

ABC CHIT FUND PRIVATE LIMITED
Regd Office: 3/26, Basement, Shanti Niketan, Sonipat - 131001

(BYE LAWS FRAMED UNDER THE CHIT FUND ACT 1982 & RULES FRAMED THEREIN)

FOREMAN

1. The name of the Foreman ABC CHIT FUND PRIVATE LIMITED
2. The complete address of the Foreman is 3/26, Basement, Shanti Niketan, Sonipat – 131001.
3. The chit fund business shall be carried out in the name and style of ABC Chit Fund Private Limited

DETAILS OF WORKING OF THE CHIT

1. ENROLLMENT OF MEMBERS

- I. The foreman shall start the process of enrolment of members of the chit only after obtaining of previous sanction from the Registrar, Chit Fund, Haryana under Section 4 of the Chit Funds Act 1982 as well as rules framed thereunder, and amended from time to time (hereinafter referred to as "the Act")
- II. The foreman shall be entitled to enroll members from any part of India on completion of formalities, as stipulated by the Foreman.
- III. The membership of the chit is open to every adult person, firm, company, HUF etc having capacity to contract. A chit can be held individually or in joint names of two or more persons, firms, companies, HUF etc
- IV. The application form along with bye-laws of Foreman shall be made available from the office of the Foreman.
- V. The request for membership shall be made on a printed form of an application along with a chit agreement and an amount of Rupees..... towards stamp and processing charges etc.
- VI. Subject to complying with the formalities, the Foreman reserves the right to admit a member to a chit, upon evaluation of duly filled and completed application form along with documents as may be submitted by an applicant, applying to become subscriber of a chit.
- VII. The Foreman also reserves its right to subscribe for one or more tickets in one and/or more group(s)

2. ALLOTMENT OF CHIT/TICKET NO AND CHIT AGREEMENT

After the receipt of the application for becoming a member, the Foreman shall allot a ticket number to the member. An agreement in the prescribed forms shall be executed between the Foreman and the member. A member shall obtain the rights of the subscriber of a chit only after registration of the chit agreement by the Registrar and only after receipt of the first installment amount by the Foreman. The Foreman will also provide a true copy of the chit agreement to the subscriber on receipt of the same from the Registrar, Chit Funds, duly registered under the Act but not later than the date of the first draw.

3. SUBSCRIPTION

The subscriber is bound to subscribe instalments regularly for every auction as per the by-laws and the chit agreement. Subscribers are paid in advance, before the date/day as prescribed in each chit agreement/series at the Foreman's office against a receipt in writing in the prescribed form issued by the foreman or a duly authorized person. Subscriptions

would predominantly be accepted online and by cheques either crossed or drawn in favour of ABC Chit Fund Private Limited. Payment of subscription by any other mode may be allowed by the Foreman depending upon the past conduct of the subscriber.

Acceptance of cheques after the due date is at the discretion of the Foreman. However, all bank charges, costs etc shall be borne by the subscriber. Acceptance of DD/cash etc shall be against receipt.

4. WORKING OF THE CHIT

- I. The chit shall consist of Subscribers equal to the number of auctions for which the Chit is to continue. Each subscriber of the chit subscribes a certain amount as prescribed in the by-laws and the Chit Agreement at every auction and this collected amount is given in lumpsum to one subscriber, as per the procedure prescribed in the by-laws of the chit agreement and the receipt of the lumpsum payment would be "Prized Subscriber." The prized subscriber receives the prize amount along with a liability, ie to pay future subscriptions etc as per the chit agreement.
- II. The order/seriatim in which each subscriber gets the prize amount is determined by a process of bidding where the subscriber who offers the maximum discount is declared as the prized subscriber.
- III. Out of the said discount offered by the prized subscriber, the foreman shall deduct its commission at a rate prescribed by the chit agreement. The balance amount is adjusted in the next instalment and is referred to as the dividend. The subscriber who has not received a prize of the chit till the last auction shall get the full amount of the chit, less the foreman's commission, without any bid at the last auction.
- IV. The said commission amount would be payable by the prized subscriber. The prized subscriber in addition to the aforesaid shall be liable to pay any tax (including service tax and/or any other statutory charge levied by the government from time to time.) The payment of the said tax and/or any other charges shall be the sole, absolute and exclusive responsibility of the subscriber. The foreman, till deposit of proof of the payment of any tax, statutory charges etc shall have a right to withhold the said amount and if required may deposit it on behalf of the prized subscriber.

5. COMPOSITION OF CHIT

This composition of the Chit is as under:-

Name of Chit	Chit Value	No. Of Members	Subscription per auctions	Total number of auctions	Durations in Month

6. RIGHTS AND DUTIES OF NON-PRIZED SUBSCRIBERS

Non-Prized subscribers shall continue to pay subscriptions regularly at the Foreman's office and obtain receipts. Foreman or any other official shall not be liable for any payment or subscription paid any Subscriber, Either to a person, who was not duly authorized or without obtaining a receipt from a duly authorized person.

Every non-prized subscriber shall pay his subscription due in respect of every installment on the date, time and place mentioned in the Chit Agreement.

Removal of Defaulting subscribers

- (1) A non-Prized subscriber who defaults in payments of his subscription shall be liable to have his name removed from the list of Subscribers and a written notice of such removal shall be given by the Foreman to the defaulting Subscriber within fourteen days of the date of such removal.
- Provided that if the Defaulter pays the defaulted instalments with interest as prescribed in the Chit Agreement within seven days of the date of receipts of such notice his name shall be re-entered in the list of Subscribers.
- (2) Every such removal shall with the date thereof be entered in the relevant book maintained by the Foreman.
- (3) A true copy of the entry referred to shall be filed by the Foreman with the Register within fourteen days from the date of removal.
- (4) Any defaulting Subscriber aggrieved by the removal of his name from the list of Subscribers may within seven days of the date of receipts of the notice of removal refer the matter to the Registrar, Chit Fund, Haryana for arbitration under section 64 of the Act.

Substitution of Subscribers

- (1) A Foreman may substitute in the list of Subscribers the name of any person in place of the defaulting Subscriber whose name has been removed.
- (2) Every substitution shall with the date thereof be entered in the relevant book maintained by the Foreman and true copy of every such entry shall be filed by the Foreman in the Register within fourteen days from the date of substitution.

Amounts due to defaulting Subscribers

- (1) A Foreman shall out of the amounts payable by and realized from the substituted subscriber towards the instalments relatable to the period before the date of substitution (Including the arrears due from the defaulting subscriber deposit before the date of the next succeeding instalment in a separate identifiable to the contributions made by the defaulting Subscriber less such deductions as may be provided for in the Chit Agreement and shall inform the defaulting Subscriber as well as the Register of the fact of such deposit and shall not withdraw the amount so deposited expect for payment to the defaulting Subscriber.
- (2) The amount so deposited shall be paid to the defaulting subscriber actual Contribution less dividend as and when he claims the amount the amount so deposited shall not be withdrawn by the Foreman for any purpose other than for such payment or any Govt. dues/taxes etc.
- (3) The contributions of any defaulting Subscriber who has not been substituted till the termination of the chit shall be paid to him within fifteen days from the date of termination of the chit subject to such deductions as may be provided for in the chit agreement.

7. RIGHT & DUTIES OF PRIZED SUBSCRIBERS

- (1) Prized Subscriber to furnish security to the satisfaction of the Foreman
Every prized Subscriber shall of has not offered to deduct the amount of all future subscriptions from the prize amount due to him furnish and the foreman shall take sufficient security for the due payment of all future subscription and if the Foreman is a prized Subscriber he shall give security for the payments of all the future subscriptions to the satisfactions of the Registrar.

(2) Prized Subscriber to pay subscriptions regularly

Prized Subscriber shall pay the subscriptions regularly on the dates and times and at the place mentioned in the Chit Agreement and on his failure to do so he shall be liable to make a consolidated payments of all the future subscriptions forthwith.

(3) Foreman to demand future subscriptions by written notice.

- (a) A Foremen shall not be entitled to claim a consolidated payment from a defaulting Prized Subscriber unless he makes a demand to the effect in writing
- (b) Where a dispute is raised under the Act by a Foreman for a consolidated payment of future subscription from a defaulting prized Subscriber and if the Posted for hearing the arrears of subscriptions till that date together with the interest thereon at the rate provided for in the Chit Agreement and the cost of adjudication of the dispute the Register or his nominee hearing the dispute shall not notwithstanding any contract to the contrary make an order directing the Subscriber to pay to the Foreman the future subscriptions on or before the dates on which they fall due and that in case of any default of such payments by the Subscriber the Foreman and interest together with the costs, if any, less the amount if any, already paid by the Subscriber in respect thereof. Provided that any such dispute is on a promissory note, no order shall be passed under this sub-section unless such promissory note expressly states that the amount due under the promissory note is towards the payment of subscriptions to the Chit.
- (c) Any person who holds any interest in the property furnished as security or part thereof shall be entitled to make the payment under sub-section (2).
- (d) All consolidated payments of future subscriptions realized by a Foreman shall be deposited by him in an approved/scheduled bank as mentioned in the chit agreement before the date of the succeeding instalment and the amount so deposited shall not be withdrawn expect for payment of future subscriptions.
- (e) Where any property is obtained as security in lieu of the consolidated payment of future subscriptions, it shall remain as security for the due payment of future subscriptions.

8. RIGHTS OF FOREMAN

(1) The Foreman shall be entitled:-

- a) In the absence of any provision in the Chit Agreement to the contrary, to obtain the Chit amount at the first installment without deduction of the discount specified in the Chit Agreement subject to the condition that he shall subscribe to a ticket in the chit.
- b) To such amount not exceeding 5% of the Chit amount as may be fixed in the Chit agreement by way of commission, remuneration or for meeting the expenses of running the chit. However, all/any taxes, govt. levies, charges, surcharges etc. shall be payable by the Subscriber.
- c) To interest penalty, if any, payable on any default in the payment of installment and in such other amounts as may be payable to him under the provisions of the Chit Agreement.
- d) To receive and realize all subscription from the Subscribers and to distribute the prize amounts to the Prized Subscribers.
- e) To demand sufficient security from any Prized subscriber for the due payment of future subscriptions payable by him

Explanation – A security shall be deemed to be sufficient for the purpose of this clause if its value exceeds by one-third, or if it consists of immoveable properties, the value of which exceeds by one-half, of the amount due from prized Subscriber.

f) To substitute Subscribers in place of defaulting subscriber, and

g) To do all other acts that may be necessary for the due and proper conduct of the Chit.

9. DUTIES OF FOREMAN

- (1) The Foreman shall on the Prized Subscriber furnishing sufficient security to the satisfaction of the Foreman for the due payment of future subscriptions, be bound to pay him the prize amount after deducting the applicable govt. dues, taxes, levies etc. Provided that the Prized Subscriber shall be entitled to the payment of the prize amount without any security whatsoever, if he agrees to the deduction there from of the amount of all futures subscriptions and in such a case, the Foreman shall pay the prize amount to the Prized Subscriptions within seven days after the date of the draw or before the date of the next succeeding instalment, whichever is earlier,
Provided further that where the prize amount has been paid to the Prized Subscriber under the first provision, the amount deducted shall be deposited by the Foreman in an approved bank mentioned in the chit agreement or any scheduled bank and the Foreman shall not withdraw the amount so deposited expect for the payment of future subscriptions to be made on behalf of the Prized Subscriber.
- (2) If owing to the default of the Prized Subscriber, the prize amount due in respect of any draw remains unpaid until the date of the next succeeding instalment, the Foreman shall deposit the prize amount forthwith in a separate account in an approved bank mentioned in the chit agreement or any scheduled bank and intimate in writing the fact of such deposit and the reasons thereof to the Prized Subscriber and the Registrar.

Provided that where any prized Subscriber does not collect the prize amount in respect of any instalment of a chit within period of two months from the date of the draw, it shall be open to the Foreman to hold another draw in respect of such instalment.

- (3) Every payment of the prize amount or the amount of future subscriptions under sub-section (1) of Section 22 of the Act, and the deposit of the prize amount under sub-section (2) of Section 22 of the Act, shall be intimated to the Subscribers at the next succeeding draw and the particulars of such payment of deposit shall be entered in the minutes for the proceedings of the draw.
- (4) Dispatch of a notice by post/courier/e-mail to the last known address of the prized/non prized subscriber shall be valid proof of service for the purpose of above compliance. Accordingly, it would be obligatory for each Subscriber/Member to inform in writing, about the change in his/her/its address and ensure that the same is entered/ recorded in the books of the Foreman.
- (5) The Foreman shall not appropriate to himself any amount in excess of what he is entitled to under clause. (b) Or (c) of sub-section (1) of section 21 of the act. Provided that where the Foreman is himself a Prized Subscriber, he shall be entitled to appropriate to himself/herself/itself the prize amount subject to his/his/it complying with provisions of section 31 of the Act.

Provided future that the Foreman may appropriate to himself the interest accruing on the amount deposited under the second proviso to sub-selection (1) of the Act.

- (6) The Foreman shall note admit any person as a Subscriber to a chit if, by such admission, the total number of tickets mentioned in the chit Agreement is increased.
- (7) The Foreman shall distribute among the Subscribers in accordance with the chit Agreement the dividend either in cash, grain or by way of adjustment towards the Subscriptions payable for the next installment, if any.

10. DATE, TIME, PLACE AND PROCEDURE OF CONDUCTING CHIT AUCTION

- (1) Auction will be held at the premises of the Forman's office at 3/26, Basement, Shanti Niketan, Sonipat- 131001 at the time, date and place of auction specified in the chit Agreement. The duration of auction will be five minutes. The Foreman with the prior consent of the non-Prized Subscribers and the prior approval of the Registrar may alter the date , time and place of auction of the Chit which will be intimated to every subscriber of the chit concerned at least 7 days before the date of auction. The subscriber of the chit who bids the highest discount up to the ceiling fixed by the Foreman will be declared "Prized Subscriber" if there are more than one bids for the ceiling amount or there is any tie between the two bidders on the bid amount, the Prized Subscriber will be determined by draw of lots among the bidders of the amount.
- A notice will be sent to the subscriber concerned at least seven days before the auction through post/courier/e-mail and every such draw shall be conducted as per the provision of the Act and the rules framed there under. In case, the date of draw for any instalment falls on a Holiday or if any strike/unforeseen incident takes place on account of which draw of Chit cannot be held on the succeeding working day at the time and place already under intimate to the Subscriber/s.
- (2) Maximum Discount: - The bid will start from the amount over and above the Foreman's commission. Maximum bid limit will be 40 % of the total Chit value.
- (3) That the draw/auction shall be conducted in the presence of not less than two subscribers in accordance with the provision of the Act. A non-prized subscriber's authorized agent will also be allowed to take part in the auction.
- (4) Where any draw is not conducted on the ground that two subscribers are not present or on any other ground, the Registrar, Chit Fund, Haryana may, in his own motion or on an application made by the Foreman or any of the Subscriber, direct that the draw shall be conducted in his presence or in the presence of any person deputed by him.
- (5) Lack of Bidders at Auction: - In case there are no bidders at any particular auction the Foreman will pick a lot from amongst the non-prized subscribers, in the presence of Subscribers present for the draw and in that case the Chit amount less the Foreman's commission shall be paid to the successful chit holder, whose name is drawn out.
- (6) Auction proceeding: Minutes of the proceedings of such auction will be recorded in the Chit minute book provided for the purpose. The minute book will be signed by all Subscribers, who are present or their authorized agents.
- (7) Authorized agents of absentee non-prized subscribers will be allowed to bid in the auction if the proxy gets his/her/its name registered with the Foreman before the commencement of the auction, such absentee Subscribers may also nominate the Foreman, in writing, to bid on his/her/their behalf. All such bids made by the authorized agents of the Subscribers shall be deemed to have been made by the Subscribers themselves and each Subscriber, will be held fully responsible and liable for the amount of the discount so offered and foregone.

11. DIVIDEND & DISTRIBUTION

After deducting the commission, the remaining amount of the discount (i.e., dividend) offered by the Prized Subscriber shall be rateably distributed among the Subscribers in accordance with the Chit Agreement, either in cash or by way of adjustment towards the subscription payable for the next instalment, if any.

12. PENALTY FOR LATE PAYMENTS

If a non-prized subscriber fails to deposit his current subscription before the due date, a penalty of two paisa per rupee will be charged for the first default. If the default is continued to the second month, dividend can also be refused to the defaulting Subscriber. If the default in payment continues for the third month also, the Foreman may remove the name of such a Subscriber from the Chit after giving 14 days' notice to the defaulting Subscriber.

The defaulting subscribers shall be entitled to refund of their actual amount (subscription less dividend) subject to such deduction as may be provided for in the chit agreement. Deductions shall not exceed 5% of the chit value or 25% of defaulting subscriber's subscription, whichever is less.

When Prized Subscriber defaults in payments, a penalty of two paisa per rupee will be charged for the first default continues to the second month also, dividend can also be refused to the defaulting Subscriber and the Foreman may demand the entire future installments in lump sum in writing. The amount thus recovered will be dealt with according to the provision of the Act.

13. PARTICIPATION OF DEFAULTING SUBSCRIBERS IN AUCTION

The bid made by Subscribers who are in arrears or default of payment even in respect of the current installment, will not be considered, unless any such Subscriber have obtained advance permission of the Foreman in writing. If the defaulting subscriber bids, without such permission, and the prize amount becomes due then the prized amount may be given to the next higher bidder, below defaulting highest bidder. The difference of bid/discount in such an eventuality will be recovered from the defaulting Subscriber.

14. PAYMENT OF PRIZED AMOUNT

Subject to force majeure (e.g. an act of God, war, riots or other extreme circumstances etc., beyond the control of the Foreman), the prized amount will be paid by cheques to the Prized Subscriber or to a person authorized or nominated by him/her/it before the next succeeding auction after receipt of post-dated cheques, securities etc. & proper verification and examination of the sureties/securities offered in order to ensure the future payment. Necessary documents as prescribed here in, for payment of prize amount of the chit, will be executed by the Prized Subscriber as well as his guarantors/sureties to the satisfaction of the Foreman at the office of the Foreman. Money received from the Foreman, by the Prized Subscriber, shall be deemed to be held by a Prized Subscriber under trust by him and the Prized Subscriber shall repay the installments to the Foreman regularly as per the Chit Agreement, whether or not he has claimed the prize amount from the Foreman In case of default the Foreman shall be entitled to claim the consolidated payment, in terms of the surety Agreement.

15. SECURITY GIVEN BY PRIZED SUBSCRIBER

- (1) The Prized Subscriber before drawing the prize amount shall, subject to the satisfaction of the Foreman:
 - a) Furnish the required number of sureties/guarantors.
 - b) Provide post-dated cheque/s for all future installments to the Foreman.
 - c) Execute a bond/promissory note, along with the surety, for an amount equivalent to his future liability.
 - d) Furnish transferrable collateral securities like life Insurance policies, UTI Certificate, NSC, Transfer of shares, Immovable properties situated in NCT of Delhi or any tangible item of commercial value. And
 - e) Any other documents as may be prescribed by the Foreman in this regard.
- (2) For the purpose of clarification, the acceptable sureties may be, subject to the satisfaction of Foreman, shall be persons, who are financially sound preferably permanent Government/Bank employees or employees with a service record in reputed companies provided the Foreman is satisfied about of the sureties.
- (3) The documents extended by the Prized Subscriber(s) & Sureties must be appended with the following papers:-
 - (a) Identity Proof in the form of photocopy of passport, election card, driving license, employee's service identity card etc.
 - (b) Income Proof in the form of salary certificate or copy of IT Return.
 - (c) Balance Sheet of the Prized Subscriber.

- (d) Photographs & Visiting Cards.
- (e) Income Tax Numbers & Photocopy of IT card.
- (f) Resolutions, Memorandum & Articles of Association in case Prize Subscriber or Guarantors are a company.
- (g) Any such or similar proof which may further reflect on adequacy of surety/security in view of the Foreman.

16. EXPENSES OF TRANSFER/ASSIGNMENT OR SECURITY/SURETY PROCESSING

The Government levies/duties/taxes and expenses for subscription/assignment of Chit in case where original subscriber has been replaced or in circumstances wherein verification and inspection of the security/surety and also property offered, stamp value, registration has to be carried out and other expenses in connection with the execution of Surety/Security agreement and promissory note etc. which have to be incurred shall be borne by the Subscriber himself or by his nominee or assignee, as the case may be.

17. AREA OF OPERATION OF CHIT

- 1.The Foreman shall be entitled to enrol a Subscriber/member from any part of India.
2. Area of operation of this chit shall be Haryana State.

18. WITHDRAWAL BY UNPAID AND DEFAULTING SUBSCRIBERS

If a subscriber ay any time during continuation of the Chit would like to discontinue the same he/she/it shall be at liberty to discontinue of his subscription and may claim refund of his own contribution in accordance with the provisions of the Act.

19. NOMINATION OF A PERSON IN THE EVENT OF DEATH/DISABILITY

Every member while applying to become a Chit Subscriber shall nominate a person or Persons entitled to the benefits of the Chit held by him/her, in the event of death or disability of the member the Foreman shall pay the amount contributed by the deceased or disabled subscriber, less Foreman shall pay the amount contributed by the deceased or disabled subscriber, less Foreman's commission at 5% of the chit amount or 25% of his net contribution whichever is less to the nominee or allow the nominee to continue the chit for the remaining period on production of succession certificate from the competent court or any other proof as desired by the Foreman along with an indemnity certificate to the satisfaction of the Foreman in this regard or the Foreman in its entire discretion may allow the nominee to continue in the chit for remaining period.

20. CONDITIONS UNDER WHICH TRANSFER OF THE CHIT OR INTEREST OF SUBSCRIBER PERMITTED

Every transfer of his/her/its rights in the Chit by a non-prized subscriber shall be in writing duly attested by at least two witnesses and shall be filed with the Foreman. Every transfer under the preceding clause shall be recognized by the Foreman, unless the transferee is insolvent or the transfer was affected with a view defeating the provisions of any law including the Act. A Prized Subscriber can in no case be allowed to transfer his ticket to another person.

21. INSPECTION OF CHIT RECORD BY THE SUBSCRIBERS

The Foreman shall permit the non-prized subscribers and unpaid prized subscribers, on payment of a fee of Rupees.....reasonable facilities for inspection etc. of relevant documents pertaining to them upon their making a request in writing specifying the documents and purpose for inspection on any working day expect on the day when the Chit draws are held.

22. ALTERATION OF CHIT AGREEMENT

The Chit Agreement shall not be altered, added to or cancelled except with the consent in writing of the Foreman and all the Subscribers to the Chit.

23. SETTLEMENT OF DISPUTES

In case of violation any of the terms of the chit agreement or any disputes arising between the subscriber and the Foreman the matter shall be referred to the Registrar of Chit Fund, Haryana for arbitration as per the provision of the Chit Fund Act, 1982 and Ruled framed

there under, if matter is not solve in RCF then the matter shall be referred to the Court of Haryana State.

24. PRESERVATION OF CHIT RECORDS BY FOREMAN

All the records pertaining to a Chit shall be kept by the Foreman for a period of eight year from the date of termination of the chit.

25. TENURE/TERMINATION OF A CHIT

A Chit shall be deemed to have terminated:

- (1) When the period specified in the Chit agreement has expired provided the payment of dues to all the Subscribers/their nominees has been completed.
- (2) When a Foreman dies or becomes of unsound mind or is otherwise incapacitated and the Chit is not continued in accordance with the provisions of the Chit Agreement.
- (3) When all the non-prized and unpaid prized subscribers consent in writing to termination of Chit and a copy of such consent is filed with the Registrar as required under the Act.
- (4) when prize has been announced in respect of all the sub scribers who have been participating in the Chit
- (5) or any other such or similar circumstances

25. MISC. MATTERS

1. Any change of address shall be intimated to the foreman by the subscribers in writing within seven days of such change
2. Proper accounts of the Foreman shall be maintained in English language
3. Shri/Smt.....will be entitled to sign all documents for and on behalf of the Foreman and do everything necessary for the proper conduct of the chit.
4. All money received from the subscribers shall be deposited by the Foreman in an approved bank mentioned in the chit agreement or any scheduled bank.
5. If any matter in respect of the conduct/operation of the above chit is not covered by the bye-laws, then the same shall be governed by the relevant provisions of the Act.
6. If any of the bye-laws is repugnant to the provisions of the Act, then the same shall be deemed to be void.

IN WITNESS WHEREOF the Foreman above named has signed this Bye-Laws on.....