

TERMS OF CONTRACT WITH DIRECT SELLERS

DIRECT SELLER APPOINTMENT AGREEMENT

THIS AGREEMENT is made on this day/..../.....

Between

M/s. NOVUS MAGNUM PRIVATE LIMITED (**CIN U52399KL2020PTC062594**), a company incorporated under the Companies Act, 2013 having its Registered Office at 64/2699 – B4, ROYS VILLA, Dr. GEORGE ROAD, KALOOR – KADAVANTHARA ROAD, KALOOR ERNAKULAM, KERALA, INDIA, 682017 hereinafter referred to as the “FIRST PARTY”, which expression shall unless repugnant to the meaning or context thereof, be deemed to mean and include its directors, successors, affiliates, assigns, of the one part;

And

Mr/Mrs..... (PAN:) residing.....
.....(district), (State)..... (Pin code), hereinafter referred to as the “**SECOND PARTY**”, which expression shall, unless repugnant to the meaning or context thereof, be deemed to include his/ her successors and assigns, of the other part.

WHEREAS:

The FIRST PARTY is in the business of marketing and selling of various ranges of products, services and commodities through direct selling system, including multi-level marketing method of distribution;

The SECOND PARTY is desirous to act as the “Direct Seller” of FIRST PARTY for the purpose of promoting and distributing ranges of products, services and commodities of FIRST PARTY through direct selling system, including multi-level marketing method of distribution.

NOW, THEREFORE, in consideration of the mutual agreements and promises set forth herein, the parties agree as follows:

RIGHTS GRANTED

The FIRST PARTY hereby appoints the SECOND PARTY as the DIRECT SELLER, with effect from/..../.....to carry out the sale of the products/services of the FIRST PARTY, on such terms and conditions given hereunder.

Direct Selling under this agreement shall mean marketing, distribution and sale of products or providing of services as a part of network of direct selling.

CLAUSE 1.

(A). MATERIAL TERMS

The products/services shall be billed to the SECOND PARTY by the FIRST PARTY at the MRP (Maximum Retail Price) for the purchase thus made.

The SECOND PARTY is not allowed to sell the products above the MRP.

The SECOND PARTY is eligible to cancel the appointment as under clause and seek for refund of the cost by returning the products/services purchased, if done within a period of 30 days from the date of appointment, which shall be termed as the cooling-off period, as under this agreement and the FIRST PARTY shall refund SECOND PARTY'S entire contribution (except the amount if any deducted under statutory liabilities) without construing it as a breach of contract and allow the SECOND PARTY to exit from the business under this agreement. The refund or exchange will not be entertained on the grounds of sole purpose of manipulating the business ethics, if so done strict legal actions will be charged for cheating and defamation.

The SECOND PARTY is also eligible to exchange/return the unsold products/services (in good condition) to the FIRST PARTY within 6 (SIX) days of the date of purchase of the said products/services along with the purchase order made and the invoice and the FIRST PARTY shall repay the payment made on returned products, after deducting all the benefits, incentives, discounts, rewards, gifts if any granted to the SECOND PARTY in respect of the products returned.

(B). PRODUCTS / SERVICES

As used in this Agreement, the term "First Party's Products" or "Products" or "First Party's Services" or "Services" shall mean the products or services manufactured or marketed by and/or sold by the FIRST PARTY.

The Products or Services meant for marketing, distribution and sale for direct selling shall have specific identity of the FIRST PARTY and those Products or Services shall either be owned or authorized by the Owner, holder or licensee of the trademark or service mark of such Products or Services to be marketed, distributed or sold by the FIRST PARTY.

The details of Products or Services shall be given in the website of the FIRST PARTY, which shall include the product/service information, quality certificate and price (MRP) and the Base Value (BV)

(C). REMUNERATION SYSTEM

In addition to the above remuneration, the SECOND PARTY is entitled to the following incentives, profits and commission or lifetime achievement rewards and awards based on the sale of products/services:

Commission: Each product or Service offered by the FIRST PARTY carries a value which is termed as **base value** (BV) Commission of the SECOND PARTY is based on BV of products sold by them or through them, generated through “Re-purchase” and “Sale” in his/her “Distribution Channel/s”.

Remuneration based on BV is disbursed to the SECOND PARTY by way of commission on Daily/Weekly/Monthly basis... the Retail profit, Team Sales performance bonus and the Generation sales incentives.

Remuneration based on BV is disbursed to the SECOND PARTY by way of commission on daily, weekly and monthly basis.

Rewards: Under this category the FIRST PARTY will provide national and international training, Accidental/Death insurance policies, Health Insurance Policies, fixed deposit to Direct Sellers who meet the specified rank and positions on accumulated basis of Sales Volume in their distribution channels.

Lifetime Achievement award: Under this category the FIRST PARTY will provide lifetime achievement rewards on achieving the Ranks on Accumulated Sales Volume (BV) basis.

The SECOND PARTY is not entitled to any remuneration for recruitment of a Direct Seller or a Consumer.

The Remuneration Plan as mentioned in this clause is designed in compliance with the provisions of Prize Chits and Money Circulation Schemes (Banning) Act, 1978.

CLAUSE 2 (A). FIRST PARTY'S RIGHTS & OBLIGATIONS

1). The FIRST PARTY shall conduct an orientation session (NDO program) to the SECOND PARTY providing information about the direct selling operation, compensation plan and scope of business before entrusting the duty as a Direct Seller.

The FIRST PARTY shall issue proper identity document (ID card on paid basis) to the SECOND PARTY denoting that he/she is a Direct Seller of the FIRST PARTY.

The FIRST PARTY shall provide to SECOND PARTY periodic account/ information concerning, as applicable, sales, purchases, details of earnings, commissions, bonus and other relevant data, in accordance with this agreement.

2). The FIRST PARTY shall not:

Use misleading, deceptive or unfair recruiting practices, including misrepresentation of actual or potential sales or earnings, in their interaction with the SECOND PARTY.

Make any factual representation to the SECOND PARTY that cannot be verified or make any promise that cannot be fulfilled;

Present any advantages of direct selling to the SECOND PARTY in a false or deceptive manner;

Make or cause, or permit to be made, any representation relating to its direct selling/ Multi-Level Marketing business, including remuneration system which is false or misleading;

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/ Multi-Level Marketing business, including remuneration system;

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 or to the products or services sold by them.

Require SECOND PARTY 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;

Provide any benefit to the SECOND PARTY for the introduction or recruitment of one or more persons as direct sellers;

Require the SECOND PARTY to pay any money by way of minimum monthly subscription or renewal charges.

The FIRST PARTY shall be responsible for compliance of the Direct Selling Guidelines 2023 by the SECOND PARTY and also subjected to the Amendments made thereof by the government.

(B). SECOND PARTY'S RIGHTS & OBLIGATIONS

1). The SECOND PARTY shall participate in the orientation session conducted by the FIRST PARTY, providing information about the direct selling operation, compensation benefits system and scope of business before acting as a Direct Seller under this agreement.

The SECOND PARTY shall provide attested copy of their address proof, proof of identity and PAN Card. The SECOND PARTY shall update any change in the address and give such documents to the FIRST PARTY as and when the same happens or when so demanded by the FIRST PARTY. The SECOND PARTY shall upload KYC in their website.

The SECOND PARTY shall always adhere to the Rules and Regulations set by the FIRST PARTY and follow all the operation policies set by the FIRST PARTY, which may be revised from time to time.

The SECOND PARTY shall discharge all statutory obligations, if any cast upon him/her.

The SECOND PARTY shall purchase products/ services only from the NOVUS MAGNUM OFFICE OR FRANCHISE of FIRST PARTY.

The SECOND PARTY is entitled to appoint Direct Sellers / Distributors through him/her.

The SECOND PARTY shall keep proper book of accounts stating the details of the products, price, tax and the quantity and such other details in respect of the products/services sold by him/her, in such form as per applicable law.

The SECOND PARTY shall not modify any of the brochures, literatures or specifications of the FIRST PARTY without written permission from the FIRST PARTY.

The SECOND PARTY is not allowed to conduct any advertising and promotion on their own without prior approval from the FIRST PARTY.

The SECOND PARTY shall comply with the provisions of Guidelines on Direct Selling issued by the Ministry of Consumer Affairs, Food and Public Distribution on 26th October 2016 and any modification, amendment, notification, circulars, clarifications thereto, if any. Any reported non-compliance will be liable for disciplinary action.

The SECOND PARTY engaged in direct selling should carry his/ her identity card and shall not visit the customer's premises without prior appointment/approval.

The SECOND PARTY shall at the initiation of a sales representation, without request, truthfully and clearly identify himself/ herself, the identity of the FIRST PARTY, the nature of the products or services sold and the purpose of the solicitation to the prospective consumer.

The SECOND PARTY shall not, in pursuance of a sale, make any claim that is not consistent with claims authorized by the FIRST PARTY.

The SECOND PARTY shall offer a prospective consumer accurate and complete explanations and demonstrations of products and services, prices, credit terms, terms of payment, return policies, terms of guarantee, after-sales service.

The SECOND PARTY shall provide the following information to the prospect / consumers at the time of sale, namely:

Name, address, registration number or enrollment number, identity proof and telephone number of the SECOND PARTY and details of FIRST PARTY;
A description of the products or services to be supplied and the delivery date of such products or services;
Explain to the consumer about the products/services return policy of the FIRST PARTY in detail before the transaction;
The order date, the total amount to be paid by the consumer along with the bill and receipt;
Time and place for inspection of the sample and delivery of products/ services;
Information of his/her rights to cancel the order and / or to return the product in saleable condition and avail full refund on sums paid;
Warranty of the products/services and exchange/replacement of such products/services in case of defect;
Details regarding the complaint redressal mechanism.

The SECOND PARTY has to carry out purchases in his/her Customer ID to keep it in active status

2). The SECOND PARTY shall not:

Use misleading, deceptive and / or unfair trade practices; like inventory loading etc.
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;
Make any factual representation to a prospective direct seller that cannot be verified or make any promise that cannot be fulfilled;
Present any advantages of Direct Selling to any prospective direct seller in a false and / or a deceptive manner;

Knowingly 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 FIRST PARTY and the SECOND PARTY, or the products and / or services being sold by SECOND PARTY which is false and / or misleading;
Require or encourage direct sellers recruited by the SECOND PARTY to purchase products and / or services in unreasonably large amounts;
Provide any literature and / or training material not restricted to collateral issued by the FIRST PARTY, to a prospective and / or existing direct sellers both within and outside the FIRST PARTY, which has not been approved by the FIRST PARTY;
Require prospective or existing direct sellers to purchase any literature or training materials or sales demonstration equipment.

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

CLAUSE 3: ACKNOWLEDGEMENTS, UNDERTAKINGS, WARRANTIES & INDEMNIFICATION

The parties agree that, having regard to the matters referred to in the recitals to and the other provisions of this Agreement, each of the restrictive covenants imposed upon the parties in this Agreement is reasonably necessary for the protection of the other Party's rights and does not unreasonably interfere with the freedom of action. The Parties acknowledge that they have obtained independent legal advice before executing this Agreement and that it is fully aware of all of the provisions of this Agreement and accepts that they are fair, reasonable and equitable in all the circumstances known to or in the contemplation of the parties as at the date of this Agreement.

In terms of the present agreement the SECOND PARTY reiterates his/ her commitment to work in promoting FIRST PARTY's business, brands, products and goodwill. In furtherance of the same the SECOND PARTY agrees to support and assist the FIRST PARTY in the brand/product promotion and network exercises undertaken from time to time.

The SECOND PARTY hereby undertake that he/ she shall not use the trade name, logo, trade mark, service mark, design, copyright and legal documents belonging to/ in possession of the FIRST PARTY or of which the FIRST PARTY is the proprietor/owner thereof in any way which might challenge or damage the validity or use of trade name, logo, trade mark, service mark, design, copyright wrongfully causing injury to the FIRST PARTY's business, reputation & goodwill. Doing as such is liable to jurisdiction.

The parties hereby undertake that all information arising out of and in the course of this agreement pertaining to the sale of the products, including formal records, summaries and reports shall be treated as confidential information.

The relationship between the parties shall be that of seller and buyer and not that of principle and agent or partner and the transaction is on principle-to-principal basis not withstanding anything to the contrary that may be contained in this agreement or any correspondence or letters between the parties hereto.

Neither the SECOND PARTY nor the FIRST PARTY shall have any right to enter into any contract or commitment in the name of, or on behalf of the other, or to bind the other in any respect whatsoever.

The SECOND PARTY shall immediately inform the FIRST PARTY about any complaint from a consumer and in no case the SECOND PARTY shall make any compromise with the consumer/ other Direct Sellers without the consent of the FIRST PARTY.

The FIRST PARTY and SECOND PARTY shall take appropriate steps to ensure the protection of all private information provided by a consumer.

The products shall be of standard quality and the SECOND PARTY shall not give any guarantee or warranty in respect of their quality except to the extent authorized in writing by the FIRST PARTY and the SECOND PARTY shall not have any power whatsoever to commit the FIRST PARTY to any financial outlay or responsibility. The FIRST PARTY shall provide to the SECOND PARTY information with respect to warranty extended to the consumer of its Products and Services.

The SECOND PARTY agrees to protect the FIRST PARTY and hold the FIRST PARTY harmless from any loss or claim arising out of the negligence of the SECOND PARTY, its agents, employees or representatives in the use, sale or servicing of Products/Services or arising out of any representation or warranty made by the SECOND PARTY, its agents, employees or representatives with respect to Products/Services that exceeds its warranty.

CLAUSE 4: NOTICES

Any notice or other communication to be given by one party to the other party under, or in connection with the matters contemplated by, this Agreement shall be in writing and assigned by or on behalf of the party giving it and may be served by registered post to the address mentioned herein (or as otherwise notified from time to time hereunder).

The addresses of the parties for the purpose of this Agreement are as follows:

FIRST PARTY:

NOVUS MAGNUM PRIVATE LIMITED
64/2699 – B4, ROYS VILLA, Dr. GEORGE ROAD, KALOOR – KADAVANTHARA ROAD, KALOOR
ERNAKULAM, KERALA, INDIA, 682017

SECOND PARTY: **Mr/Mrs** (PAN:) residing at
, (District), (state) (pin code)

CLAUSE 5: TERMINATION:

The agreement may be terminated by the FIRST PARTY upon any of the following events:

By giving one (1) months' notice to the SECOND PARTY, if:

SECOND PARTY is found to have made no sales of products or services for a period of up to six (6) months to one (1) year since this agreement was entered into or since the date of the last sale made by the SECOND PARTY.

The SECOND PARTY fails to operate the business in accordance with the conditions under this agreement or as per the Direct Selling Guidelines 2023.

Without any notice, with immediate effect, if:

The SECOND PARTY commits any breach of contract, which according to the FIRST PARTY is serious, so as to cancel or withdraw the appointment of Direct Seller with immediate effect.

The SECOND PARTY becomes insolvent by reason of its inability to pay its debts as they fall due.

The SECOND PARTY gives to the FIRST PARTY any false or misleading information or makes any misrepresentation and engages in any conduct prejudicial to the business, in the opinion of the FIRST PARTY.

The SECOND PARTY misappropriates the funds, if any belonging to the FIRST PARTY.

On termination of this Agreement, the SECOND PARTY shall cease to be a Direct Seller of the FIRST PARTY, but the Direct Sellers or Distributors appointed by the SECOND PARTY shall not become terminated on account of the termination of this agreement.

Upon termination, all amounts owing to the FIRST PARTY or to the SECOND PARTY shall become immediately due and payable, subject to satisfaction of other terms and conditions by either of the Parties as under this agreement.

Upon termination the SECOND PARTY shall forthwith surrender all promotional materials and ID cards of the FIRST PARTY.

After termination, the SECOND PARTY shall not either personally or by agent or by letters / circulars or advertisement whether on behalf of any other person / firm in any way interfere with any person or entity who is/ has been a customer or business associate of the FIRST PARTY.

CLAUSE 6: ENTIRE AGREEMENT, AMENDMENT & ASSIGNMENT

This Agreement set out the entire agreement and understanding between the parties in relation to the subject matter of this Agreement, and neither party has entered into this Agreement in reliance upon any representation, warranty or undertaking which is not set out, or referred to, in this Agreement.

Notwithstanding anything stated or provided herein, the FIRST PARTY 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 FIRST PARTY may deem fit and proper. If SECOND PARTY 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 FIRST PARTY. Without submission of the written objection for such alteration or modification, if SECOND PARTY continues the Direct Selling activities then it will be deemed that he/she has accepted all such modifications and amendments in the terms and conditions.

If any provision of the Agreement is held to invalid or unenforceable, then such provision shall (so far as invalid or unenforceable) be given no effect and shall be deemed not to be included in this Agreement but without invalidating any of the remaining provisions of this Agreement. The parties shall then use all reasonable endeavors to replace the invalid or unenforceable provisions by a valid and enforceable substitute provision the effect of which is as close as possible to the intended effect of the invalid or enforceable provision.

The SECOND PARTY shall not without the prior consent in writing of the FIRST PARTY, which may be withheld by the FIRST PARTY at its absolute discretion, either engage any sub-agent or assign to any other person, firm, company or body of persons the benefit of this Agreement or any part thereof or any of its rights and obligations hereunder.

CLAUSE 7: GRIEVANCE REDRESSAL MECHANISM:

In case any complaint is raised by a consumer against any product or service or as against the SECOND PARTY or FIRST PARTY, the consumer can make it to the FIRST PARTY by letter, email, or online through the website of the FIRST PARTY.

Every such complaint shall be registered by the FIRST PARTY and shall be placed before the Grievance Redressal Committee (GRC) of the FIRST PARTY, the details of which will be given in the website, and the said Committee shall take the matter within 48 hours and a decision on the complaint should be made within 30 days from the date of registering the complaint. The decision of the GRC shall be intimated to the consumer in writing if the complaint is not solved within 30 days.

If the consumer is not satisfied with the decision of the GRC or if the GRC did not take a decision within 30 days from the date of registering the complaint, the consumer or the FIRST PARTY can refer the complaint, treating the same as a dispute to be resolved through mediation.

The mediation shall be completed within 30 days.

CLAUSE 8: GOVERNING LAW AND DISPUTE RESOLUTION MECHANISM

The seat of arbitration shall be Ernakulam and the language of arbitration shall be English. The venue of arbitration shall be the nearest Mediation Centre.

This Agreement is governed by and shall be construed in accordance with the Laws of India and the parties submit to the jurisdiction of the Courts at Ernakulam.

CLAUSE 9: HEADINGS

Headings used in this Agreement are provided for convenience only and shall not be used to construe meaning or intent.

IN WITNESS WHEREOF the parties have caused their respective seal to be affixed to these presents and a duplicate thereof, the day, month and year first; herein above mentioned.

Signed and delivered for and on behalf of
NOVUS MAGNUM PRIVATE LIMITED
(FIRST PARTY)

Signed and delivered for and on behalf of

(SECOND PARTY)

In the presence of Witnesses:

(1)

(2)

(3)

FIRST PARTY
Name and Signature

SECOND PARTY
Name and Signature