



AFFIDAVIT

**CIRCULAR No. 26/2015 KVAT Act, 2003 – Multi-level Marketing Entities
– Registration, payment of tax at Compounded rates
- Operational guidelines issued.**

I, Govind Krishna Kumar, Managing Director of XYZ Enterprises Ltd, a Direct Selling entity having its registered office at Nitesh Towers, M.G. Road, Bangalore. PIN – 56000. I do here by solemnly affirm and state on oath as under:

- 1) I state that the company is not dealing with Quick or Easy money and will not violate any of the provisions of Prize Chits and Money Circulation Schemes (Banning) Act, 1978.
- 2) I state that the company has a registered office in Kerala under Kerala Value Added Tax Act, 2003 from where the billing happens across the state of Kerala.
- 3) I state that the company will be selling and billing the products on MRP to the Direct Seller or I will make it mandatory to have individual K-VAT registration to become a Direct Seller.
- 4) I state that the company will not appoint Direct Sellers without KYC/KYDS. We insist only satisfied Customers with the ability to sell the products, to become Direct Sellers. We will not appoint a person who is convicted or facing trial under Prize Chit and Money Circulation Schemes (Banning) Act, 1978 as Direct Seller.
- 5) I state that the company will ensure all the Direct Sellers are trained by GIFT or any other competitive government agencies at the earliest to know the Do's & Don'ts of Direct Selling/Multi-Level Marketing.
- 6) I state that the company gives photo ID card with a unique number of his distributorship and his residential address, to all Direct Sellers. No Direct Seller will have more than one unique number of distributorship.
- 7) I state that the company will not appoint a Direct Seller of another Multi-Level Marketing company without resigning from there. I state that the company will terminate a Direct Seller if/she involves in another Multi-Level Marketing company's business.



- 8) I state that the company will not charge any registration fee or renewal fee or commission processing fee from a Direct Seller.
- 9) I state that the company will not pay any commission, by whatever name called to a Direct Seller except the commission related to the volume of sales of Products or Service created by himself and his chain of subsequent Direct Sellers.
- 10) I state that the company will not pay commission against the recruitment of people to Avoid Quick Money.
- 11) I state that the Company gives a fair retail margin on products & services to a Direct Seller to earn without recruiting a single Direct Seller in his/her chain.
- 12) I state that the company will not pay commission generated through his/her group volume to a Direct Seller without a personal purchase from the company, at least once in a month to avoid Easy Money.
- 13) I state that the company will invite only Direct Sellers and will not recruit customers or create chain of customers in order to avoid Pyramid Structure.
- 14) I state that the company's income plan is designed with an intention to create more than 50% of the business to come from the retail sales of existing Direct Sellers than the first purchase (recruiting) of new Direct Sellers to avoid Pyramid Structure.
- 15) I state that the company will not give commission before the sale is completed (by raising the invoice) like giving product/service/discount/gift vouchers instead of giving product directly.
- 16) I state that the company will not give the commission of a Direct Seller before he/she receives the real product or service from company.
- 17) I state that the company will not hold Direct Sellers commission other than a valid Disciplinary Action against him/her.
- 18) I state that the company gives equal opportunity of earning to all the Direct Sellers irrespective of the volume of their first order or subsequent orders.
- 19) I state that the company's mode of payment of commission is directly crediting to the Direct Seller's bank account.
- 20) I state that the company will pay commission to Direct Seller within 7 days from the date of qualification. I state that the company will not hold small denomination of commission or convert it to credit/purchase vouchers.



- 21) I state that the company will not pay any commission without applicable TDS and the same will be paid to the government quarterly.
- 22) I state that the company has a website with adequate information mentioned in the Guideline.
- 23) I state that the company provides the latest Balance Sheet and details of Chief Executive Officer in the website for the Direct Sellers to know the real status of the company.
- 24) I state that the company will not charge different prize for same product at first and subsequent purchases by the Direct Seller.
- 25) I state that the company will not sell any product which will not attract Sales Tax or Service Tax.
- 26) I state that the company will not sell a product if it is not value for money. We have 30 days product return Policy from the date of purchase mentioned on the sales receipt given by the Direct Seller to the customer.
- 27) I state that the company will not sell insurance policies. I state that the company will not sell a service without 30 days money return Policy from the date of usage.
- 28) I state that the company is the owner of trademarks of all products and services we sell.
- 29) I state that the company will have a dedicated customer grievance cell with a toll-free number which will ensure the redressal within 7 working days.
- 30) I state that the company will not sell the same products through retail stores or online stores other than through Direct Sellers.
- 31) I state that the company will follow the same standards & procedures not only in Kerala but also across the country as we are committed for legal business conduct.
- 32) I state that the company will comply all the statutory rules and regulations from time to time.



I solemnly affirm and state that the contents of this affidavit are true and correct to the best of my knowledge, information and belief and sworn on the 31st of March 2016.

Identified by me:

Advocate
Place: Trivandrum,
Dated: 31.03.2016
No. of corrections:

DEPONENT
Sworn to before me