entity and this Agreement does not make it, its employees, associates or agents as employees, agents or legal representatives of the company for any purpose whatsoever. The Direct seller has not express or implied right or authority to assume or to undertake any obligation in respect of or on behalf of or in the name of the company or to bind the company in any manner. In case, the Direct Seller, its employees, associates or agents hold out as employees, agents, or legal representatives of the company, the company shall demand to pay cost of any/all loss, cost, damage including consequential loss, suffered by the Direct seller on this account.

Further, the company shall not be liable in any manner for Provident fund or Employee state insurance for Direct seller.

#### **XVI. Liability**

That Except as provided in this Agreement, here in above, the company shall not be liable to the Direct seller or any other party by virtue of termination of this Agreement for any reason whatsoever for any claim for loss or profit or on account for any expenditure, investment, leases, capital investments or any other commitments made by the other party in connection with the business made in reliance upon or by virtue of this Agreement.

#### **XVII. Suspension, Revocation or Termination of agreement**

- I. That the company reserves the right to suspend the operation of this agreement, at any time, due to change in its own license conditions or upon directions from the competent government authorities. In such a situation, company shall not be responsible for any damage or loss caused or arisen out of aforesaid action.
- II. That the company may, without prejudice to any other remedy available for the breach of any conditions of agreement, by a written notice of ONE month issued to the Direct seller at its residential address, terminate this agreement under any of the following circumstances:
- a) The Direct Seller failing to perform any obligation(s) under the agreement;
  - b) The Direct Seller failing to rectify, within the time prescribed, any defect as may be pointed out by Company.
  - c) The Direct Seller becoming insolvent/bankrupt.
  - d) The Direct Seller being involved in any criminal proceedings/case
  - e) others like Pursuant to the provision to the marketing plan, For reason of non-performance, Any unethical and pre judicial work to the interest of the Company, For the breach of any terms and conditions of this agreement and marketing plan, Information given by Direct Seller found wrong/false, In convicted of an offence punishable by a prison term, Is declared bankrupt, Is not mentally sound to handle the business, Migrate to other country, due to death/insolvency/mentally of Direct seller. But In case of Death, on producing of probate/succession certificate by legal heirs, the Direct seller code may be transferred to the legal heirs of deceased Direct seller.
  - f) Where a direct seller is found to have made no sales for goods for a period of up to two years since the contract was entered into, or since the date of last sale made by the direct seller.
  - g) Where a direct seller is found to have embezzlement of cash/cheque/DD, which is received by the customer on behalf of the company.
  - h) Where the Direct seller violate the any point form the (v) to (ix) of the Para X-Obligations of Direct Seller
- (III) That the Direct Seller may terminate this agreement at any time by giving a written notice of ONE MONTH to the Company at the registered address of the company.
- (IV) That It shall be the responsibility of the Direct Seller to maintain the agreed Quality of Service, even during the period when the notice for surrender/termination of agreement is pending.
- (V) That Breach of non-fulfillment of Agreement conditions may come to the notice of the company through complaints or as a result of the regular monitoring. Wherever considered appropriate the company may conduct an inquiry either suo-moto or on complaint to determine whether there has been any breach in compliance of the terms and conditions of the agreement by the Direct Seller or not. The Direct Seller shall extend all reasonable facilities and shall endeavor to remove the hindrance of every type upon such inquiry.
- (VI) *That upon the termination of the contract between company and direct seller, the company shall be liable to refund the deposit (if any) of terminated direct seller within the 30 days since the date of termination. Further, the company shall also be liable to pay penalty at the rate of 1% per day of the such deposit money, if it fails to return the such deposit after completion of the 30 days since the date of termination.*

#### **XVIII. Actions pursuant to Termination of Agreement**

That notwithstanding any other rights and remedies provided elsewhere in the agreement, upon termination of this agreement:

- (a) The Direct seller shall not represent the company in any of its dealings.
- (b) The Direct seller shall not intentionally or otherwise commit any act(s) as would keep a third party to believe that the company is still having Direct selling agreement with Direct seller.
- (c) The Direct seller shall stop using the company's name, trademark, logo, etc., in any audio or visual form.
- (d) The expiration or termination of the Agreement for any reason whatsoever shall not affect any obligation of Direct seller having accrued under the Agreement prior to the expiration of termination of the Agreement and such expiration or termination shall be without prejudice to any liabilities of Direct seller to the company existing at the date of expiration or termination of the Agreement.



**XIX. Governing Laws and Regulation**

- (I) That this Agreements shall be governed by the Indian Contract, 1872, The consumer Protection Act, 1986, "Advisory to state Government/Union territories on Model Guideline on Direct selling" issued by the Department of consumer Affairs, Ministry of Consumer Affairs, Food & Public Distribution, Government of India Dt. 09<sup>th</sup> Sep. 2016 F.NO. 21/18/2014-IT(Vol-II). Laws, Rules, regulation and Direction issued by the Central and State Government of India and any proceedings arising out of this Agreements shall be initiated in the appropriate Indian court and all orders and decrees would be expressed in Indian language.
- (II) That the parties hereby agree that nothing contained herein shall prejudice the right of the company to appoint another Direct seller in the same territory or to open retail outlets if found necessary.

**XX. Cancellation clause**

That notwithstanding anything stated or provided herein, the Company shall have full powers and discretion to modify, alter or vary the terms and condition in any manner whatsoever they think fit and shall be communicated through official website or other mode as the Company may deem fit and proper. If any Direct Seller does not agree to be bound by such amendment, he/she may terminate this agreement within 30 days of such publication by giving a written notice to the Company. Without submission of the objection for modification etc., if Direct Seller continues the Direct Selling activities then it will be deemed that he/she has accepted all modifications and amendments in the terms & conditions for future.

**XXI. Dispute Settlement**

- (I) That In the event of any question, dispute or difference arising under this agreement or in connection there-with (except as to the matters, the decision to which is specifically provided under this agreement), the same shall be referred to the court of AMBALA (HARYANA).
- (II) That the parties hereby agree that any dispute or difference between them may be referred to the arbitrator whose decision shall be final and binding upon the parties hereto.
- (III) *That in the event of failure of any of the above clauses, the company or direct seller may approach to any mediation center or arbitrator or any appointed authority of the state government at District/state level (If any).*

**XXII. Force- Majeure**

That If at any time, during the continuance of this agreement, the performance in whole or in part, by the company, of any obligation under this is prevented or delayed, by reason of war, or hostility, acts of the public enemy, civic commotion, sabotage, Act of State or direction from Statutory Authority, explosion, epidemic, quarantine restriction, strikes and lockouts, fire, floods, natural calamities/Disaster or any act of God (hereinafter referred to as **event**), neither party shall, by reason of such event, be entitled to terminate the agreement, nor shall either party have any such claims for damages against the other, in respect of such non-performance or delay in performance. Provided Service under the agreement shall be resumed as soon as practicable, after such event comes to an end or ceases to exist.

**XXIII. The Direct seller hereby covenants that as under :**

- (I) That he/she has clearly understood the application form, marketing methods/plan, the compensation plan, its limitations and conditions and he/she is not relying upon any representation or promises that is not set out in these terms and conditions or other official printed or published materials of the Company.
- (II) That Relation between the Company and the Direct Seller and all his/her activities here under shall be governed in addition to this agreement, by the rules / procedure contained in the marketing plan, available on website. The Direct Seller confirms that he/she has read out all the terms & conditions thereof and agrees to be bound by them.
- (III) Shall act as a freelance body and shall not commit any misfeasance or malfeasance to create any liability/obligation over the Company of whatsoever nature.
- (IV) That the Direct Seller is not an agent, Employee or any other Legal representative of the Company or its service providers.
- (V) That Any payment received by the Direct Seller from any person declaring that the amount is being received for and on behalf of the Company shall not be deemed to be received by the Company. Direct seller is not authorized to receive any money for and on behalf of the Company.
- (VI) That Direct Seller, hereby declare that all the information furnished to the Company are true and correct. Company shall be at sole discretion and liberty to take any action against the Direct Seller in the event, it is discovered that the Direct Seller furnished any wrong/false information to the Company.
- (VII) That I am the concerned person hence fully conversant with the fact deposed above. and I have agreed without any pressure to be appointed as Direct Seller in whole India on terms and condition as contained in this agreement.(VIII) That I have read and understood the terms and conditions for appointment of Direct Seller of the Company and I have also gone through the Company's official website, printed materials, brochures and convinced about the business and I have applied to appoint me as a Direct Seller on my own volition.
- (IX) I undertake to adhere for policies, procedures, rules and regulations formed by the Company and I confirm having read/been explained and understood the contents of the document on policy and procedures of the appointment of Direct Seller

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed through their respective authorized representatives on the .....day of ..... 20.....

**Read over by me/ to me and agreed by me on (Date)**

.....

**Name:**

**Signature:**

-----  
(Signature)

-----  
(Name of applicant)

**Sign and seal of the company.....**

**Witnesses:**

- 1. Name \_\_\_\_\_  
Signature \_\_\_\_\_
- 2. Name \_\_\_\_\_  
Signature \_\_\_\_\_

**Signature of applicant on each and every page is mandatory.  
All Documents must be Self Attested**