

CHIT AGREEMENT

Whereas RK Chits Ltd, a Company incorporated under the Companies Act, 1956, having its Registered Office at XIII/203, Thekkedath Building, West Nada, Guruvayur and branch office at Door No.183/1, Palakkad Main Road, Kuniyamuthur, Coimbatore, Tamil Nadu, 641008 (Hereinafter called the Foreman which expression shall include its assignees and successors-in-interest) has received Previous Sanction No..... Dated..... for the conduct of Chit Group from the Registrar of Chits, Coimbatore

And whereas, the Foreman having received and accepted the proposal for membership from the person mentioned below (hereafter called the subscriber, which expression shall include his/her nominees, assignees, and successors-in-interest) and the Foreman hereby allots chit membership.

1. Name :
2. Surname :
3. Address :
4. Frequency of auction : 5. Chit No :
6. Chit Amount (₹) : 7. No. of Instalments :
8. Instalment Amount (₹) :
9. Nominee's Particulars :
10. Name of the Nominee :
11. Age : 12. Relation with Subscriber :

Now, this Indenture witness the execution of the Chit Agreement between the Foreman and the Subscriber as follows.

Office where the chit is registered : Registrar of Chits, Coimbatore

Registered Number :

Full Name :

Address of the Foreman :

► DURATION OF THE CHIT

1. Date of first installment :
2. Date of Subsequent Instalments (Auctions) :

3. Due Date of Payment of installments :
4. Date of termination :
5. Duration of the Chit :
6. Maximum Auction Discount (%) :

► **THE PLACE, TIME AND PROBABLE DATE WHEN THE CHIT IS TO BE COMMENCED.**

1. Place : RK Chits, Sundarapuram, Coimbatore (In a Virtual Platform)
2. Probable date :
3. Time of commencement of the proceedings :

► **BANKS WHERE CHIT MONEY MAY BE DEPOSITED**

1. The chit money shall be deposited in any of the banks approved under the provisions of the Chit Funds Act, 1982.
2. In the case of prized subscriber, if the amount due from him for a particular installment is not paid on the due date of that installment, the dividend of that installment will have to be forfeited by the prized subscriber and he has to pay the instalment with penalty @ 12% p.a (**and within one month**) failing which it shall be competent to the foreman to realize from the defaulter in a lump all the future subscriptions due from him together with the interest due, if any thereon and other incidental expenses.
3. In the case of a non-prized subscriber, if the amount due from him for a particular instalment is not paid on the due date, it shall be paid before the due date of next installment with penalty @ 12% p.a failing which it shall be open to the foreman to remove him from the list of subscribers and have another person substituted for such defaulted subscriber. The foreman shall duly inform the defaulted subscriber within 14 days of such removal and substitution. If such removal is not effected, it need not be presumed that such a subscriber is allowed to continue in the chit as per the terms of the agreement.
4. A non-prized defaulting subscriber shall be entitled to the amount paid by him on executing an acknowledgment on substitution of his ticket by another subscriber. If the Non-Prized defaulted subscriber fails to draw the amount due to him, the foreman shall deposit the same in an approved bank. If the foreman fails to pay such subscriber, the amount due to him on the due date, it shall be competent for such subscriber to realize such amount with interest permissible under the law for the time being in force. The substituted subscriber has to pay penal interest @ 12% pa on the defaulted instalments during the default-period.

5. Substitution shall not be allowed if the chit crosses 70 % of the instalments. If no substitution takes place, the Foreman has to step in continue the chit till the end. In such cases the Non-prized subscriber shall get back his paid instalments on termination of the Chit. Foreman commission shall be deducted from the amount to be paid to the default-non prized subscriber. Besides, interest at 12% pa also will be levied on the aggregate default amount for the default period.

► **PROCEDURE FOR RECEIVING THE PRIZE AMOUNT BY A PRIZED SUBSCRIBER.**

1. A prized subscriber or his nominee shall receive from the foreman the prize amount on or after 30 days/7 days/14 days from the date of auction after furnishing sufficient security to the satisfaction of the foreman as per the extant instructions of the company for future liability (the payment of future subscriptions).
2. In case the prized subscriber or his nominee fails to receive the prize amount after furnishing sufficient security, the foreman shall deposit the amount in the approved bank and inform the prized subscriber of that fact.
3. In case the amount so deposited is not sufficient for the payment of future subscriptions, it shall be competent to the foreman to realize from such prized subscriber such amount as may be deficient together with the interest due thereon and all other incidental charges.
4. In case there remains any portion of the amount deposited after paying the future subscriptions and other charges such portion shall be payable by the foreman to the prized subscriber after the termination of the chit, failing which it shall be competent to the prized subscriber or his nominee to realize from the foreman such portion as remains together with interest due thereon from the date of termination of the chit.
5. If at any time after the prize amount is deposited in an approved bank, the prized subscriber or his nominee furnished sufficient security, the foreman shall withdraw the amount so deposited and pay it to the prized subscriber or his nominee after deducting there from the amount due from him for the payment of the instalments prior to the date on which the security is furnished.
6. If the foreman fails to pay the prize amount to the prized subscriber or his nominee, on furnishing sufficient security, it shall be competent to such subscriber or nominee to realize from the foreman the prize amount together with the interest due thereon from the date of furnishing such security.
7. GST, at the rate applicable, on foreman's commission and Documentation charges, if any shall be deducted from the prize amount.

8. In case the prized subscriber or his nominee fails to furnish sufficient security within two months of prizing the ticket, the foreman shall be competent to cancel that auction and conduct re-auction. In such case the members will only be eligible for the dividend as per the re-auction

► **FOREMAN'S COMMISSION AND THE INSTALMENT AT WHICH THE FOREMAN IS TO GET THE PRIZE AMOUNT**

1. The foreman is entitled to receive the first chit amount which is required to be deposited as security (as per the CFA 1982) with a bank in favour of the regulator for a duration covering the chit period. The first auction shall be conducted immediately, thereafter and its payments should be given on or before the subsequent auction.

2. The Foreman's commission shall be at 5% of the chit amount plus GST and the same shall be deducted along with the discount from the payment of Chit Amount to the prized subscriber (As mentioned under Section IV)

► **TRANSFER OF NON-PRIZED SUBSCRIBER'S RIGHTS**

Every transfer by a non-prized subscriber of his right in the chit shall be in writing with the consent of the foreman. However no such consent shall be necessary in the case of transfer by a subscriber whose name has been removed by the foreman from the list of subscribers for default of payment of subscription.

► **BALANCE SHEET AND SUBSCRIBER'S RIGHT TO EXAMINE CHIT RECORDS**

On termination of a chit, the foreman shall prepare balance sheet containing a summary of the assets and liabilities of the chit and giving such particulars as will disclose the nature of assets and liabilities and how the value of the assets has been arrived at. Such balance sheet shall be made available for auditing by the auditors and a certificate of such auditing shall be received by the foreman and kept by him. The foreman shall make available for examination by the subscribers all the chit records through the online chit Portal.

► **MISCELLANEOUS**

1. The subscriber who gets his prize at the last instalment shall be entitled to the chit amount less the foreman's commission. The foreman shall pay up such amount within thirty (30) days after the date of termination of the chit failing which such prized subscriber shall be competent to realize the amount from the foreman together with the interest due thereon from the date aforesaid.

2. Any amount due to the foreman from any subscriber on account of the chit shall be the first charge on the subscriptions paid by such subscribers. Similarly, the security and all chit money deposited by the foreman shall be liable for discharging any amount due from the foreman to the subscribers.
3. The chit amount shall in no case be enhanced, but, if necessary, it shall be reduced.
4. If, for any default of the foreman, the conduct of the chit is not continued, the foreman shall pay to the non-prized subscribers their contributions including discount within 30 days failing which it shall be competent to such subscribers to realize the amount together with the interest due thereon from the foreman or from all or any of the following assets.
 - a. The security given or deposited by the foreman.
 - b. Other properties belonging to the foreman.
 - c. The future subscriptions/installments due to the foreman from the prized subscribers.
5. In case where the foreman holds tickets as an ordinary subscriber in addition to the ticket of which he is entitled to the prize without deduction of the discount he shall not have any more rights or privileges than the other subscribers have in the chit. When the foreman bids such tickets, he shall furnish sufficient security for the payment of future subscriptions as required by the Company.
6. In the event of death of subscriber, the person nominated herein shall have the right to conduct the chit and to receive the prize money and other benefits relating to this Chit.
7. Company is having branches at different places in India. Security is accepted in all branches where it is located. Securities accepted by foreman to release prize money :
 - a. Fixed Deposits
 - b. Gold ornaments
 - c. Personal guarantee of individuals with good credit record (Employment certificate issued by Govt/PSU organizations and other reputed firms)/IT return as decided by Foreman.
 - d. Unencumbered landed property
 - e. Surrender value of LIC policy
 - f. Escrow mechanism for receivable viz. rent/other receivable
8. Mode of Notification
9. Intimations to the subscribers will be sent to their registered e-mail or SMS.

10. Electronic documentations available on the portal are :

- a. Chit Agreement between subscriber and the foreman. (The electronic Chit Agreement between foreman and subscriber shall be accepted by subscriber online, through click wrap arrangement.)
- b. Copy of minutes of proceedings of auction
- c. Copy of Balance sheet
- d. Information regarding default subscribers
- e. Information regarding substituted subscribers
- f. Details of transfer of rights of non-prized subscriber

Signature of Foreman

Signature of subscriber

Date :

Time :

Witness :