



Shriram Chits Private Limited

Regd. Office: 44, Sarojini Devi Road, Secunderabad -3.

(FORM-VIII-Vide Section 6 of the Chit Funds Act, 1982 and Rule 13 of the Telangana Chit Funds Rules, 2008)

Branch SECUNDERABAD

AGREEMENT OF CHIT

WHEREAS, Shriram Chits Private Limited a company registered under the Companies Act, 1956, having its registered Office at: 44, Sarojini Devi Road, Secunderabad-500-003 and branch at 44, S.D. ROAD (hereinafter called the Foreman, which expression shall include its assignees and successors in interest) have received previous sanction no. _____ dated _____ for the conduct of Chit Group _____ from the Registrar of Chits HARRED PALLY.

And whereas, the foreman having received and accepted the proposal for membership from Sri / Smt / M/S _____ with ticket no 01 in Chit Group 67276 (hereinafter called the Subscriber, which

Nominee's particulars SHRIRAM CHITS (P) LTD.

Name of the Nominee: SHRIRAM CHITS (P) LTD. S/O / D/O / W/O _____
44, S.D. ROAD,

Subscriber: SECUNDERABAD-500 003.

Relationship to : Ph: 23434424.25

Now, this Indenture witnesseth the execution of this Chit Agreement between the Foreman and the Subscriber as follows:

1. Office where the chit is registered
2. Year & Registered Number
3. Full Name & Address of the Foreman

I. GROSS CHIT AMOUNT & NUMBER OF TICKETS :

- | | |
|--|--|
| 1. No. of tickets held by each Subscriber | : No. of Instalments: <u>50</u> |
| 2. No. of instalments and amount payable for each ticket at every instalment | : Amount Rs. <u>$10,000 \times .80 = 500,000$</u> |
| 3. Gross Chit Amount | |

II. DURATION OF THE CHIT:

1. Date of first instalment
2. Dates of subsequent instalments (Auctions) 2nd Friday Saturday & Sunday of every month.
3. Due date of payment of instalments 10/06 of each calendar month.
4. Date of termination
5. Duration of the Chit 4 years 2 months.

III. THE PLACE, TIME & PROBABLE DATE WHEN THE CHIT IS TO BE COMMENCED:

1. Place SECUNDERABAD
2. Probable date
3. Time of commencement of the proceedings

IV. PARTICULARS OF SECURITY GIVEN OR DEPOSITED BY FOREMAN:

1. Particulars of security given or deposited by Foreman : Rs. 500,000 for 5 months deposited with Bank & Branch under Fixed Deposit receipt No. 5009070-
40125981 date 18.06.2021
2. Registered Mortgage Bond dated: _____ executed by Foreman in favour of the Registrar of Chits, registered as Document No. _____ of _____ sub- Registrar Office _____ in respect of House / Premises / Agricultural land / wet / dry / vacant site valued at Rs. _____ covered by Municipal no. _____ Panchayath no. _____, Survey No. _____, situated at _____ Municipality / village _____ Revenue Mandal _____ District. _____ by way of Security under Section 20 of Chit Funds Act 1982 (Central Act No: 40 of 1982) with the right reserved to change or substitute the security with the permission of Registrar.
3. Bank guarantee No. _____ dated _____ executed by _____ bank branch for a sum of Rs. _____ (Rupees. _____) in favour of Registrar of Chits at _____ In terms of section 20 of Chit Funds Act of 1982 (Central Act No: 40 of 1982).
4. Govt of Securities of Face Value _____ Market Value _____ whichever is less, of-not less than Half of Gross Chit amount and transfer the amount so deposited the Govt Securities in favour of Registrar of Chit at _____

V. MODE OF CONDUCTING THE CHIT AND ASCERTAINING THE PRIZED SUBSCRIBER:

The foreman shall exhibit a list of non-prized subscribers before every auction.

1. The Subscriber who is to get the net chit amount at any instalment shall be determined by lot or by auction at the time and place specified in Article-III. The time allowed for auction shall be five minutes from the commencement of the proceedings. Only full tickets have been subscribed and there is no fraction of the ticket. The proceedings will be regulated and conducted by the Foreman or his authorised employee and in all cases of dispute. The decision of the Foreman / authorised employee will be final. The auction shall start from the Foreman's Commission of 7% of gross chit amount and bidders may, in auction, raise discount to the maximum of _____ per cent of the gross chit amount. Each time the bid shall be raised by rupees hundred or multiples thereof. Written bid offers which are not in hundreds or multiples thereof are liable to be rejected. The Non-prized Subscriber, who bids at the highest

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declared as the Prized Subscriber. In case there is more than one Bidder for the maximum discount, the auction will be decided by lot among such bidders. Only the Subscribers or their authorised persons/proxies will be allowed to take part in auction. Such authorisation shall be in writing.

2. A Non-prized Subscriber, who cannot personally participate in the auction, may send his authorised agent or forward to the Foreman a bid offer stating the maximum amount of discount he is willing to offer which must be received by the Foreman at least one day before the concerned auction date. Defaulted Subscribers will not be allowed to participate in the auction. Every such draw shall be conduct in the presence of not less than 2 subscribers present in person or through video conferencing duly recorded by the foreman. No outsider shall be permitted to participate in the auction. Chits which have been given as security for other prized chits will not be allowed to be auctioned without written consent from the Foreman.
3. Any non-prized subscriber, who wishes to take part in the auction, is entitled to do so within the five minutes time limit fixed. The auction shall not be confirmed and concluded before the close of this time limit. In such auction, when no bidder is forthcoming, a lot will be declared drawn from the" non-prized subscribers at the close of 5 minutes and such subscriber drawn by lot, will be declared as prized subscriber and he is entitled to receive the gross chit amount for his/her ticket less the Foreman's Commission.

VI. MODE OF PAYMENT OF EACH INSTALMENT AND/OR PENALTY FOR BELATED PAYMENTS:

Each and every Subscriber shall pay to the Foreman, the amount due for his ticket for each instalment on or before the due date of each such auction and shall get a receipt in that behalf from the foreman. Where payments are made by cheque, they should be cashed well before the due date of payment. Only after the realisation of the cheques, the subscriber shall get the eligibility to participate in the auction. The said subscribers shall get the eligibility to participate in the auction only when's the cheques issued by them are honored and the payment thereof has been realized by foreman. Subscribers should include bank service charges to outstation cheques. All cheques and drafts should be sent duly crossed as A/C payee. If realisation of the cheque is unduly delayed, the subscriber should pay the cash against such cheque whenever Foreman insisted. If any cheque delivered by the subscriber is returned unpaid, cheque return charges fixed by Foreman and other bank charges shall be paid by the subscriber and in future only DD/ cash shall be accepted from such subscribers. The subscribers are advised to collect valid receipt after depositing cash / delivering DD / cheque and thereafter get it entered in the respective Pass Book. They are advised not to write any thing of their own in the Pass Book.

Non receipt of the intimation by the Subscriber should not be the valid reason for not paying the subscription, every Subscriber must pay the instalments on or before the due date.

1. NON-PRIZED SUBSCRIBER:

If a Non-prized Subscriber fails to deposit his / her monthly Subscription before the due date, interest shall be charged @ 18% per annum. If default continues for more than two months, the subscriber will not be entitled to share of discounts in addition to the aforesaid interest charges. A Subscriber who has not made upto-date payments of all the instalments due from him/ her will not be permitted to bid in the auction.

If a Non-prized Subscriber fails to .pay subscription for three consecutive instalments, he shall be liable to be removed from the list of Subscribers and the Foreman, at his option, shall be entitled to substitute a new Subscriber in place of defaulting Subscriber or may himself subscribe for the ticket and the defaulted ticket of the chit will be dealt with in accordance with the relevant provisions of the Chit Funds Act.

The Foreman, at his discretion, can waive the interest partly or fully and also can postpone the removal of membership in suitable and deserving cases. A removed subscriber, not substituted, may be re-admitted on such terms as the Foreman deems proper. A removed subscriber is entitled to the amount actually subscribed by him, i.e., exclusive of share of discount, less 7% of the gross chit amount towards damages for breach of contract. This amount is payable on application at the end of the chit period or earlier, if the vacancy is substituted.

2. PRIZED SUBSCRIBER:

When a Prized Subscriber defaults in payment of subscription amount interest @ 18% per annum shall be charged. If the default is continued consecutively for a period of 3 months, the Prized Subscribers will not be entitled to share of discounts and the benefit of paying the future subscriptions in instalments. The Prized Subscribers and their sureties shall become liable to make a consolidated payment of all the future subscriptions inclusive of the defaulted instalments with interest @ 18% per annum from the date of default, apart from the legal expenses involved.

The Foreman, at his discretion, can condone such defaults and receive any amount from such chit holder. Such condonation will not in any way discharge the liability of all or any of the executants of security document or of the nominees or legal heirs. The death of a Subscriber will also not discharge the liability of the nominee or the legal heirs of the Subscriber.

VII. PROCEDURE FOR RECEIVING THE NET CHIT AMOUNT BY A PRIZED SUBSCRIBER:

1. The net chit amount will be paid to the Prized Subscriber at the Foreman's office during office hours on working days by way of A/c Payee crossed cheque. The net chit Amount will be paid with-in one month of his / her furnishing sufficient security to the satisfaction of the Foreman for the due payment of future instalments.
2. Security / Surety to be furnished by the subscribers for the due payment of future subscription.

Prized subscribers before drawing gross chit amount must furnish suitable / sufficient, necessary security or sureties to the satisfaction, of Foreman for payment of future instalments. If the Prized Subscriber does not have unencumbered net pay equal to the satisfaction of the foreman or whose' net salary is less than the surety's salary and is not able to produce the documentary proof of income to the extent of balance or if the subscriber did not pay monthly subscriptions payable to the chit every month on or before the Auction date the securities under the clauses (d) (e) (f) (g) only will be accepted. If the subscriber has the net salary / Income as stated above and the payment pattern is regular the sureties mentioned under the clause (a) shall normally be accepted.

The security may be any of the following where the future liability is RS.3,00,000/- or less:

- a. Three Permanent Government/quasi Government/Public Sector undertakings employees whose net take home salary should be as follows. For this purpose the above said employees shall produce authenticated Photo Identity cards and duly attested latest salary certificate by the Disbursement Officer.
Rs. 5,000/- for future liability upto Rs. 50,000/-
Rs. 6,000/- for future liability upto Rs. 50,000/- upto Rs. 1,00,000/-
Rs.10,000/- for future liability over Rs. 1,00,000/- upto Rs. 2,00,000/-
Rs.12,000/- for future liability over Rs. 2,00,000/- upto Rs. 3,00,000/-
- b. Permanent local employees in other Companies and Institutions, who have put in atleast 7 years of service with Provident Fund, disburser officer attestation, may also be accepted as sureties at the discretion of the Foreman, Both the Govt / Private sector employees should submit generally accepted proof of age, proof of residence such as Ration card / Telephone Bill / Electricity Bill

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1. The Premium will be paid by the subscriber to the Promoter at the time of application for the service or at the time of commencement of the service.
 - a) In case of a new subscriber.
 - b) In case of a renewal subscriber.
2. The Premium will be paid by the subscriber to the Promoter at the time of cancellation of the service.
 - a) In case of a new subscriber.
 - b) In case of a renewal subscriber.
3. In case of cancellation of the service by the Promoter, the Promoter will pay the amount of Premium to the subscriber in respect of the period of cancellation.
4. In case of cancellation of the service by the subscriber, the Promoter will not be liable to pay the amount of Premium to the subscriber in respect of the period of cancellation.
5. If during the period of subscription, the Promoter receives information from the subscriber that the subscriber has been employed by another organization, the Promoter will be entitled to terminate the service and recover the amount of Premium paid by the subscriber.
6. If during the period of subscription, the Promoter receives information from the subscriber that the subscriber has been employed by another organization, the Promoter will be entitled to terminate the service and recover the amount of Premium paid by the subscriber.
7. If the subscriber does not make sufficient payment, the Promoter will deduct the amount of outstanding amount from the next payment.
8. The Promoter will issue the receipt of amount to the Promoter with the date of payment.
9. Every subscriber will be entitled to a discount of 10% on the monthly income of the subscriber, whose monthly income does not exceed Rs. 10,000/-.
10. Subscribers are required to provide their monthly income statement for the last eight years and the same will be verified by the Promoter.
11. The subscriber can withdraw his/her service at any time after completion of the ongoing service period.
12. The subscriber have three file changes to cancel the service. Once the subscriber has completed three file changes, the service will be terminated.

III. INCREASEMENT OF INCOME

The discount for every file change will be given to the subscriber each time he/she completes the file change after reducing the fee from the Promoter's commission.

IV. PAYMENT COMMISSION AND THE INSTALLMENT ALLOCATION WHICH THE PROMOTOR USES FOR THE SERVICE

1. After subscriber completing the amount of premium paid, the Promoter will subtract the amount of Premium from the gross amount of the second instalment which is due. After this deduction is done, the third instalment will be paid to the subscriber and the subsequent instalments will be paid to the subscriber after discount is deducted from them.
2. The Promoter's commission shall bear 7% of the gross amount.

V. TRANSFER HOW TO OPERATE

1. The New user/Subscriber makes his/her first file change. The System will generate a file number for the same and address of the user in his/her file. The user is to make no fees. The Promoter will receive the fees.

- Account and Balance Sheet and Computation of Taxable Income as certified by the Auditor shall be produced in case if the businessman is not an Assessee and does not have Taxable Income then latest Sales Tax Assessment Order shall be produced.
- In case if the businessman is a partner in a firm then in general the other partners of the said firm shall not be considered as sureties.
- d. Assignment of Life Insurance Policy to the extent of the surrender value of the policy is acceptable provided such surrender value covers the future Liability of the Chit.
 - e. Non-prized subscribers subscription Amount paid in the chit groups of the company will be considered for this purpose. In such a case the net subscription paid i.e., share amount paid - 7% of the gross chit value shall be equivalent to the future liability of the Chit.
 - f. Mortgage of immovable urban house property situated within the jurisdiction of the Branch either the prized subscriber or a third party guarantor(s) on submission of originals of Sale Deed, Approved Plan, Link Documents, Encumbrance Certificate for 18 continuous years, latest property tax payment receipts etc" as security together with the personal guarantee of a person acceptable to the Foreman, The value of the property should exceed one and half times of future liability.
 - g. Guaranteee of a Scheduled Bank for 100% of the amount of future liability,
3. In cases, where the future liability exceeds Rs.3,00,000 no personal security will normally be accepted. Security should be in the form of mortgage of immovable urban property, the value of which should exceed by one and half times of the future liability of the Prized Subscriber and such property should be situated within a radius of ten kms of the Foreman's office, where the liability vests. In exceptional cases and entirely at the discretion of the Company, personal sureties fulfilling the requirement's as specified vide clauses (a), (b) & (c) above may also be accepted.
4. The Foreman reserves his right to accept or reject any or all of the sureties.
5. In case the Prized Subscriber or his nominee fails to furnish security and/or surety before the next succeeding auction date, the Foreman shall deposit the amount in the Approved Bank and inform the fact to the Prized Subscriber and the Registrar,
6. In case the amount so deposited is not sufficient for the payment of future subscriptions, the Foreman shall realise the balance amount from the Prized Subscriber with interest@ 18% per annum and incidental charges.
7. In case there remains a portion of the amount deposited after adjustment of all future subscriptions and incidental charges, the Foreman shall pay such amount to the Prized Subscriber after the termination of the chit. In case the Foreman fails to do so, the Prized Subscriber or his nominee shall realise, the same from the Foreman together with interest thereon @ 12% per annum from the date of termination.
8. If at anytime after the net chit amount is deposited with the approved Bank, the Prized Subscriber or his nominee furnishes sufficient security to the satisfaction of the Foreman, the amount so deposited shall be withdrawn and paid to the Prized Subscriber after deducting any unpaid subscription till that date.
9. Where any prized subscriber does not collect the net chit amount in respect of any auction of a chit within a period of two months from the date of the draw, then it shall be open to the foreman to hold another draw in respect of such ticket / auction. In case in the Re-auction if the bid falls when compared with the relevant auction then the resultant loss along with the incidental charges therefor shall be recovered from the said subscriber.
- Where the prized subscriber informs the Foreman in writing about his / her inability to draw the net chit amount, it shall be open to the foreman to hold another draw in respect of such ticket / auction without waiting for a period of two months.
10. When a prized subscriber does not furnish sufficient security, the foreman has the right to adjust the unpaid net chit amount to the future instalments and if the unpaid net chit amount is not sufficient to meet future subscriptions due then the Foreman has the right to recover the balance amount due along with the incidental charges incurred therefore - +.
11. If the Foreman fails to pay the net chit amount to the Prized Subscriber or his nominee after furnishing sufficient security, they shall be eligible to realise the net chit amount from the Foreman with interest @ 12% per annum from the date of furnishing security.
12. Surety once offered and accepted will not be entertained again as surety for another chit holder till the liability of the previous chit holder is cleared. However this may be waived at the discretion of the management. Any subscriber who has no monthly or regular income or whose monthly income does not exceed the amount as specified for sureties or who has already stood as a surety to another subscriber may be called upon to furnish additional sureties.
- All Subscribers and guarantors are required to submit latest bank account statements / pass book at least for a period of one year.
- Wherever immovable property is offered as security' then original title deeds, link document, nil encumbrance certificate for a period of eighteen years and latest tax receipt paid shall be submitted.
- The prized subscriber and sureties must produce a certificate showing balance years of service which shall at least be five years from the date of completion / termination of the chit group.
- The prized subscribers have to bear the charges for inspection of the property offered as security, stamp value, typing charges, registration & legal opinion fees, document processing charges, sureties verification charges etc.

VIII. DISBURSEMENT OF DISCOUNT:

The discount for every ticket auctioned shall be disbursed as share of discount equally between the Prized and Non-prized Subscribers after deducting them from the Foreman's commission; such share of discount shall be adjusted towards the subscription payable for the next instalment.

IX. FOREMAN'S COMMISSION AND THE INSTALMENT / AUCTION AT WHICH THE FOREMAN IS TO GET THE NET CHIT AMOUNT:

1. All the subscribers should pay the amount of 1st instalment in full. The Foreman shall subscribe to a ticket in the chit. Foreman is entitled to obtain the gross chit amount of the second instalment/auction without any auction, without any deduction of discount. Therefore, the third instalment also should be paid in full by all the Subscribers and the subsequent instalments should be paid after deducting the share of discount declared for each month.
2. The Foreman's commission shall be at 7% of the chit amount of every instalment/auction.

X. TRANSFER, HOW TO BE EFFECTED:

1. If a Non-prized Subscriber wishes to transfer his / her right in the chit, then S/He shall file an application to that effect with the Foreman, specifying the name and address of the person in whose favour S/He wishes to transfer his rights. The Foreman has the right to approve or not to approve such transfer. If he does not approve a transfer, the decision shall be communicated to the said Non-prized Subscriber, if the transfer is approved, then the Transferee shall be entitled to no more right than the Transferor had in respect of the said ticket transferred.

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to continue the chit, he/she will be entitled to the amount, which the Deceased subscriber has actually subscribed i.e., exclusive of share of discount less 7% of the gross chit amount towards damages for breach of contract. The amount due after the aforesaid deductions will be paid at the termination of the chit. But in case a Subscriber is substituted, the nominee shall execute an indemnity bond against possible claims by third parties or other legal heirs of the deceased subscriber.

2. In case if a Subscriber, who has been declared "as a Prized Subscriber", expires before receiving the net chit amount, then the Foreman shall call upon the nominee, mentioned in the agreement, either to take the place of the deceased Subscriber or to take the net chit amount subject to deduction of all future subscriptions and the recovery of any or all losses caused by the deceased Subscriber as per the terms of Chit Agreement.
3. When a Prized Subscriber expires after receiving the net chit amount and thereby becomes a defaulter, the Foreman will proceed against his legal heirs, representatives, sureties, securities etc., for such relief as he is entitled to.

XII. BANKS WHERE CHIT MONEY MAY BE DEPOSITED:

The chit monies shall be deposited in any of the banks approved under the provisions of the Chit Funds Act, 1982.

Name(s) of Bank(s): C.U.B M.G. ROAD, RANIGUNJ.

XIII. MISCELLANEOUS:

1. Any amount due to the Foreman from any Subscriber on account his / her chits or chits guaranteed by him / her shall be appropriated from the subscriptions paid by such Subscriber in any of his/her other chits with the Foreman. Similarly, the security and other deposits of money made by the Foreman in respect of the chit shall be liable for discharge of the liability of the Foreman to the Subscribers.
2. Incidental charges pertaining to intimations sent to the defaulted subscribers and to their guarantors and also Enrolment Fee, Chit Transfer Fee and Duplicate Pass Book charges fixed by the Foreman, should be borne by the concerned subscribers only.
3. Receipts shall be issued by the Foreman for all payments received by him. The Subscribers shall provide proper acknowledgments for other documents and vouchers for all monies received by them from the Foreman.
4. If the Foreman fails to conduct and continue the chit, he shall pay the Non-prized Subscribers their contributions including share of discount within one month failing which the said Subscribers shall be entitled to realise the same with permissible interest @ 12% per annum from the Foreman or from all or any of the following assets:
 - a. The security deposit given by the Foreman; b) Other properties belonging to the Foreman;
 - c. The future subscriptions due to the Foreman from the Prized Subscribers.
5. In case if foreman becomes a Prized Subscriber in any chit group i.e., other than the Statutory ticket during the course of the business then the Foreman shall give sufficient security for payment of future subscriptions in respect of such tickets to the satisfaction of the Registrar. The Foreman shall not have any additional rights than the other Subscribers have in respect of such additional tickets.
6. As the Foreman is an incorporated Company, the question of the Foreman dying or becoming unable to conduct the chit does not arise, unless it goes into liquidation. If it goes into liquidation, the official Liquidator under the Indian Companies Act will act as Foreman.
7. In case if the dates fixed for auctions fall on holidays, the auction will be conducted on next day only. If the auctions could not be conducted on the appointed day owing to causes beyond the control of the Foreman, such as break of nature, bundhs, riots, etc., the auction will be adjourned to some other convenient date on intimation to the Subscribers pandemic diseases.
8. If any dispute arises between the Foreman and the Subscribers and in the absence of any provisions in this Chit Agreement, the provisions of the Chit Funds Act 40 of 1982 and the Rules framed thereunder shall apply and be binding on both the Foreman and the Subscribers.
9. The Foreman on receipt of a fee of Rs.5/- will allow examination of pertinent chit records by Non-prized and unpaid Prized Subscribers under Section 44 of Chit Funds Act 1982 at the Foreman's office during office hours on all working days by giving One week prior notice to the Foreman. The inspection fee shall be leviable separately for each chit for which inspection is desired.
10. If the Subscriber or the Guarantor dies or becomes of unsound mind or is otherwise incapacitated, the amount due to the Foreman will be recovered from the legal heirs of the deceased Subscriber or Guarantor as the case may be.
11. All taxes / levies enacted and made applicable to the chit fund business and/or to the chit subscribers as per the provisions of the relevant act then the same shall be applicable to the subscribers to the extent envisaged by the Act.
12. In respect of other points that have not been covered in this agreement, it shall be dealt with in accordance with the Provisions of Chit Funds Act, 1982.
13. General Laws shall have application on points found to have not been covered either by this Chit Agreement or the Chit Funds Act, 1982.
14. The Subscribers shall declare that, they have received the copy of the Chit Agreement; they have gone through it/heard it and abide by it.

IN WITNESS WHEREOF THE FOREMAN and the SUBSCRIBER hereto have set their respective signatures in separate copies of this Agreement on this the _____ Day of _____.

WITNESSES:

L.YADAGI, M.
44 S.D. ROAD, SEC.IA
R. Nain
44 S.D. ROAD,
SEC.IA

For Shriram Chits Pvt. Ltd.
V. Ramachandra
FOREMAN
Foreman

Ramchandra
SUBSCRIBER