

JANSEVA CO-OPERATIVE CREDIT SOCIETY LTD

179/Vazir Building, 1st Floor, I.R Road, Mumbai – 400 003.

Registration No.: MSCS/CR/335/2010

1st Annual General Body Meeting

Dated: 14 September 2010

Venue: J.R. Municipal School No.02, 1st Floor, Dharamshala Road, Mumbai – 400 009.

Agenda for the 1st Annual General Body Meeting

- ❖ To consider and approve six monthly reports, income expenditure statement and budget for the remaining six months i.e. 31st March 2011
- ❖ To admit new members
- ❖ To approve the decision of the interim board of directors meeting held on April 9, 2010, July 13, 2010 and 14-09-2010
- ❖ To approve the long term perspective plan and annual operational plan.
- ❖ To consider and approve proposed Amendments in the bye laws
- ❖ To elect Provisional Board of Directors
- ❖ Any other matter with the permission of the chair

Members are hereby requested to kindly make it convenient to attend.

Dr. Rahmatullah
Chief promoter and chairman

Note— if the quorum is not complete at the appointed time, the meeting shall be adjourned for half an hour. The adjourned meeting will be held after half an hour at the same venue to transact the listed business for which no quorum will be required.

Janseva Cooperative Credit Society Ltd.

Minutes of

1st Annual General Body Meeting

First Annual General Body meeting of Janseva Cooperative Credit Society Ltd. held on Tuesday, 14th of September 2010 at 3.30 p.m. at 1st Floor, J. R. Municipal School No. 2, Dharamshala Road, and Mumbai – 400009. The 159 members signed on AGM register attended the meeting

The meeting started with the recitation of verses from the holy Quran by the Secretary Mr. Syed Zahid Ahmad. After praising the Almighty and dua to bless the opportunity of first Annual General Body Meeting of Janseva Cooperative Credit Society Ltd., the Chairman Dr. Rahmatullah who presided over the meeting, warmly welcomed the members present in the meeting. Moreover he prayed To Almighty Allah to accept the endeavor and grant His Mercies on the effort and effort makers for the good work being planned and taken up for the benefit and welfare of the members. Thereafter the meeting was opened for discussion, deliberation and decision as per the agenda already circulated.

Agenda-1 To Consider and approve six monthly reports, income expenditure statement and budget for the remaining six months of the fiscal i.e. 31st march 2011

Dr Rahmatullah who also assumes the responsibility of Hon Managing Director (CEO) submitted the summary of the work done during the last six months. He stated that---

- 1-Three meetings of the interim Board of Directors have been conducted so far to take stock of the situation and plan and pass the work plan for this period.
- 2- Promotional visits to Delhi, Chennai, Hyderabad and Aurangabad were made wherein members of the area were called to discuss the future course of action.
- 3- Three day's directors training program was arranged at Hyderabad to sensitize them with the nature of work ahead.
- 4-Share application forms (10000), 50 Receipts Books (100 each), 5000 account opening forms and 3000 Brochures have been printed and 100 copies of share application forms and one receipt book has already been sent to all the 15 directors,
- 2-Draft copy of share certificate, Loan Form, Loan agreement form, promissory note and pass book has already been prepared. The same can be printed in bulk within a month
- 4-One staff Mr. A.R Khatib has been appointed on a consolidated salary of Rs 5000pm for a period of six months or new decision is taken, whichever is later.
- 5--A model business plan has been prepared and the same has been approved in the second meeting of the Board.
- 8-Web domain in the name and style of www.janseva.in has already been registered. The static web site will be available for the viewers very soon Inshallah.

9- Logo of the society has also been finalized and used in stationary.

10- A bank account in the name and style of JANSEVA COOPERATIVE CREDIT SOCIETY LTD has been opened in STATE BANK OF INDIA, BYCULLA BRANCH, as per the decision of the 1st board meeting.

11- With cooperation from AICMEU Ltd. Trust Mumbai an administrative office has been established at 1st Floor, J. R. Municipal School Bldg., Dharamshala Road, and Mumbai-09. However the registered office shall continue to remain address for correspondence.

12-The process of collecting dues and enrollment of new members have begun at Mumbai.

13- Contacts have been developed with people in the country and abroad for cooperation in the fields of training, software and soft loan

The financial statement of the society during the period of last six months states the following facts--

Income: Up to 15 August 2010, an amount of Rs. 62,822/- has been received as CPF, donation and miscellaneous.

Expenditure :An amount of Rs. 1,90,136/- has been spent which comprises of Rs. 45,000/- as pre-registration expenses, Rs. 1,05,978/- on meetings, Rs. 16,133/- as printing of stationery, Rs. 10,000/- on salary, Rs. 10,000/- on website and Rs. 3,025/- on miscellaneous items. Hence resulting in a deficit of Rs. 1, 27,314/-. It may be noted that this expenditure is against the approved budget of Rs. 40, 00,000/-. Further the following budget estimate of Rs 9, 75,000 with following details for six months i.e. 31st March 2011was submitted for approval

Expenditure Head	Proposed Units / Branches	Proposed Amount (in Rs.)	Proposed for six months (up to 31-3-2011)
1. Printing & Stationary	12	1,50,000	1,00,000
2. Training Charges	12	1,80,000	50,000
3. Operating Software	12	7,20,000	50,000
4. Advertisement & Publicity	12	1,80,000	50,000
5. Hoarding, Boards and Banners	12	60,000	
6. Events, Meetings, Seminars, Conferences	12	7,20,000	,50,000
7. Promotional Stationary Kits	12	9,00,000	
8. Computer & Printers	1	35,000	1,50,000
9. Website domain and hosting charges	1	66,000	5,000

10. Telephone & Internet Charges	12	36,000	18,000
11. Postage & Courier Charges	12	1,08,000	25,000
12. Board Meeting Expenses	1	1,50,000	50,000
13. AGM expenses			50,000
14. Traveling & Conveyance	12	1,50,000	50,000
15. Staff Salary at Head office	1	1,50,000	2,40,000
15. Legal charges	1	1,20,000	10,000
16. Sponsorship / Promotional Expenses	12	2,00,000	
17. Office rent and elect etc.	6month	10,000pm	60,000
18. Miscellaneous Expenses	12	75,000	17,000
Total estimated expense		40,00,000	9,75,000

Sources of Income

There is no recurring source of income as the society has not yet begun its full fledged operation. Hence the expenses incurred during this period have to be capitalized. But it is expected that society will earn sufficiently to defray these expense through the earnings made during this coming six months when operation begins from tomorrow on wards. The proposed revenue of the society is expected as below---

1. Head office share of 25% of CPF collected by the Branch offices (25% of CPF on Rs 1 Crore)	Rs 2, 50,000
2. 50% Of the CPF collected at head office (50% of CPF Rs 5,00,000)	Rs 2, 50,000
3. Service charges on loans advanced by Head Office (@ 12% p.a. on Rs 30, 00,000)	Rs 3,60,000
4. Miscellaneous income (fees, sponsorship etc)	Rs 1,15,000
Total Estimated Income	Rs. 9, 75,000

Resolution -1

“Members unanimously resolved that six monthly work report along with the expenditure of Rs.1,90,136 and budget estimate of Rs 9,75,000 for coming six months i.e. till 31st March 2011 be and are hereby approved and adopted. “

Proposed by Mr. Shah Alam

Seconded by Dr. M. I. Bagsiraj

Agenda – 2

To admit new members

Dr. Rahmatullah informed that in addition to founder members, 18 new applications for ordinary membership and 2 applications for allotment of more shares with required details have been received by the head office. Members discussed about these applicants and resolved to approve them. A resolution to this effect was passed as under.

Resolution -2

“Members unanimously resolved to approve the application and grant ordinary memberships/additional shares to the following applicants with details as given below:

SN.	No of Shares	Share Money	CPF
1.Mr Zubair Qazi Abdur Rahman	10	Rs.1000	Rs 100
2.Mr Saeed Shaikh	50	Rs 5000	Rs 500
3.Mrs Najmunnisa Shaikh	10	Rs 1000	Rs 100
4 Mr. Abdur Rashid Shaikh	10	Rs 1000	Rs 100.
5. Mrs Saleha Shaikh	10	Rs 1000	Rs 100
6 Mrs Bilqees Shaikh	10.	Rs 1000	Rs 100
7.Mr Imtiaz Ahmad Shaikh	10	Rs 1000	Rs 100
8. Ms Sanjid Shaikh.	10	Rs 1000	Rs 100
9.Ms Zahida Shaikh	10	Rs 1000	Rs 100
10.Ms Waheeda Shaikh	10	Rs 1000	Rs 100
11.Mr Zahid Ahmad Shaikh	10	Rs 1000	Rs 100
12.M.r Abdur Rashid A. R Shaikh	50 (old member)	Rs 5000	Rs 500

13 Ms Zohra bi A. K.Khan	50	Rs 5000	Rs 500.
14.Mr. Khan Ilyas Dawood	125	Rs 12500	Rs 1250
15Mr M Ataur Rahim	125	Rs 12500	Rs 1250.
16.Ms Asma Rahmatullah	10	Rs 1000	Rs 100
17.Ms Safiya Rahmatullah	10	Rs 1000	Rs 100
18.Ms Sumayya Rahmatullah	10	Rs 1000	Rs 100
19.Mr Khursheed Najmi	100	Rs 10,000	Rs 1000
20.Dr Ausaf Ahmad	100(old member)	Rs 10,000	Rs 1000

Proposed by M. H. B. Nawab

Seconded by Mr. Anwarali Sayed

Agenda -3

To approve the decision of the interim board of directors held on April 9, 2010, July 13, 2010 and 14-09-2010

The members discussed over following decisions of the Interim Board of Directors during the meetings held on dated April 09, 2010 in Mumbai, July 13, 2010 in Hyderabad and 14th September 2010 in Mumbai.

Decisions taken at the 1st Interim Board of Directors meeting

(Held at Mumbai on April 09, 2010)

Resolution No 1

As recognition of services rendered by people in the registration of the society was covered in the welcome note of the chairman, it was "Resolved unanimously to record, approve and adopt the welcome address by the chairman as note of appreciation of all those who contributed in formation of the society. Resolved further that the suggestion of the chairman that society should conduct its business on interest free basis and within the limits set by Profit loss sharing system be and is hereby approved and adopted. Also resolved to make amendment in the bye laws , if necessary, for this purpose."

Resolution 2

"Resolved unanimously that the pre-registration expenses of Rs. 45,000 with following details be and are hereby approved and adopted as genuine expense. It was further resolved to repay the said amount which was provided by facilitators as temporary loan."

Expenditure Head	Amount (in Rs.)
1. Printing & Stationary	1,800
2. Telephone & Internet Charges	200
3. Postage & Courier Charges	1,150
4. Local Transport	1,260
5. Traveling & Conveyance	26,091
6. Honorarium to CEO for consultation	10,000
7. Lodging & Boarding	3,300
8. Bank Charges	50
9. Office Equipments	110
10. Miscellaneous Expenses	1,039
Total Pre-registration expenses	45,000

Resolution 3

The discussion regarding vision, mission, core values and strategy remained inconclusive .Hence it was “Resolved unanimously that the Society will circulate the following draft to the members to seek their advise for the finalization of the same in the next meeting of the board.”

Vision statement

Janseva will strive to promote inclusive growth through principles of cooperation, participation and justice for social – economic empowerment and financial inclusion of the wider sections of the society.”

Mission statement

Janseva will establish, promote and manage cooperative credit societies, institutions and related businesses; seeking and giving supports to individuals and groups with focus on financially excluded minorities and other backward sections of the society.”

Core Values

Janseva’s core values are competence, excellence, integrity, mutual help, transparency, and social accountability.

Objectives of JANSEVA to

- Build a sustainable/secure and empowering financial institution, by helping members and their families to save, meet credit needs and invest funds.
- Disseminate information on marketing, financial management, entrepreneurship geared towards socio-economic community development.
- Empower women with a view to encourage optimum utilization of their aptitudes, skills and capacities.

- Provide consultancy and hand-holding services with a focus on younger generation in establishing businesses, trades, industries and large corporations.
- Establish cooperative business systems and or promote subsidiary institutions/companies necessary for socio- economic betterment of the members.

Strategy statement

Invite share capital, savings, loans, investment deposits and advancement of interest free loan on service charge basis, participatory business ventures, and fee based services to the members will be the strategy of work.

Regarding the future course of action, with respect to establishment, promotion and development of the society, it was decided that initially for a six months post registration and pre launch period some basic work program should be finalized to provide a sound base for operation of upcoming branches of the society. During this period the board members and society's head office should work upon the following sub agenda---

Resolution No 4(a)

It was "Resolved unanimously that printing of share application form, receipt books, letter heads, share certificates and promotional brochures etc will be printed at Mumbai under the supervision of the chairman within a period of one month for immediate use in accordance with established practice."

Resolution No 4(b)

Regarding preparation of SOP and service rules for the staff, it was "Resolved unanimously that it will be prepared by Head office in consultation with experts within a period of three months and the same will be finalized in consultation with legal practitioner and approved by the board in ensuing meetings."

Resolution No 4(c)

It was "Resolved unanimously that course module for providing training to the Board of Directors and staff in the field of cooperative and Islamic banking will be prepared within a period of three months with the help of Dr Muzammil, former training officer of BMC Training Institute Mumbai and training session will be conducted with resource people having expertise in the relevant fields within a period of six months."

Resolution No 4(d)

It was "Resolved unanimously that chairman will appoint promotional board for each state in consultation with the director of that state within a period of three months to undertake promotional measures for the society. Resolved further that the promotional board may comprise minimum 3 and maximum 15 members including the director representing the state. Further resolved that a bank account preferably in SBI will be opened to be operated jointly by any two of the three authorized signatories wherein funds mobilized in the state will be deposited in that account only except the share capital mobilized from the promoter members whose list has been submitted along with the application form. Regarding opening of a bank account at headquarters, it was "Resolved unanimously that another current account in the name of

Janseva Cooperative Credit Society Ltd. will be opened in State Bank of India (Byculla Branch), Mumbai with any two of the following three as authorized joint signatories –

Dr. Rahmatullah

Mr. H. B. Nawab

Mr. Syed Anwarali”

Resolution 4 (e)

The appointment of chief executive was differed for future meetings. However for smooth functioning of the business of the society, chairman of the board was authorized to use the power of CEO and act as chairman and Managing Director (CEO) of the society. Hence it was “Resolved unanimously that till a chief executive is appointed, Dr Rahmatullah will function as chairman and Managing Director (CMD) of the society. He will perform all duties and use all powers of the chairman and CEO as provided in the bye laws of the society or assigned/ delegated by the Board of Directors. It was further resolved that staff recruitment for different branches is differed till it is required. However Chairman was authorized to appoint two staff at the head office to facilitate preliminary work of promotion and administration.”

Resolution 4 (f)

It was “ Resolved unanimously that each promotional board will mobilize a share capital of Rs 10,00,000 from 1000 units of 10 shares along with admission fee of Rs 10/- and contribution for promotion fund equivalent to 10 percent of share subscribed. Resolved further that select members of the board will undertake visits particularly in metropolitan cities to seek moral and financial support for the society.”.

Resolution 4(g)

It was “Resolved unanimously that the decision about sitting fees of the members of the board is differed for future meetings. However it was unanimously resolved that board members unable to afford travel expenses will be entitled to get reimbursement of their travel expenses on actual basis but not exceeding ACII tier railway fare except the chairman who is authorized to use air travel. Further resolved that select board members visiting different cities for mobilization of support for the society will be allowed as special case to use air travel. Furthermore in the absence of hospitality in terms of boarding and lodging, all board members will be allowed to stay at low cost but reasonably good guest houses/hotels.”

Resolution 4 (h)

It was “Resolved unanimously that the society shall devise and develop working/ business model for the society on interest free basis within a period of three months and shall refrain from adhering to interest based financial products and services. Resolved further that a committee comprised of Mr. Zahoorduddin, Mr. Khwaja Riaz Mohiuddin and Mr. Nazim Farooqui will assist chairman in this task.”

Resolution No 4(i)

It was “Resolved unanimously that an economically viable business model for a branch will be prepared and permission to open a branch will be subject to the fulfillment of the conditions so as to avoid losses. This will be prepared by the head office, and discussed and decided by the board within six months.”

Resolution No 4(j)

In view of the activities in the post registration and pre launch period finalized, the following promotional budget for a period of six months as per the following details was approved.

Expenditure Head	Units /	Amount
1. Printing & Stationary	12	1,50,000
2. Training Charges	12	1,80,000
3. Operating Software	12	7,20,000
4. Advertisement & Publicity	12	1,80,000
5. Hoarding, Boards and Banners	12	60,000
6. Events, Meetings, Seminars, Conferences	12	7,20,000
7. Promotional Stationary Kits	12	9,00,000
8. Computer & Printers	1	35,000
9. Website domain and hosting charges	1	66,000
10. Telephone & Internet Charges	12	36,000
11. Postage & Courier Charges	12	1,08,000
12. Board Meeting Expenses	1	1,50,000
13. Traveling & Conveyance	12	1,50,000
14. Staff Salary at Head office	1	1,50,000
15. Legal charges	1	1,20,000
16. Sponsorship / Promotional Expenses	12	2,00,000
17. Miscellaneous Expenses	12	75,000
Total estimated expense		40,00,000

Resolution No 5

It was “Resolved unanimously that a domain name in the name of the society will be acquired and a static website will be constructed within a period of two months. Resolved further that Mr Zahooruddin, Mr Khwaja Riaz and Mr Nazim Farooqui will invite quotations from software firms/ consultants for software support to the operation of the society and place the same for approval before the board in the ensuing meeting. Resolved further that Dr Ausaf Ahmad is co-opted as member of the board and he will help in identifying suitable people for appointment of Shariah advisory board. While recommending the name he will consider the names of Maulana Abu Zafar Hassan Nadvi Azhari, Prof. M. Nejatullah Siddiqui, Mufti Zafeeruddin, Mufti Barkatullah and Maulana Fazlur Rehman suggested by the members of the board.

There being no agenda the meeting ended on dua and vote of thanks by Dr. M. Zaki Kirmani.

Decisions taken at the 2nd Interim Board meeting

(Held at Hyderabad on dated July 13, 2010)

Resolution No. 1

“Resolved that, as minutes of the first meeting of the interim board held on April 9, 2010 circulated is fair and correct record of the proceedings of the first meeting, it is hereby unanimously adopted and approved”

Resolution No. 2

“Resolved unanimously that the report detailing action taken after the first board meeting as submitted by the chairman be and is hereby approved passed and adopted”

Resolution No. 3

“It is unanimously resolved that the business model plan as presented by DR Rahmatullah and Afzal Patel be and is hereby passed and approved. Resolved further that Dr Rahmatullah will look into the model business plan and modify it in the light of the suggestions made by the members. The same may be presented to the members for their opinion if any.”

Resolution No. 4

“The proposal to appoint an Executive Committee for assisting and undertaking promotional efforts undertaken by Head Office be and is hereby unanimously passed, approved and adopted. Resolved further that Mr. Afzal Patel from Mumbai, Mr. H.B. Nawab from Pune and Dr. Bagseraj from Belgaum will be member of this committee.”

Resolution No. 5

“Proposal to appoint three committees namely social banking committee, (SBC) business/investment development committee (BDC) and committee for promotion of service/support schemes (CPSS) is hereby unanimously passed, approved and adopted. Resolved further that Mr. Sayyed Zarooruddin is appointed as Convener and Mr. Zahoor Pasha and Mr. Khawaja Reyaz. Mohiuddin will be members of SBC. Also resolved that Mr. Hassan Akbar is appointed as Convener and Mr. Nazimuddin Farooqui Mr. Atiqur Rahman and Dr. Salahuddin will be members of BDC. Resolved further that Mr. Mukhtar Husain is appointed as convener and Mr. Syed Khalid Ahmad and Dr. S. Munshi will be members of CPSS.”

Resolution No. 6

“Resolved unanimously that subject to the fulfillment of the conditions of branch opening policy of the society, following persons be and are hereby authorized to undertake necessary measures to open a branch of Janseva cooperative society ltd during the fiscal 2010-11-Further, the chairman of the Board / society be and is hereby empowered to appoint local managing board in consultation with contact persons, issue letters of authorization for opening the branch as well as bank account in the name of the society, particularly the following persons who wish to open the branch and comply with the.”

SN	Contact Persons	Place	State	Time Period
1	Dr. Wasiuddin B Shaikh	Nasik	Maharashtra	Oct. 2010
2	Mr. Sayyed Khalid Hassan	Chhenai	Tamil Nadu	Do
3	Mr Athiurrahman	Vaniyambadi	Tamil Nadu	DO
4	Mr. Md. Khalid Hassan	Bhopal	Madhya Pradesh	Do
5	Dr. Nizamuddin	Indore	Madhya Pradesh	Do
6	Mr. Salman Baig	Pratapgarh	Uttar Pradesh	Sep. 2010
7	Mr. Shafeeque Hashmi	Beed	Maharashtra	Oct. 2010
8	Dr. Najmul Hassan	Parbhani	Madhya Pradesh	Jan. 2011
9	Dr. Muttahir	Aligarh	Uttar Pradesh	Oct. 2010
10	Dr. Zulqarnain	Darbhanga	Bihar	Dec. 2010
11	Mr. Izhar Ahmad Khan	Badaun	Uttar Pradesh	Jan. 2011
12	Mr. Aejaz Ahmad Khan	Aurangabad	Maharashtra	Oct. 2010
13	Mr. M. Z. Siddiqui	Raipur	Chhattisgarh	Jan. 2011
14	Dr. Shaikh Mohd. Ismail	Mumbai	Maharashtra	Dec. 2010
15	Mrs. Azma Nadeem & Dr. Asma Zehra (Exclusively Ladies Branch)	Hyderabad	Andhra Pradesh	Dec. 2010
16	Mr. Khawaja Riaz Mohiuddin	Hyderabad	Andhra Pradesh	Nov. 2010
17	Mr. Shah Alam	Kolkatta	West Bengal	Oct. 2010
18	Mr. Shahnawaz	Cuttak	Orissa	Jan. 2011

Resolution No 7

“It is hereby resolved unanimously that the 1st Annual General Body meeting of Janseva cooperative credit society be held on 14th sep 2010 at Mumbai. Resolved further that the notice for the meeting will be personally delivered to the members by the directors of the state in person. Resolved further that wherever possible it may be published in local dailies in the respective areas.”

Resolution N0 8

“It is hereby resolved unanimously that Dr Shaikh Mohammad Ismail will be Returning officer to hold the election for the provisional board of directors. He will undertake necessary measures to hold the election on 14th September 2010 as per the guidelines provided in the bye laws of the society and MSCS Act 2002.”

Resolution N0. 9

“Resolved unanimously that amendment in the bye laws of the society is necessary to avoid confusion and conflict. Further such amendments should be carried in the ensuing 1st AGM. Resolved further that Mr. H..B. Nawab will prepare the amendment proposal in the light of suggestions made in the meeting of the board.”

Resolution No. 10

“It was resolved unanimously that all the share subscribed capital/money by the founder members belonging to different branches will be transferred to head office in the Share Capital Account. Resolved further that Head office shall keep 10 percent of new share capital mobilized and return 90 percent of it to the respective branches by way of loan / capital grant mobilized by them.”

Decisions taken at the 3rd Interim Board meeting

(Held at Mumbai on dated September 14, 2010)

Resolution -1

“Members of the board unanimously resolved that Dr. Javed Zulqarnain will compose the promotional literature within one month, Mr. Mukhtar Hussain will design it and Mr. Syed Hasan Akbar will ensure its publication. Dr. Rahmatullah will appoint Mr. Abdul Hasib of Jodhpur for identification of resource persons to open branch in Rajasthan. Dr. M. Z. Kirmani will visit Delhi to explore the possibility of opening a branch and submit report to head office by October 2010. “

Resolution -2

“Members unanimously resolved to propose and forward seven amendments in clauses 4.6, 5.3, 30.4, 35.6, 37.2.27, 49.1, and 49.3 in the existing bye-laws. “

Resolution – 3

“Members of the board unanimously resolved that initially it is not feasible to charge different service charges to different persons / groups associated with the society. Hence the same similar service charge rate of 18% pa without subsidy and 12% with subsidy shall be the common rate. It was further resolved that branches, if so wish, may collect and create charity fund to subsidize service charges being levied on loanies “

Resolution - 4

“Members unanimously resolved that the Contribution for Promotional Fund (CPF) will be divided into three heads with following details –

50% amount may be paid to the introducer / fund mobilizer as incentive,

25% amount will be owned and used by branch offices and the remaining

25% amount will be transferred to the head office. “

Resolution No-5

Members of the board of Directors unanimously resolved to delegate the powers of the board to the Chairman/secretary of the board of directors and chairman/secretary of the area managing boards to accept and approve/ sanction the applications for membership, opening of accounts and loan applications in accordance with the prescribed guidelines. Resolved further that all decisions taken in this respect by all concerned should be submitted to the ensuing board meeting for information, consideration and approval as required by the bye laws of the society.”

Resolution – 3

“Members unanimously resolved to approve and adopt the decisions taken and resolutions passed by the interim board of directors in its meeting held at Mumbai on dated 4th April 2010, at Hyderabad on 13th July 2010 and at Mumbai on 14th September 2010 respectively. Resolved further that the decisions taken will remain in currency till new decisions in these matters are taken in the ensuing meetings of the Board “

Agenda – 4 - To approve the long term perspective plan and annual operational plan

MODEL BUSINESS PLAN FOR A SINGLE BRANCH

Assumptions

The business plan outlined below is based on the following assumptions;

- 1-Twenty five years of practical experience of the promoters in running Aicmeu’s Baitulmal Cooperative Credit Society Ltd Mumbai which has experienced an average annual growth of 14.36 percent in share capital, 22.84 percent in deposits, 26.98 percent in loan grant and 35.08 percent in outstanding loans,
- 2-Growing inclination of large sections of the society in favor of interest free financial transactions all over the country,
- 3-Wide area of operation spread over twelve states of the country which is likely to attract huge number of people in the fold of the society,
- 4-Investment/ business operations are hypothetical based on general observation and not on any practical experience as Aicmeu’s Baitulmal does not have any such operation. However members of Board of Directors and Business development Board are drawn from highly experienced and successful group of financial experts and corporate sector,
- 5-Growth projection in SHG is based on two years’ experience of AICMEU Ltd Trust which has promoted SHG’s @ of two SHG’s pm.

Business Plan

Based on following three types of services to its members namely Social Banking, Merchant Banking and Services Division, the following BUSINESS/GOAL is planned--

- 1-To launch the society by opening six branches in the first year and go on adding more branches in successive years in a manner that a total of minimum 114 branches become operative in the first phase of five years and a total of minimum 228 branches become operative by the end of the second phase of five years.
- 2-Enroll 26352 general members and 105408 associate members in the first phase of five years and increase them to 48,36,646 general members and 1,93,46,584 associate members in the second phase of five years
- 3-Mobilise a share capital of Rs. 1,12,00,360, Demand deposits of Rs 11,61,28,800 and Term deposits(Investment) of Rs 2,13,82,518 in the first phase of five years , and Rs. 205,57,14,074 as share capital, Rs. 2131,42,79,952 as Demand deposit and Rs 392,45,47,353 Term deposits (investments) in the second phase of five years.
- 4-Apply funds to provide interest free loan of Rs 777,63,66,480 and investment of Rs 2,77,54,716 to make lawful earnings for the members in the first phase of five years and provide interest free loan of Rs 14272,74,30,373 and make investment of Rs 504,41,00,575 in the second phase of five years
- 5- Establish service centers in each branch and appoint service delivery agents (SDA) to provide various services like information about government schemes, provide training in entrepreneurial development, supply of domestic/business goods and equipments and transfer of funds etc.
- 6-To carry the message of interest free based principles of cooperation and mutual help to one hundred million people of the country and save at least fifty percent of them from interest based financial transactions.
- 7-Empower one million women through micro finance and make them gainfully occupied

Annual Programs

- 1- Enroll 1,000 ordinary members and 1000 associate members initially in every branch with 10% growth (20% increase and 10% withdrawals) in numbers and capital amount in successive years for promotion of interest free financial institution / system.
- 2- Collect 10% of the subscribed share capital and Rs 100 per nominal member as CPF in addition to Rs 10/- as admission fee.
- 3- In the first phase of five years it is planned to open six branches each in the FY, SY and TY added with 12 branches in the 4th year, 18 branches in the 5th year. In the second phase of five years, open

24 branches in the 6th year, 30 branches in the 7th year, 36 branches in the 8th year, 42 branches in the 9th year and 48 branches in the 10th year. Thus the total no of branches at the end of 5th year will be 48 and by the end of 10th year will be 228.

- 4- In the first year society will have only loan based operations and depend on service charges collected on loans. Also it will initiate services to the members and collect fees and commission. From second year onwards it will engage into business to earn profits and rent. It is planned that within ten years service charges on loans will be reduced to around zero percent and the major source of earning of the society will be from business/fee based operations so as to meet its administrative expenses from non service income, mainly from fees collected and its share of 30 percent in profits. The balance 70 percent profit generated will be declared as dividend subject to legal rules.
- 5- Mobilize initially Rs 19,00,000 as share capital and savings deposits of Rs 60,00,000 in every branch with approx 10 percent growth in successive years in share capital , demand deposits and Time/Investment deposits.
- 6- Establish Janseva Support/Service Centre (JSC) at each branch to provide various utility services for the members and their families from the second year like supply of goods, insurance, financial intermediation and money remittances etc.
- 7- Provide interest free loan from the first year for consumption and commercial / livelihood support purposes to the tune of approx. Rs 66,98,576 to 670 members with increase of 10 percent in the successive years.

Financial Projection

Financial Projection for a single branch for First Phase of Five Year

SN	ACTIVITY DETAIL	1 ST YEAR	2 ND YEAR	3 RD YEAR	4 TH YEAR	5 TH YEAR	TOTAL
	MEMBERSHIP						
1	ORDINARY MEMBER	1000	1100	1210	1331	1464	1464
2	ASSOCIATE MEMBER	1000	1100	1210	1331	1464	1464
3	NUMBER OF SHG FORMED/OPERATIVE	12/ 12	24/ 36	36/ 72	48/ 108	60/ 144	144

	SOURCES OF FUNDS						
A	OWN FUND AMOUNT [A]	1920000	2219500	2533500	2873150	3246290	3246290
1	SUBSCRIBED SHARE CAPITAL [SSC]	1900000	2090000	2299000	2519000	2769000	
2	ADMISSION FEE	20000	2000	2200	2420	2660	
3	CORPUS @ 25% OF CPF	0	0	0	6050	6650	
4	GRANTS/GIFTS	0	98	288	465	867	
5	GENERAL RESERVE FUND(ADM FEES) [GRF]		20000	22000	24200	26620	
6	SPECIAL RESERVES [PLEF + (RDD=1%LOAN) + (DEPRN=15% OF ASSET) + ANYOTHER]	0	107402	210012	321015	440493	
B	DEMAND DEPOSITS (DD) AMOUNT [B]	6252000	7344000	8718000	10164600	11690460	11690460
1	AMANAHA CURRENT DEPOSIT (ACD) 10% OF PRE SAVINGS	36000	96000	162000	234600	314460	
2	AMANAHA COMPULSORY SAVING DEPOSIT (ACSD) @ RS 3000 PER MEMBER	6000000	6600000	7260000	7986000	8784000	
3	SHG SAVING DEPOSIT (SHGSD)@Rs18000 PER SHG	216000	648000	1296000	1944000	2592000	
	TERM DEPOSITS (TD) AMOUNT [C]	4900000	18806000	29343000	41278250	54623250	54623250
1	RECURRING INV.DEPOSIT [RID] @ PRE ACSD + SHG SD	0	6216000	13464000	22020000	31950000	
2	SHG CORPUS FUND DEPOSIT [SHGCFD] @ 5TIMES OF SHG SD – Rs. 1000 GRANT PER SHG	900000	2700000	5400000	8100000	10800000	
3	ASSET BASED INVESTMENT DEPOSIT [ABID] @ PRE YEAR	0	1900000	2090000	2299000	2519000	

	SSC						
4	PORTFOLIO INVESTMENT DEPOSIT [PID]	0	0	0	0	0	
5	PARTICIPATORY BUSINESS INVESTMENT DEPOSIT [PBID] @ 10% OF PRE YEAR SSC	0	190000	209000	261250	316250	
6	GENERAL INVEST DEPOSIT [GID] @2 TIMES OF PRE YEAR SSC	0	3800000	4180000	4598000	5038000	
7	SPV INVESTMENT DEPOSIT [SPVID]	4000000	4000000	4000000	4000000	4000000	
8	SECURITY DEPOSIT	0	0	0	0	0	
	TOTAL FUND [A+B+C]	13072000	28369500	40594500	54316000	69560000	205912000
	APPLICATION OF FUNDS						
	CASH HOLDING [A]	1106200	1245800	1408000	1582190	1771269	7113459
1	APEX FUND 5% OF DD + 10% OF SSC	502600	576200	665800	760130	861423	
2	CASH FOR WITHDRAWALS 10% OF ACSD + ACD	603600	669600	742200	822060	909846	
	INVESTMENTS [B]	5242224	17316890	25127757	34341343	44968532	126996747
1	SPV INVESTMENT =125% OF SPVID	5000000	5000000	5000000	5000000	5000000	
2	INV IN FIXED ASSET = ABID + 20% GID	0	2660000	2926000	3218600	3526600	
3	STOCK MARKET INV = PID + 20% GID	0	0	0	0	0	
4	LEASE / HIRE PURCHASE LOAN 20% OF GID	0	4628000	8404000	12849200	17990200	

5	INV IN CONSUMPTION GOODS/COMMODITY MARKET	0	0	0	0	0	
6	INV IN SERVICE / SUPPORT SCHEME = PBID + 20% GID	0	4818000	8613000	13110450	18306450	
7	INV IN COOP BANK=GRF	20000	22000	24200	26620	29280	
8	INV IN OFFICE ASSETS (2% OF TF)	222224	188890	160557	136473	116002	
	LOAN AMOUNT ADVANCED [C]	6723576	9806809	14058743	18392467	22820199	71801795
1	GENERAL LOANS ADVANCED	6698576	9756809	14008743	18342467	22770199	
2	SECURITY DEPOSIT GIVEN	25000	50000	50000	50000	50000	
	TOTAL FUND [A+B+C]	13072000	28369500	40594500	54316000	69560000	205912000

GROWTH PROJECTION OF JANSEVA IN FIRST PHASE OF FIVE YEARS

HEADS	1 ST YEAR	2 ND YEAR	3 RD YEAR	4 TH YEAR	5 TH YEAR
BRANCHES	6	12	18	30	48
MEMBERSHIP					
SOURCES OF FUNDS					
OWN FUND AMOUNT	1920000	2219500	2533500	2873150	3246290
DEMAND DEPOSITS AMOUNT	6252000	7344000	8718000	10164600	11690460
TIME DEPOSITS AMOUNT	4900000	18806000	29343000	41278250	54623250

TOTAL [A]	13072000	28369500	40594500	54316000	69560000	205912000
APPLICATION OF FUNDS						
CASH HOLDING	1106200	1245800	1408000	1582190	1771269	
TOTAL AMOUNT INVESTED	5242224	17316890	25127757	34341343	44968532	
LOAN AMOUNT ADVANCED	6723576	9806809	14058743	18392467	22820199	
TOTAL [B]	13072000	28369500	40594500	54316000	69560000	205912000

The members discussed over the above long term perspective plan and annual operational plan of the society and resolved the following -

Resolution - 4

“Members unanimously resolved to approve and adopt the above long term perspective plan and annual operation plan of the society.

Proposed by Dr. P. M. Munshi

Seconded by Mr. Ataur Rahim

Agenda – 5 - To consider and approve proposed Amendments in the bye laws of the society

Members discussed the required amendment in the bye –laws as proposed by the interim board and resolved the following - .

Resolution -5

“Members unanimously resolved to adopt and approve following amendments in seven clauses 4.6, 5.3, 30.4, 35.6, 37.2.27, 42 and 49.3 in the bye-laws of the society. Resolved further that CMD is authorized to take necessary action to get it approved by the registering authority.”

. Proposed by Mr. H. B. Nawab

Seconded by Mr. Syed Zahid Ahmad

Sl. No.	Page No.	Clause No.	Existing Clause	Amendment/ amended Clause	Reason
1	2	4.6	A cooperative bank means a multistate cooperative society that undertakes banking business	Deletion of entire clause	Not applicable for society
2	4	5.3	To make funds available to the members for establishing business, trading activities, meeting social, domestic and religious requirements. The fund is available for members, nominal members, and member society.	To make funds available to the members without interest for establishing business, trading activities, social, domestic and religious requirements. The fund is available for members, nominal members and member society.	Members unanimously agreed to conduct the business of the society on interest free basis
3	15, 16	30.4	The notice of the meeting shall be sent to the members by any of the following modes namely- i.-by local delivery ii-under postal certificate, or iii-by publishing in the news paper having wide circulation' iv.-Notice of the general meeting shall also be affixed on the notice board of the society and its branches ,if any.	The notice of the meeting shall be sent to the members by any of the following modes namely- i.-by local delivery ii-under postal certificate, or iii-by publishing in the news paper having wide circulation' Iv-Notice of the general meeting shall also be affixed on the notice board of the society and its branches, if any. Addition of sub clause v. or by electronic modes like SMS ,Email, blogs, society's website etc.	So as to make fast and sure communication and reduce and economize the cost of mailing
4	23	35.6	The notice of the general meeting shall be sent to the members by any of the	The notice of the general meeting shall be sent to the members as prescribed in clause 30.4 of the bye laws	To avoid repetition and confusion

			<p>following modes, namely</p> <p>By local delivery or</p> <p>li under postal certificate; or</p> <p>lii by publication in the newspaper having wide circulation.</p>	of the society	
5	27	37.2.27	To decide the rate of interest on deposits and loans	To decide the rate of return on deposits and service charge/ debt cost on loans	To make it in conformity and harmony with clause 5.3 and the decision to conduct the business on interest free basis.
6	35	42	<p>The Board of Directors shall constitute an Executive committee and other committees or sub committees as the case may be considered necessary. Provided that other committees and sub committees , other than Executive Committee shall not exceed three at a given point of time.</p>	<p>The Board of Directors shall constitute an Executive committee and other committees or sub committees as the case may be considered necessary. Provided that other committees and sub committees ,other than Executive Committee and Managing Boards appointed for the local branches shall not exceed three at a given point of time.</p>	<p>Effective monitoring, supervision and transparency in the work at the branch level. Also</p> <p>Involvement of more members in the management of the society.</p>
7	35	49.3	<i>All the deposits of the bank shall be insured under DICGC Act 1961 and shall be governed –by the various sections of DICGC Act</i>	Deletion of whole sub clause 49.3	Not applicable to Janseva as it is a society and not a bank

Proposed by M. Shah Alam

Seconded by Mr. Shahnawaz

Agenda – 6 – Declaration of the Election result of the Provisional Board of Directors

On request of the chairman, the returning Officer Dr. M. Ismail Shaikh announced the result of the election. He stated that since the society received only fifteen nomination forms from 15 members of the society, they are declared as elected unopposed as members of the provisional board of Directors for a period of one year as per the provisions of the bye laws of the society.

The members welcomed the result of unopposed election of the following members of the society.”

Sr. No.	Members full Name	Membership No.	Place	State
1	Dr. Rahmatullah	0000001	Mumbai	Maharashtra
2	Dr. M.Z. Kirmani	0000002	Aligarh	Uttar Pradesh
3	Syed Anwar Ali	0000004	Mumbai	Maharashtra
4	Syed Hasan Akbar	0000019	Lucknow	Uttar Pradesh
5	Mohammed Shah Alam	0000006	Kolkatta	West Bengal
6	Shahnawaz Khan	0000476	Cuttack	Orissa
7	Syed Khalid Ahmed	0000013	Chennai	Tamil Nadu
8	Syed Ahmed Meeran	0000637	Chennai	Tamil Nadu
9	Nazmuddin Farooqui	0000016	Hyderabad	Andhra Pradesh
10	S. Khalid Hasan	0000008	Bhopal	Madhya Pradesh
11	Dr. Jawed Zulqarnain	0000005	Darbhanga	Bihar
12	H. B. Nawab	0000003	Pune	Maharashtra
13	Dr. M. I. Bagsiraj	0000010	Belgaum	Karnataka
14	M. Z. Siddiui	0000009	Raipur	Chattisgarh
15	Dr. Ausaf Ahmed	0000016	Noida	Uttar Pradesh

Resolution – 6

“Members unanimously resolved to approve and adopt and welcome the newly elected members of provisional Board of Directors for the Society unopposed . It was unanimously further resolved that Mr. Khaja Reyaz Mohiuddin of Hyderabad (vide membership no. 0000011) and Mr Khursheed Najmi of Delhi (vide membership no.0000773) be and are hereby co-opted as directors of the provisional board in accordance with the provisions of the bye laws”

Proposed by Dr. M. Ismail Shaikh

Seconded by Mr. Syed Zahid Ahmad

Agenda - 7- Any other matter with the permission of the chair

On request of Dr. M. I. Bagsiraj, the chairman Dr. Rahmatullah explained the members of the General Body about the membership scheme and various deposit schemes. On request of Dr. P. M. Munshi, he also explained the investment deposit scheme and asked Mr. Athiqur Rehman of Vaniyambadi to explain the criteria of his society's investment deposits. Dr. Javed Zulqarnain and Mr. Nazimuddin Farooqui asked about distribution and retention of share amounts mobilized by branch offices. The members discussed at length about receipt of share amount by branches and remittance to head office. In responding to other queries, Chairman of the society submitted to the members for consideration and approval to the rules and regulation framed for day to day operation of Head office as well as branch offices. The rules and regulations were as follows.

JANSEVA COOPERATIVE CREDIT SOCIETY LTD

RULES AND REGULATIONS

Without prejudice to the provisions of the bye laws of the society, it has been decided by the Board of Directors that Head office and the Branch offices of the society shall conduct their entire transactions in line with the principles of INTEREST FREE BANKING. Accordingly the following rules and regulations have been framed and approved for the conduct of the business of the society.

1-Membership

Any citizen of India competent to contract under Indian Contract Act 1872(9) and having residence or occupation in operational areas of the society i.e. in the states of Andhra Pradesh, Bihar, Chhattisgarh, Delhi, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal will be eligible to become member of the society. There are two categories of members namely ordinary and associate.

A-Ordinary Members

An applicant will be enrolled as ordinary member of the society in accordance with clauses 9 and 10 of the bye laws of the society. Without prejudice to the provisions of the bye laws of the society, an individual, cooperative societies, government undertakings and SHG's

can apply for membership in a prescribed application form. For reasons of motivation and mobilization there will be four categories of ordinary members as below:

I-Diamond Club Members

Persons subscribing more than or equal to 5000 shares of the society worth Rs 100/- each, contributing 10% of the share amount i.e. Rs 50,000 or more towards the promotion fund (CPF) and pay admission fee of Rs 10/- shall be classified as Diamond Club member.

II- Gold Club Member

Persons subscribing more than or equal to 1000 shares of the society worth Rs 100/- each, contributing 10% of the share amount i.e. Rs 10,000 or more towards the promotion fund (CPF) and paying Rs 10/- as admission fee shall be classified as Golden Club member

III- Silver Club Member

Persons subscribing 1000 shares worth Rs 100/- each, contributing 10% of the share amount i.e. Rs 1000/- towards the promotion fund (CPF) and pay Rs 10/- as admission fee will be termed as Silver club member.

IV- General Member

Persons subscribing minimum 10 shares (as decided by the board) worth Rs 100/- each, contribute 10% of share amount i.e. 100 towards promotion fund (CPF) and pay Rs 10/- as admission fee will be termed as General member.

It may be noted that all above categories of members will have same rights and duties, however Board of Directors may assign more responsibilities on club category members so far as the representation of the society at various government and non government forums and also managing the affairs of the society as chairman/conveners/members of the committees and boards.

The board of Directors or authority designated for this purpose will take an appropriate decision at earliest or within a period of four months, as specified in the bye laws of the society. The decision taken will be conveyed within fifteen days. In case admission is granted, a share certificate bearing number of shares with distinctive numbers allotted will be issued within a period of four months. Such members shall have the rights and duties as

explained in clause 13 of the bye laws of the society. In case the admission is denied, the money received will be refunded back to the applicant.

B-Associate Member

The society in the interest of the people as well as promotion of its business may admit any eligible person as associate member on payment of a non refundable fee of Rs 10 or more as prescribed by the Board from time to time provided he/ she applies in prescribed application form and agrees to abide by the rules and regulations in currency and the decisions of the board from time to time.

Membership applications with required / prescribed amount will be accepted and considered by the branch offices in their weekly/monthly meetings. Immediately (at least once in every month) thereafter the branch offices will send the Xerox / scanned copy of the details of application to the Head office for approval. Head office will allot the General and associate membership numbers as the case may be.

Management

The society will manage its affairs in the following manner-

- 1-General Body
- 2- Board of Directors
- 3- Chairman
- 4-Secretary
- 5-Executive committee
- 6-Regional Supervisory Board (12 or more)
- 7-Area Managing Board

Additionally paid staff for head office and branches as-

- 1-Managing Director/ Executive Chairman (CEO)
- 2-Chief General Manager

3-General Manager

4-Branch Chief Executive Officer (BCEO)

5-Branch Manager (per branch or as required)

6- Asstt. Branch Manager (one per branch or as required)

7-Cashier cum accountant (one per branch or as required)

8-SHG officer (one per branch or as required)

9-Account assistants (one per branch or as required)

10-Office assistant (one per branch or as required)

11-Sweeper/cleaner (one per branch or as required)

General Body

General body will comprise of general members of the society. It will elect Board of directors in accordance with the provisions of clause 36 of the bye laws who in turn will manage the affairs of the society in accordance with the provisions of the MSCS Act 2002 and clause 37 of the bye laws of the society, or as per special powers and duties delegated and assigned by the general body.

Board of Directors

Elected (15) and co-opted (2) members of the Board will manage the affairs of the society in accordance with the provisions of MSCS Act 2002 and clauses of the bye laws The powers and functions of the Board shall be as per clause 37 of the bye laws of the society.

.Chairman

Board of directors will elect chairman, vice chairman , secretary and other office bearers as it deem fit and delegate such powers and responsibilities as it deem fit or as per the provisions of the bye laws. Chairman, Vice chairman and secretary will be chairman, Vice chairman and secretary of the board as well as of the society.

Vice Chairman

Vice chairman shall perform all the functions of the chairman in his absence. Further as director, he will undertake visits at various places as required or planned.

Secretary and Audit/ Information officer

The secretary of the society shall assist chairman and vice chairman in implementing annual plans and programs. He is responsible for calling the meeting of the board of directors, executive committee and general body and prepares minutes and keeps its records. In addition he hold the responsibility of arranging /providing training to the staff and directors (central and area managing board) with regards to principles and practice of Islamic and cooperative banking Further he will also act as information officer and vouch for practice of prescribed ethical norms at all the levels of the organization.

Executive committee

The board of directors will appoint an executive council from among the general members comprising not less than five 5 and not more than 11 members of the society inclusive of office bearers of the society namely chairman, vice chairman and secretary. The powers and duties of the executive committee shall be to undertake measures to implement the decisions of the board of directors and or general body with respect to annual, short term and long term approved plans or as decided by it from time to time

Committees

The board of directors may appoint Social Banking, Business development and Service/support Scheme committees or other committees as required as per the provision of the bye laws. These committees will suggest measures for promotion and development of the society in respective areas and implement and supervise them after approval of the board.

Regional Supervisory Board

Board of directors may appoint a regional board for supervision, promotion and development of the business of the society in the states of the area of operation of the country provided there are five and or more branches of the society in the state which is

treated as a region for operational purposes.. This board will comprise of at least one director of the central board, all the chairman of area managing board and two nominated members from among the general members of the society from that state/region. The powers and duties of the regional board shall be as assigned by the board of directors of the society.

Area Managing Board

Board of directors by itself or its designated authority will appoint area managing board to manage the affairs of Branch offices of the society at the local levels. These boards will have delegated powers and functions in the conduct of the business of the branch as board of directors have for the society. It will manage the affairs of the society by itself or through appointing and delegating its powers to any office bearer(s), any director(s), committees, sub committees, executive committee (clause 42) and or paid staff as the case may be. The decisions taken by the appointees will be submitted to the ensuing meetings of the area managing board for evaluation, approval and guidance if any.

Statutory Audit

A statutory auditor shall have to be appointed on remuneration mutually agreed and approved by the board of directors and general body. Such auditors will be asked to conduct quarterly audit of the society's transactions in a standard format to be provided by the head office and submit reports for the consideration of respective boards with an advance copy to Head Office/ Chairman of the society.

2--Sources of Fund

In accordance with the provisions of clause 6 of the bye laws of the society, the funds of the society can be raised in the following manner-

- 1-Share capital
- 2-Admission fee
- 3-Subscription
- 4-Deposits

6-Loans, cash credits and overdrafts from any financial institution

7-Donations, grants and subsidies,

8-Contributions,

9-Profits,

10- Reserves.

In the light of the above provisions, society proposes to raise funds in the following manner

A-Share capital and Admission fee

Application for grant of general membership can be accepted in a prescribed application form along with an admission fee of Rs. 10 and minimum share amount of Rs 1000 for 10 shares of the society. The maximum limit of shares that can be allotted to a member is 20% of the authorized share capital i.e. Rs 2 crores. However branches, while mobilizing share capital will take guidance from the model business.

B-Deposits

Broadly two types of deposits namely demand and time deposits will be raised from the members.

a- Demand Deposits

Demand deposits of different natures will be treated as qard e hasnah.Hence it will be the responsibility of the society to return the same to the depositors as and when demand as per the practice and nature.

i-Amanah Compulsory Saving Deposit Account (ACSD)

In pursuance of the basic objective of promotion of thrift habit among the members, it has been decided that every general and associate member shall have to open a compulsory savings deposit account to save minimum Rs 10 per day or Rs.250 per month. . The lock in period of this account will be two years. However amounts deposited over and above the

minimum balance can be withdrawn any time as in the case of ACD. The society shall have right to utilize this amount at its own risk and return for the benefit of the members. The depositors shall remain indemnified from outcome of fund utilization. The amounts deposited shall continue to remain as Amanah Fund unless otherwise it is converted in any form of investment account by the member.

ii-Amanah Current Deposit Account (ACD)

Under this account, the deposits are held as Amanah and are utilized by the society at its own risk and cost. The depositor does not share in risk or return of the fund utilized in any form. Like current accounts of the banks, members can put their savings and withdraw the same at any time they desire. Hence such deposits will be free from any lock in condition with regards to deposits and withdrawals

.iii-SHG Savings Deposit Account (SHGSD)

This is a special type of ACSD account. Each SHG member of the society shall have to save minimum Rs.1500 /- pm, (i.e. Rs 4 (+1 membership fees) per day or Rs 100 (+25 membership fee) per month and deposited in its account by each SHG member on daily or monthly basis), for a period of three years. Amounts so deposited shall in the successive years may become eligible/ entitled for profit provided the same is converted into an investment deposit account.

iv-Mutual Help Fund Deposit Account (MHFD)

This account may be opened by a group of members of the society engaged in trade, commerce and industry. This is a joint liability group account where minimum 5 and maximum 20 members will come together and open MHFD account. Each member will contribute an equal sum and avail interest free loan facility every month equivalent to the total monthly deposit. A lottery or mutual agreement among the members will decide the beneficiary of this loan month after month. The loan advanced under this scheme will be a joint liability of members of MHFD and society shall remain indemnified for any kind of loss whatsoever. The society may charge fees equivalent to one percent of the loan amount or other fees as decided by Area managing Board from time to time as scheme management and maintenance fee. Members of this group may also avail overdraft facility

against trade bills with a maximum limit of Rs. 1 to 5 lakhs as decided by the Area Managing Board from time to time.

v-Service/Support Recurring Deposit account (SSRD)

Deposits from the members may be accepted for making themselves eligible for availing regular support services to them, their families/relatives and others on monthly basis. For instance, payment of electricity bill, telephone bills, supply of domestic goods and transfer of funds etc as per the prescribed rule of the society. The account holders may avail service charge free overdraft/ credit facility for a maximum period of 25 days or the last day of the month in which this facility is availed, whichever is earlier. In case of failure to pay within stipulated period, the overdraft will be treated as general loan and hence service charge as per the current practice will be levied accordingly. The amount of overdraft may be up to five times of the recurring deposit or balance maintained, as the case may be with a maximum limit of Rs 5000/-only. . Minimum average balance to be maintained in ACD accounts may be Rs.100, ACSD shall be @ Rs 250, SHGSD account shall be @ Rs 1500 per month on the regular basis and MHFD shall be equivalent to one month's fund or otherwise as may be decided by the board from time to time.

b- Term Deposits

Term deposits are primarily investment deposits of various natures. Members desirous to avail investment facility provided by the society may open this account in addition to ACSD or any other accounts. These depositors shall have to submit a declaration that they want their monies to be invested in a Shariah compliant manner. Further that they indemnify the society for any kind of loss of profit or capital or both that may occur in the process of investment exercise. The amount received under these accounts will be invested on profit loss sharing (PLS) basis in various kinds of income generating sources / avenues / businesses as per the decision of the board of directors on recommendation or in consultation with Business Promotion Cell (BPC) of the society. These accounts may be of various types as described below or as may be modified by the board from time to time.

i-Recurring Investment Deposit Account (RID)

On desire or instruction of the members, amount saved in ACSD, ACD and SHGSD completing one year, may be transferred in RID account. Such amounts will be invested in

business preferably leasing and therefore become eligible for risk and return in form of profit.

II-SHG Corpus Fund Deposit Account (SHGCFD)

This is a special purpose account to provide qard-e-hasnah to poor especially SHG's or its members out of social responsibility to the poorer sections of the society. Philanthropists of the community may be requested to come forward to discharge their social responsibility and open this account with an amount of Rs 6000/-(inclusive of grant component of Rs 1000). The amount of Rs 5000 deposited in the account shall be in form of SHG Corpus fund. This amount will be advanced to preferably SHGs or their members. The loan amount returned back may become part of revolving fund or if conditioned shall be returned back to the depositors. In case of conditional corpus deposit, the account holders shall have the right to take back Rs 5000 after the period of three years provided qard- e- hasnah advance is received turned back by the society from the beneficiaries.. The Amount deposited in this type of account will not be a liability of the society. Depositor shall have to indemnify the society from the loss of the SHGCD amount if the same is lost in the loan process.

III-Asset Based Investment Deposit Account (ABID)

Deposits received under this head shall be invested in ETF (exchange traded fund/Gold) /gold or any other assets like land, building and machinery (based on Murabaha and Ijara as the case may be) in assets which are likely to earn fixed rent or return.

IV-Portfolio Investment Deposit Account (PID)

Deposits received under this account will be invested in the equity shares of the companies/corporations/government and semi government undertakings listed in stock / capital and commodity markets, as decided by the BPC of the society.

v-Participatory Business Investment Deposit Account (PBID)

Deposits received under this account may be invested based on PLS system (Musharka) in businesses specially society's Service and Support Schemes.

vi-General Investment deposit Account (GID)

Deposits received under this account for investment without any pre condition will be used in any venture which ensures reasonably good return and generates employment and self employment avenues for the members of the family.

vii- SPV Investment Deposit Account (SPVID)

Investment may be invited and accepted under this account for specific purposes as notified by the society from time to time. Specific purposes may be investment in the purchase of land for housing purposes, development of housing society, industrial houses, society's offices, conference room and guest houses and alike in the interest of the members and the society.

The minimum investments in various kinds of schemes will be decided by the society from time to time.

viii- Security Deposit Account (SD)

Security amount/ caution money collected by the society for enabling people or members to receive specific facilities provided by the society shall be accepted and put under this category of deposits. It will be an amanat and shall be returned to the depositor as per terms agreed by and between the parties.

Profit Loss sharing system

The earnings from the investments will be shared between member/ investor and the society in the ratio of 70% and 20 respectively. The remaining 10% shall be transferred to special reserve called PLEF (profit loss equalizer fund) This fund will be utilized to neutralize/ set right any casualty in investment schemes of the society that may occur in future .In case of loss of profit or sum invested, the depositors will bear the loss where as the society's efforts will go unrewarded.

Declaration

A member desirous of investing his savings for making Halal earnings free from interest, speculation and gambling can open these accounts for a minimum period of three years and more shall have to give a declaration indemnifying the society from any kind of risk involved leading to loss of profit or capital or both. In case of dispute about the outcome of the result of the business, investors shall have right to approach to the Grievance Cell/Ethical and Audit committee who will determine and decide whether the loss has occurred due to willful negligence, fraud, cheating or unethical practices on the part of the officers of the society or not. The decision of the cell will be binding on the investors and the society. Further that investor members agree to the society's formula of profit sharing as 70% of the profit will go investors, 10% shall be kept as PLE (profit loss equalizer) Fund and 20% shall be taken by the society as management fee.

C-Loans, cash credits and overdrafts from any financial institution

Subject to the provisions of the bye laws of the society and MSCS Act 2002, Board of Directors may decide and take loans and overdrafts from other national and international financial institutions, and NGO's especially micro finance institutions and government, and semi government organizations / institutions, if they find it necessary for the promotion and development of the society and its members.

D-Donations, grants and subsidies

Board of Directors of the society may decide to seek donations and grants from members, financial institutions, government bodies and international institutions for providing strength, creation of corpus fund and establishment of special types of reserves etc for the sound health of the society and its functioning. For instance society decides to collect one percent of the loan amount advanced to the members as reserve for bad and doubtful debts (RDD). Similarly it intends to collect a grant @ Rs 1000 and Rs 5000 or more as qard e hasnah fund for each SHG member from individuals, Ngo's and philanthropic organizations/institutions. Further it plans to seek subsidy/ subsidized fund from government undertakings like National Minorities Finance and Development Corporation, Backward Commission, Mahila Arth Kosh etc and from other self help group promoting institutions (SHPI), micro finance promoting agencies / institutions.

E-Lock in period and Exit

For shares subscribed and ACSD, lock in period shall be two years. During this period, share amount cannot be refunded. However after the completion of one year, shares may be transferred to another person, subject to availability, as per the laid procedure and on payment of lump sum transfer fee of Rs 25 or one percent of the share amount, whichever is more, or as decided by the board from time to time. Similarly pre mature withdrawals of ACSD after the completion of one year and Term deposits after the completion of two years may be allowed after the payment of pre mature closure charges. Currently the practice will be to charge Rs 20/- only for closure of ACD and ACSD accounts. In case of term deposit accounts closure charges will be 4 % of the amount deposited if it is closed within 13 months, zero profit on deposit if it is closed within 25 months and one year profit if it is closed within 36 months. Any closure after 36 months but before completion of the project, the depositor shall loose his/her share in accrued income determined (based on increase in the value of the assets, if any).

. The society will provide door to door banking facility to its members, subject to prior intimation / arrangement and in conformity of society's policy, with regards to deposits and withdrawals without any additional charge

Application of Funds

The funds of the society shall be used for following purposes

- 1- Advancement of interest free loan
- 2- Advancement of business capital / loan
- 3- Establishment of Service / support Centers
- 4- Creation of Corpus / reserve fund
- 5- Provide grants, gifts and subsidies
- 6- Any other mode as decided by the board of directors

Advancement of Loans

Society will provide following types of loans to its members and set its priorities according to the need of the members. However in general the priority will be as follows.

- Debt repayment loans
- Lease/ hire purchase loans
- Business participatory loans
- Micro credit to SHG's
- General Loans
- Educational loans
- Medical loans
- Housing loans
- Any other as decided by the board/area managing board

Members of the society interested to avail these facilities shall have to apply in a prescribed application form available at the offices of the society. The Area Managing Boards will have liberty to allocate available funds for various types of loan. However preference will be given to loans which amount to liberation from interest ridden debts and ensure generation of income and employment Total loans, except loans of investment and business participatory nature, shall not exceed 90 percent of saving deposits amount and soft loans taken by the society. The maximum SHG loan limit will be three times of the savings accumulated from the members or Rs .5, 000 per member or as decided by the members of AMB (area managing board) The period of loan may be up to 15 months (short term), 16 months to 60 months (medium term) and 60 months and above (long term). Loans will be sanctioned purely on the basis of merit and first come first served basis, subject to security conditions and solely at discretion of the respective managing boards.

Security for loans

Loans advanced shall be subject to the condition of the prescribed security. According to the nature of loan advanced by the society, various types of securities will be accepted.

Unsecured Loans

Overdraft facility up to 90 % value of the trade/ commercial bills may be provided to the members on surrender of the bill in favor of the society accompanied with a promissory note. Further unsecured loans with the maximum limit of Rs.20, 000 may be granted for a short period to any member on personal sureties of two income tax payers who are members of the society. Members holding shares of the society or Security Deposit Account in the society equivalent to five percent of loan amount shall only be eligible to get unsecured loan. Provided further that not more than 5-20 % of the loan able fund can be advanced as unsecured loan at any point of time.

Secured Loans

Secured loans with maximum limit of Rs 5, 00,000 may be granted on collateral security as per the provisions of clause 50 of the byelaws of the society for a period of time decided by the board/area managing board but not exceeding 60 months. Generally the following securities will be acceptable for larger amounts and longer period of time. All secured loans will have collateral security, which means two income member's guarantee added with following. Moreover business loans will be in the mode of Mudarba Murabaha and Ijara. Participatory business loans may be provided based on Musharka.

- 1- Pledge of amounts of Shares subscribed and deposits kept with the society (=100%)
- 2-Securities, certificates and bonds floated by the government or government undertakings (=90% of the surrender value)
- 3-Bank FD's and bank guarantees (=100%)
- 4-Pledge of gold ornaments (=75-85% of the value ascertained by the government approved valuer)
- 5-Three months EMI as security deposit in case of hire purchase/ lease loans. Provided further that the leased asset will remain the property of the society. The transfer of ownership will take place only after the payment of total due and additional payment of ten percent of value of EMI.
- 6-In case of investment loans hypothecation of properties like land and building (=50% of the current value)

7-Anyother as prescribed from time to time by the board of directors by their special or general order.

Establishment of Service / support Centers

Towards the achievement of its objective and welfare of the members, society may use funds to establish its own Service and Support center to provide fee based information, various kinds of services and supply domestic goods to its members.

Creation of Corpus / reserve fund

For maintenance of the sound health of the society, it may create various kinds of reserves like Reserve for Doubtful Debts (RDD), Profit Loss equalizer Fund (PLEF) and create corpus for provide interest free / charge free loan to SHG's which are drawn from the BPL / poorer sections of our society.

Provide grants, gifts and subsidies

Subject to the availability of funds, society may grant financial assistance to its members and staff (as per service conditions), other indigents, events of social and religious nature and to the sufferers of natural and manmade calamities ,in accordance with the bye laws of the society and decision of the board from time to time.

Sources of Income

Society will generate income from different sources to meet its administrative expenses as well as payment of dues to investors and others. The society will have the following sources of income-----

***Profit based income**

Slowly but gradually society will use its funds productively so as to earn rent and profit. Earnings realized from investments will be distributed as 70 percent to the investors, 20 percent to the society and 10 percent will be deposited in a reserve fund for meeting

unforeseen losses. These schedules will be prepared in a manner that 20 percent share in the earnings from investment should suffice to meet the administrative expenses in coming five years time.

***Fee and commission based income**

Another source of earning of the society is fees which will be collected from the members for rendering specific services to them. For instance SHG membership fee (i.e. Rs 25/- per SHG member per month), Account operation and maintenance fee (Rs 5/- per quarter), money remittance fee (3-5 percent of amount transferred), share transfer fee (one percent of the share amount or Rs 25/- whichever is more) etc. Further society may also provide financial intermediation services on fixed commission.

***Service charge based income**

Till the society becomes able to earn sufficiently to meet its administrative day to day expenses, it will collect service charges from the loanees and other beneficiaries of the services of the society. For instances society will levy and collect twelve percent per annum service charge from the loanees. The use of funds and earnings will be planned in a manner that service charges in successive years decline by two percent. It may also be noted that income generated from the service charges should not be used for any purpose other than meeting the administrative expenses of the society. In case more than required service charge is collected, the same has to be credited back to payers account in proportion to his/her payment. The surplus service charge can be transferred to any fund of the society provided permission is granted by the concerned members.

***Grants, gifts and contributions**

Economic aid, contribution for promotion fund(10 percent of the share amount or Rs 100 as the case may be), grants and donations from members, philanthropist, organizations, institutions, government and semi government undertakings for research, training and other schemes specially promotion and development of SHG/ micro finance schemes may also be a current source of income of the society.

***Miscellaneous**

Sale of stationary, closure charges, unclaimed dividends or other dues of the members etc. may also become a source of income of the society.

Heads of Expenditure

- 1-Payment and provision for employee
- 2- Fund mobilization expenses
- 3-Administration and other expenses
- 4-Meeting and training expenses
- 5-Sitting fees and per datum to functional directors
- 6-Grant to SHG
- 7-Training to SHG
- 8-Miscellaneous
- 9-Deprecation and other reserves
- 10-Contribution to HQRS expenses
- 11-Dividend to shares holders and investors
- 12-Any other which may incur during the course of operation

Management Information System (MIS)

Every branch of the society shall prepare a summary of work including finances and submit the same to Regional and Head Office(s) in the first week of the succeeding month. It may be noted that finally all the income expenditure statement, membership enrollment has to be scrutinized by the Executive committee in its monthly meeting and approved by the board in its quarterly meeting. The branch offices will operate within the given framework and rules provided by the head office. Programs (proposals) other than scheduled have first to be approved by the board then only branches will be entitled to undertake it.

It will be the responsibility of every branch manager to prepare the report, discuss with office bearers of the branch/ area managing board and then send the report to Head Office addressed to General Manager Operation with copy to the chairman/secretary at the regional board/ central board. Any default in sending the timely report will be viewed seriously by the EC and BOD leading to harsh consequences.