

**Central Consumer Protection Authority**  
**Room No. 545, Krishi Bhawan, New Delhi - 110001**

**Case No: CCPA-2/59/2024-CCPA**

In the matter of: Case against Enroots Horizon Pvt. Ltd. (Direct Selling Entity) regarding alleged violation of Consumer Protection (Direct Selling) Rules, 2021.

**CORAM:**

Smt. Nidhi Khare, Chief Commissioner  
Shri. Anupam Mishra, Commissioner

**Appearance on behalf of Enroots Horizon Pvt. Ltd.:**

Shri Kundan Choudhary (Managing Director)

**Date: 07.11.2025**

**ORDER**

1. This is a case taken up by the Central Consumer Protection Authority (hereinafter referred to as 'CCPA') suo moto against Enroots Horizon Pvt. Ltd. (hereinafter referred as opposite party) regarding alleged non-adherence to Rule 4 and 5 of the Consumer Protection (Direct Selling) Rules, 2021.
2. The opposite party had allegedly failed to adhere to Rule 4 and 5 of the Consumer Protection (Direct Selling) Rules, 2021 by:
  - i. Omitting to disclose/publish essential information on their website.
  - ii. Not updating their websites with required documents and declarations.
3. Accordingly, in the exercise of the powers under Sections 18 and 19 of the Consumer Protection Act, 2019 (hereinafter referred to as Act), CCPA conducted a preliminary inquiry to examine whether the opposite party was in violation of the Consumer Protection (Direct Selling) Rules, 2021. As per the preliminary inquiry, it was found that the opposite party failed to maintain a proper and updated website wherein, the opposite party failed to update mandatory documents like Self-Declaration, Balance Sheet and Audit report and Registration Certificate issued under the Drugs and Cosmetics Act, 1940 (23 of 1940) for the purposes of manufacture or sale of drugs, including Ayurvedic, Siddha and Unani drugs and Homeopathic Medicines.
4. Thereafter, the CCPA issued a show cause notice dated 18<sup>th</sup> June 2024 to the opposite party for alleged violation of Rule 4 and 5 of the Consumer Protection (Direct Selling) Rules, 2021. CCPA directed the opposite party to substantiate a response within 15 days of receipt of the above-mentioned show cause notice.

5. In response to the Notice, a reply dated 29<sup>th</sup> June, 2024 was received wherein the opposite party made the following submission:-

- i. All the required documents and information have been diligently updated and accessible on their official website after the issuance of the Show Cause Notice.
- ii. They have ensured that the information provided is accurate, transparent, and readily accessible to all, including consumers and regulatory authorities.

6. The response of the opposite party was examined. CCPA observed that the response of the opposite party needs further examination and needs a detailed investigation since the opposite party still failed to comply with all the necessary compliance requirements including:

- i. The opposite party did not maintain a register of direct sellers as provided by Rule 4 on its website and in its response to the Show Cause Notice (SCN).
- ii. The opposite party did not furnish product information as per Rule 5 sub-rule (d) on its website and in its response to the SCN.
- iii. The Goods and Services Tax Returns as provided under Rule 4 were not been furnished.
- iv. The Income Tax Returns as provided under Rule 4 have not been furnished.
- v. There was lack of clarity on the nodal officer and grievance officer since different documents provided for different officers.

7. As per sub-section (1) of Section 19 of the Act, "The Central Authority may, after receiving any information or complaint or directions from the Central Government or of its own motion, conduct or cause to be conducted a preliminary inquiry as to whether there exists a prima facie case of violation of consumer rights or any unfair trade practice or any false or misleading advertisement, by any person, which is prejudicial to the public interest or to the interests of consumers and if it is satisfied that there exists a prima facie case, it shall cause investigation to be made by the Director General or by the District Collector". CCPA having been satisfied of existence of prima facie case, the matter was referred to DG investigation by CCPA's order dated August 23, 2024 for detailed investigation.

8. The Director General (Investigation) in its investigation report dated August 5, 2025 submitted the following:

- Pursuant to the Show Cause Notice (SCN) issued under the Consumer Protection Act, 2019, and the subsequent Notice to join Investigation dated 22.07.2025, the Authority examined the practices and disclosures of Enroots Horizon Pvt. Ltd. under the Consumer Protection (Direct Selling) Rules, 2021. The findings are as follows:



- A.** The investigation confirms that as of the date of issuance of the SCN, the entity was not in compliance with the following mandatory requirements:
- i. Failure to host a searchable Register of Direct Sellers as required under Rule 4(h).
  - ii. Omission of product-related disclosures including name, description, price, and return/refund details under Rule 5(1)(d).
  - iii. Non-publication of GST and Income Tax return acknowledgments under Rule 4(e) and (f).
  - iv. Lack of clarity regarding designation and contact details of the Grievance Officer.

These lapses constitute a material breach of the Direct Selling Rules and amount to an unfair trade practice under Section 2(47) of the Consumer Protection Act, 2019, impairing consumer access to statutory information and grievance mechanisms.

- B.** The entity has undertaken some corrective measures following regulatory intervention, including:
- i. Disclosure of statutory records such as GST Registration, Income Tax Returns, List of Active Direct Sellers, etc. in accordance with Rule 4(e), (f), and (h).
  - ii. Updated grievance redressal details and designation of nodal officers on its website, partially aligning with Rule 5(2)(c).

These actions are acknowledged as post-facto compliance and have been recorded accordingly.

- C.** Despite repeated regulatory engagement, the entity remains non-compliant on the following critical grounds:
- a) The investigation reveals that the Direct Selling Entity has not uploaded a certificate issued by a Company Secretary attesting to compliance with the provisions of the Consumer Protection (Direct Selling) Rules, 2021, as mandated under Rule 5(1)(g). However, certain documents purportedly attached by a Company Secretary have been made publicly accessible on the entity's official website, it is important to note the following:
    - i. The uploaded documents do not constitute a formal certificate of compliance as envisaged under Rule 5(1)(g).
    - ii. Several compliance-related documents available on the website are not duly certified by the Company Secretary, either in form or content.
    - iii. The absence of a consolidated and certified compliance declaration undermines the entity's obligation to demonstrate adherence to the Rules in a verifiable and accountable manner.

Accordingly, the entity remains in partial breach of Rule 5(1)(g), and the lapse persists despite multiple opportunities provided during the course of investigation.

- b) The website fails to publish complete and informative details of active direct sellers, as mandated under Direct Selling Rules, 2021.
  - i. Specifically, the entity has only disclosed ID numbers of delisted sellers, without, accompanying details such as name, date of delisting, state, city, email ID, or other contact information.
  - ii. This omission impairs consumer access to verified seller credentials and violates the transparency obligations under the Rules.

The absence of comprehensive seller information undermines the intent of the Rules to ensure traceability, accountability, and consumer protection, and may facilitate misrepresentation or fraudulent practices.

- c) The entity failed to publish its Memorandum of Association (MoA) and Articles of Association (AoA) on its website, specified under Rule 4(b). It is pertinent to note that Rule 5(1)(d) requires "direct selling entities to maintain proper and updated website with all relevant details of that entity, including the documents or records specified in Rule 4".
- d) A majority of the products listed on the entity's website lack essential information required for consumer awareness and statutory compliance, including:
  - i. Quantity of the goods offered;
  - ii. Name and address of the manufacturer or packer;
  - iii. List of ingredients, especially for consumable items;
  - iv. Clear and legible product images, with several listings displaying blurred or incomplete visuals.

These omissions constitute a direct violation of Rule 5(2)(h) of the Direct Selling Rules, 2021, which mandates that product listings must contain all relevant details necessary for consumers to make informed decisions.

- e) The deficiencies also contravene the mandatory declarations prescribed by the Legal Metrology (Packaged Commodities) Rules, 2011, which require:
    - i. Disclosure of net quantity, manufacturer's details, and ingredient composition;
    - ii. Display of clear product images and labeling information consistent with packaging norms.
- D.** The entity's partial compliance does not absolve it of prior and continuing violations.
- E.** Under Section 2(47) of the Consumer Protection Act, 2019, the failure to disclose material information constitutes an unfair trade practice.



9. The report for the Director General (Investigation) was shared with the opposite party via email dated 8<sup>th</sup> August, 2025, for their comments within 15 days. The opposite party submitted its written response on 19<sup>th</sup> August, 2025 stating that they have:

- a. As per the findings of the investigation, thoroughly reviewed each point and taken corrective actions to ensure full compliance with the Direct Selling Rules, 2021, Legal Metrology (Packaged Commodities) Rules, 2011, and all relevant regulatory standards.
- b. A summary of the corrective measures implemented was also provided wherein the party displayed that:
  - i. The entity has provided for an option of a comprehensive, searchable register with complete details (Name, ID, State, City, Email ID) of active and delisted direct sellers which has been updated on their website.
  - ii. Every product now includes full details such as name, description, price, quantity, return/refund policy, manufacturer/packer information, and clear images as per Rule 5(1)(d) and Legal Metrology requirements.
  - iii. Up-to-date GST returns and Income Tax acknowledgment copies are now published under the compliance section of their website, fulfilling Rule 4(e) and 4(f).
  - iv. The designation, name, and contact details (phone & email) of the Grievance Officer are now clearly published on the Contact and Legal Compliance pages.
  - v. All compliance documents, where applicable, are now reviewed and duly certified by our Company Secretary which can be verified on their official website.
  - vi. Both the Memorandum of Association and Articles of Association have been uploaded under the "Company Legal Documents" section of their website.
  - vii. Product listings have been revised to include legally mandated declarations including net quantity, ingredients (for consumables), and labeling as per the Legal Metrology (Packaged Commodities) Rules, 2011.
  - viii. They are fully committed to transparency, compliance, and consumer rights and remain available to provide further clarification or documentation as required.

10. The opposite party vide letter dated 08.08.2025, was provided an opportunity for a hearing as per section 21(8) of the Act on 21<sup>st</sup> August, 2025, through video conferencing mode to further substantiate their response in the above-stated matter.

11. The hearing was held on 21<sup>st</sup> August, 2025, Mr. Kundan Choudhary, Managing Director, Enroots Horizon Pvt. Ltd., appeared for hearing through video conferencing, on

behalf of the opposite party. During the hearing, the opposite party made the following submissions:

- i. The company has made efforts to comply with all the requirements of the Rules. It has submitted that the initial instances of non-compliance occurred due to lack of understanding and knowledge about the law.
- ii. The company has duly submitted its replies and addressed all the non-compliances highlighted in the notice and the investigation report.
- iii. With respect to the list of active direct sellers, the entity has stated that it has approximately 10,000 active direct sellers. It further emphasized that it maintains a searchable list of direct sellers containing details such as ID number, place, and contact particulars of each direct seller.
- iv. The company has updated its grievance redressal mechanism on the website, wherein upon registration of a complaint, an SMS notification is automatically sent to the complainant.
- v. The company has clarified that it does not sell its products through e-commerce platforms.
- vi. The entity is engaged in third-party manufacturing and does not undertake manufacturing on its own.
- vii. The entity has submitted that it does not charge any joining fee or require purchase of packages from its direct sellers and intends to operate a legal and ethical business.

**12.** Further, during the hearing, the website of the entity was opened on screen sharing mode wherein various documents of the company were accessed. The entity has further assured the Central Authority that it intends to carry on its business in a legal and ethical manner. Upon being asked about the list of direct sellers, the entity stated that they are ready and willing to update the entire register of direct sellers instead of maintaining a searchable tab for the same.

**13.** It may be mentioned that Rule 4 of the Consumer Protection (Direct Selling) Rules, 2021 provides for the mandatory maintenance of records and states that:

**4. Mandatory maintenance of records.**— *Every direct selling entity shall maintain at its registered office, either manually or electronically, all such documents as are required under any law for the time being in force, including the following documents or records, as may be applicable, namely:—*

- (a) Certificate of Incorporation;
- (b) Memorandum of Association and Articles of Association;
- (c) Permanent Account Number and Tax Deduction and Collection Account Number;
- (d) Goods and Services Tax registration;
- (e) Goods and Services Tax Returns;
- (f) Income Tax Returns;
- (g) Balance Sheet, Audit Report and such other relevant reports;
- (h) Register of direct sellers;



- (i) *Certificate of Importer-Exporter code (in case of imported goods)*
- (j) *License issued under the Food Safety and Standards Authority of India Act, 2006 (34 of 2006) for the purposes of manufacture or sale of food items;*
- (k) *License and Registration Certificate issued under the Drugs and Cosmetics Act, 1940 (23 of 1940) for the purposes of manufacture or sale of drugs, including Ayurvedic, Siddha and Unani drugs and Homoeopathic Medicines;*
- (l) *Certificate of Registration of Trademark.*

Further, Rule 5 of the Consumer Protection (Direct Selling) Rules, 2021 provides for the obligation of the direct selling entities and states that:

**5. Obligations of direct selling entity.—** (1) *Every direct selling entity shall—*

- (c) *make self-declaration to the effect that it has complied with the provisions of these rules and is not involved in any Pyramid Scheme or money circulation scheme;*
- (d) *maintain proper and updated website with all relevant details of that entity, including the documents or records specified in rule 4, the self-declaration specified in clause (c), contact information which is current and updated, details of its nodal officer, grievance redressal officer, its management, products, product information, price and grievance redressal mechanism for consumers;*
- (g) *get all information provided by it on its website duly certified by a Company Secretary.*

(2) *Every direct selling entity shall provide the following information on its website in a clear and accessible manner, which shall be displayed prominently to its users, namely:—*

- (a) *registered name of the direct selling entity;*
- (b) *registered address of the direct selling entity and of its branches;*
- (c) *contact details, including e-mail address, fax, land line and mobile numbers of its customer care and grievance redressal officers;*
- (d) *a ticket number for each complaint lodged through which the complainant can track the status of the complaint;*
- (e) *information relating to return, refund, exchange, warranty and guarantee, delivery and shipment, modes of payment, grievance redressal mechanism and such other information which may be required by the consumers to make informed decisions;*
- (f) *information on available payment methods, the security of those payment methods, the fees or charges payable by users, the procedure to cancel regular payments under those methods, charge-back options, if any, and the contact information of the relevant payment service provider;*
- (g) *total price of any goods or service in single figure, along with its break-up price showing all compulsory and voluntary charges, including delivery*

*charges, postage and handling charges, conveyance charges and the applicable tax;*

*(h) provide correct and complete information at pre-purchase stage to enable buyers to make informed purchase decisions, and such information shall, in addition to the mandatory declarations to be provided under the Legal Metrology (Packaged Commodities) Rules, 2011, contain the following information, namely:—*

- (i) the name of purchaser and seller;*
- (ii) description of goods or services;*
- (iii) quantity of goods or services;*
- (iv) the estimated delivery date of goods or services;*
- (v) the process of refund;*
- (vi) warranty of the goods;*
- (vii) exchange or replacement of goods in case of it being defective;*
- (viii) all contractual information required to be disclosed by or under any law for the time being in force.*

*(3) No direct selling entity shall adopt any unfair trade practice in the course of its business or otherwise, and shall abide by the requirements specified in any law for the time being in force.*

*(6) Every direct selling entity shall, having regard to the number of grievances ordinarily received by such entity from persons in India, establish an adequate grievance redressal mechanism and appoint one or more grievance redressal officers for redressal of consumers' grievances and display the current and updated name, contact details including telephone number, email address and designation of such officer on its website, and the details of its website shall also be prominently printed on the product information sheet or pamphlet.*

*(16) Every direct selling entity shall maintain a record of relevant information allowing for the identification of all direct sellers who have been delisted by the direct selling entity and such list shall be publicly shared on its website.*

*(17) Every direct selling entity shall become a partner in the convergence process of the National Consumer Helpline of the Central Government.*

**14.** From a bare reading of the above provisions of the Rules, it is clear that every direct selling entity has certain mandatory obligations in order to ensure that it is in complete compliance of the law and the interests of consumers is protected against any unfair trade practice. Every direct selling entity should maintain the above-mentioned documents and information on their company website in a clear and accessible manner. The direct selling entities shall:



- i. Maintain all the documents and records enlisted in Rule 4 of the Consumer Protection (Direct Selling) Rules, 2021 properly on their website and update the same from time to time.
- ii. Get all such information to be provided on the website, verified by the Company Secretary.
- iii. Information enlisted in Rule 5(2) of the Consumer Protection (Direct Selling) Rules, 2021 should be prominently displayed on the website in a clear and accessible manner.
- iv. Entities must declare compliance with rules and confirm they are not involved in pyramid or money circulation schemes.
- v. Maintain adequate redressal mechanisms with designated nodal officer and grievance redressal, and provide clear information regarding active and delisted direct sellers on their website.
- vi.

15. It may also be mentioned that Rule 4 of The Consumer Protection (E-Commerce) Rules, 2020 provides for duties of e-commerce entities and states that:

**4. Duties of e-commerce entities. ---**

- (4) *Every e-commerce entity shall establish an adequate grievance redressal mechanism having regard to the number of grievances ordinarily received by such entity from India, and shall appoint a grievance officer for consumer grievance redressal, and shall display the name, contact details, and designation of such officer on its platform.*

**5. Liabilities of marketplace e-commerce entities. –**

- (2) *Every marketplace e-commerce entity shall require sellers through an undertaking to ensure that descriptions, images, and other content pertaining to goods or services on their platform is accurate and corresponds directly with the appearance, nature, quality, purpose and other general features of such good or service.*

- (3) *Every marketplace e-commerce entity shall provide the following information in a clear and accessible manner, displayed prominently to its users at the appropriate place on its platform:*

- (a) *details about the sellers offering goods and services, including the name of their business, whether registered or not, their geographic address, customer care number, any rating or other aggregated feedback about such seller, and any other information necessary for enabling consumers to make informed decisions at the pre-purchase stage:*

*Provided that a marketplace e-commerce entity shall, on a request in writing made by a consumer after the purchase of any goods or services on its platform by such consumer, provide him with information regarding the seller from which such consumer has made such purchase, including the principal geographic address of its headquarters and all branches, name*

- and details of its website, its email address and any other information necessary for communication with the seller for effective dispute resolution;*
- (b) a ticket number for each complaint lodged through which the consumer can track the status of the complaint;*

**6. Duties of sellers on marketplace. –**

*(4) Any seller offering goods or services through a marketplace e-commerce entity shall:*

*(b) appoint a grievance officer for consumer grievance redressal and ensure that the grievance officer acknowledges the receipt of any consumer complaint within forty-eight hours and redresses the complaint within one month from the date of receipt of the complaint;*

*(5) Any seller offering goods or services through a marketplace e-commerce entity shall provide the following information to the e-commerce entity to be displayed on its platform or website:*

*(d) all relevant details about the goods and services offered for sale by the seller including country of origin which are necessary for enabling the consumer to make an informed decision at the prepurchase stage;*

*(e) the name and contact numbers, and designation of the grievance officer for consumer grievance redressal or for reporting any other matter;*

**16.** From an examination of the provisions cited above, it is clear that every direct selling entity which is an e-commerce entity or a marketplace e-commerce entity shall comply with the duties and liabilities prescribed under the Consumer Protection (E-Commerce) Rules, 2020. This includes establishing an adequate grievance redressal mechanism, appointing a grievance officer whose name, contact details, and designation shall be displayed on its platform, and ensuring that all sellers affiliated with the platform provide accurate descriptions and relevant details of goods or services, including the country of origin. Such entities must also require their sellers to appoint grievance officers, acknowledge consumer complaints within forty-eight hours, and resolve them within one month. Further, they shall ensure that seller information- such as business name, registration status, address, contact details, and feedback- is prominently disclosed to enable informed consumer decisions, along with the provision of a trackable ticket number for each complaint.

**17.** It needs to be noted that the opposite party has updated all requisite documents, including mandatory compliances under the Consumer Protection (Direct Selling) Rules, 2021, and necessary product detail changes, as well as the searchable tab of active direct sellers and list of delisted direct sellers, only after the issuance of the show cause notice and intervention of the Central Authority and Investigation Wing.

**18.** The CCPA has carefully considered the written submissions as well as submissions made by the opposite party during the hearings and investigation reports



submitted by the Director General (Investigation).The observations of CCPA are as under:


- a) The thrust of the Consumer Protection (Direct Selling) Rules, 2021 mandating the disclosure in Multi-level marketing model (or direct sellers) is to provide clarity to section 2(28)(iv) on misleading advertisement which reads "*deliberately conceals important information*". The direct selling rules list out what shall constitute 'important information' for the direct selling sector. The twelve documents listed out in Rule 4 under the heading mandatory maintenance of records are considered vital for the consumers to make an informed decision and therefore required by the Rules to be maintained at its registered office either manually or electronically. This has to be read along with Rule 5 (d) of the said rules, which mandates the maintenance of a proper and updated website with all the relevant details specified in rule 4. The operative part of the rules is that the said twelve documents have to be accessible to the consumers at all times. Non-availability of these twelve documents amounts to concealment of important information.
- b) The DG (Inv.) report clearly reports that the documents were not available in the electronic medium on the website for easy access by the consumers. The opposite party had not uploaded its Income tax Returns/GST returns on its website. Instead, the acknowledgements are uploaded. It is pointed out that the acknowledgement of these returns only indicate the filing status of the returns. However, the complete returns contain vital information about the entity, which are important material information to consumer. Substituting the Income Tax Return/GST returns with the acknowledgements instead is a violation of the Rules. The opposite party has now uploaded the full income tax returns/GST returns. But for the notice issued to the opposite party on the insufficiency and non-compliance, the deficiency would have continued to obstruct the consumer rights. Though the removal of the deficiency during the proceedings mitigates the violation to the extent of future violations, the violation before initiation of the proceedings remains unmitigated.


**19.** In light of the above observations, CCPA hereby issues the following direction to the opposite party under Section 21 read with Section 20 of the Consumer Protection Act, 2019:

- a) To always, maintain a proper and updated list of direct sellers stating the ID number, name, contact number and city, in which the direct seller operates.
- b) To always be in compliance of the Consumer Protection (Direct Selling) Rules, 2021 and the Consumer Protection Act, 2019 and update the register of active direct sellers and delisted direct sellers regularly.
- c) To always, maintain a proper and updated website of the company where all the mandatory documents (under Rule 4) and relevant information is prominently displayed and readily available to the consumers.

- d) In light of the above discussions in the foregoing paragraphs, the CCPA finds it necessary to impose a penalty on the opposite party. As brought out in paras 17 and 18 above, the opposite party failed to upload the requisite documents and complied with the statutory requirements only after the issuance of the Show Cause Notice, the sharing of the DG Investigation Report, and the guidance given during the hearing. Such delayed and reluctant compliance, adopted towards safeguarding consumer rights, falls within the scope for levy of penalty envisaged under Section 21(2) of the Consumer Protection Act, 2019. Considering the facts and circumstances of the case and having regard to the factors enumerated in section 21(7) of Act, the CCPA rules that opposite party shall pay a penalty of ₹ 50,000/- for publishing false and misleading advertisement that affected the consumers as a class.
- e) The opposite party shall submit the amount of penalty and a compliance report to CCPA on the above directions within 15 days from the date of this Order.

The above order and directions are passed in exercise of the powers conferred upon CCPA under section 10, 20, 21 of the Consumer Protection Act 2019.

  
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Nidhi Khare  
Chief Commissioner

  
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Anupam Mishra  
Commissioner