



**Andhra Pradesh Mahesh Co-Operative Urban Bank Ltd.  
(Multi State Scheduled Bank)**

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## **STANDARD OPERATING PROCEDURE (SOP)** **ON SHARES ALLOTMENT/TRANSFER ETC.**

**Categories of Memberships(Bye-law 4):-**Bank has two categories of memberships namely "Ordinary/ 'A' class membership" and "Normal 'B' class membership".

### **A) ORDINARY /'A' CLASS MEMBER:**

#### **II) ELIGIBILITY:-**

- i) A person who resides or engaged in any occupation, profession or business within the area of operation of the Bank and Who genuinely needs the services provided by the Bank and whose business, occupation does not conflict with that of the bank may be admitted as an ordinary member.
- ii) Eligible persons to be admitted as Ordinary member of the Bank are:-
  - a) An individual who is competent to contract under section 11 of the Indian Contract Act, 1872,
  - b) The Central Government
  - c) A State Government,
  - d) State Co-operative Bank Ltd,
  - e) District Co-operative Central Bank Ltd,
  - f) Proprietary concern in proprietor's individual capacity,
  - g) Partnership firm,
  - h) Company or any other body corporate constituted under the law for the time being in force.
  - i) Society registered under the Societies Registration Act, 1860,
  - k) Local Authority,
  - l) Public Trust,
  - m) Hindu Undivided,
  - n) An employee of the Bank.



- iii) Minimum no of shares: The member/individual shall have to subscribe minimum of fifty fully paid up ordinary A class shares of the Bank. Each share face value is Rs 20/-.
- iv) The membership rights are exercisable only on payment of share capital.
- v) Every member will pay a non-refundable admission fee of Rs 50/- towards entrance fee.

## **B) NOMINAL/'B' CLASS MEMBER:**

**ELIGIBILITY: i)** Any person residing, carrying on business or is working for gain within the area of operation of the Bank and who desires to stand as surety for a borrowing member of the Bank and who desires to borrow occasionally for a temporary period against certain tangible securities such as Gold ornaments( up to Rs 1.00 lakh) , LIC policies, transferable Govt. and other Trustee Securities, Cold Storage/Warehouse receipts or who desires to borrow up to certain limits as may be prescribed by RBI from time to time for purchase of consumer durable articles such as television sets, refrigerators, vehicles and group loans etc., may be admitted as a Nominal Member of the Bank upon his application in a prescribed form on payment of Rs50/- as a non refundable membership fees which shall be credited to the Reserve Fund.

**ii)** An employee of the Bank may be admitted as nominal member for the purpose of availing banking facilities.

**iii) Rights of the Nominal/ 'B' Class Share Member:** They are not entitled to

- a) to receive audited accounts and annual reports,
- b) to attend , to participate and to vote in the general meeting and/or Special General Meeting of the Bank,
- c) to receive dividend,
- d) to contest in the elections to the board.

## **APPLICATION FOR MEMBERSHIP (Bye-Law -5):**

An applicant has to submit the application in the prescribed form together with payment of value of shares applied for "Ordinary /'A; class shares" along with KYC documents for address proof(Aadhar card copy) and ID proof (PAN card copy) and addressed to the Chief Executive Officer of the Bank. He has to



disclose in writing the information regarding the Society or societies in which he is already a member with dates of admission and share capital, etc held by him and the details and extent of services already availed by him in such other society as on the date of application.

**DISPOSAL OF APPLICATION:**

The application for membership of the Bank found complete in all respects will be disposed off within the period of four months from the date of receipt of the application by the Bank. The same shall be communicated to the applicant within fifteen days of the application subject to satisfactory compliance of KYC.

**CONSOLIDATION OF MEMBERSHIP (Bye-Law- 6):** The Board may, on application by the member,

- i) Approve conversion of shares allotted to the member or a part thereof into those of other denominations and
- ii) Consolidate all the paid up shares already allotted to member.

**DISQUALIFICATIONS OF MEMBERSHIP (Bye-law-7):**

Member/s will be eligible for disqualification if-

- i) his/her business is in conflict or competitive with the business of the Bank, **or**
- ii) he/she did not make minimum annual transaction of Rs 1000/- in any account for continuously two years or he/she did not utilize the minimum level of services/products prescribed by the Board of Directors from time to time., **or**
- iii) he/she did not attend the three consecutive General Meetings and such absence was not condoned by 2/3<sup>rd</sup> majority of the members attending the meeting , **or**
- iv) he has defaulted in payment of all dues including contributions, subscriptions, if any, as decided by the Board of the Bank from time to time.



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### **CESSATION OF MEMBERSHIP (Bye-law- 8):**

The membership of the Bank shall cease in case of:

- i) resignation or death of the member or dissolution or liquidation in case of firm or company or any other corporate body,
- ii) all the shares are transferred to another person,
- iii) expelled by the General Body,
- iv) on being adjudged as insolvent or legally disabled from continuing as member.

### **WITHDRAWAL FROM MEMBERSHIP (Bye-law-9) :**

A member may resign his membership and withdraw his capital with the approval of the Board of Directors. The approval will not be given if such member is indebted, either as a borrower or guarantor or having any other dues to the Bank.

However the Bank is competent to adjust the Share Capital of members who are borrowers/sureties towards the loans outstanding against them, provided they pay off the balance i.e, when the loan account thereby stands fully repaid.

### **EXPULSION /TERMINATION OF MEMBERSHIP ( Bye-Law-10):**

A member of the Bank may be expelled /terminated by the vote of 2/3<sup>rd</sup> majority of members present and voting at the General Meeting if,

- a) He/she is a persistent defaulter.
- b) He/she willfully deceives the Bank by false statements.
- c) He/she is Bankrupt or legally disables.
- d) He/she is criminally convicted.
- e) He/she intentionally does any act likely to injure the credit of the Bank.

A member will be expelled only after giving reasonable opportunity to make representation in the matter.

An expelled member shall not be eligible for readmission as member of that society/Bank for a period of three years from the date of expulsion.

### **RIGHTS OF MEMBER (Bye-Law- 11):**

Every Ordinary/A Class member of the Bank shall have the following rights:

- a) Right to vote in the General Body Meeting (Elections to the Board) on production of photo identity card issued by the Govt of Authority.



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- i) However no member will be permitted to vote by PROXY.
  - ii) One member shall have right to cast only one vote irrespective of number of shares/folios held.
  - iii) Any Institution/Company/Partnership firm, society trust may appoint a representative who shall be its Governing Body Member/Director/Partner/Trustee, by passing a resolution to vote.
  - iv) A member who is an employee of the Bank shall not be eligible to vote.
- b) Right to receive notice of general body meetings
  - c) Right to attend and take active part in the proceedings of the general body.
  - d) Take part in elections and contest for any post as per provisions of the act.

**MINIMUM AND MAXIMUM SUBSCRIPTION OF SHARES:**

A member shall subscribe to minimum of 50 number of shares or 1% of the loan amount subject to a maximum of 1000 shares which shall be paid in full at the time of application.

**JOINT SHAREHOLDERS (Bye-Law- 16):**

Shares may be purchased in the names of more than one person jointly.

- i) On death of a joint-holder, the surviving person/persons shall be recognized as joint shareholder/holders.
- ii) The person whose name stands first written on the share certificate shall enjoy all the **rights of a member** mentioned above viz: right to vote etc.

**SHARE CERTIFICATE (Bye-Law-17):**

Every person admitted as Ordinary/'A' Class member shall be given a share certificate with Bank's seal, stating the number of shares and their distinctive numbers

**TRANSFER OF SHARES (Bye-Law- 18):**

- i) A member may transfer his/her share or shares after holding for a minimum period of one year to a **member** duly approved by the Board of Directors and the name of the transferee will be duly entered in the register of members and the transfer fee of Rs.1/- per share is paid.
- ii) Transfer of shares may be declined



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- a) If the member is indebted or is liable as surety to another member who is indebted to the bank.
- b) If the transferee does not fulfill the conditions mentioned above in A(II).
- c) If the member does not want to transfer all the shares held by him.

#### **ISSUE OF DUPLICATE SHARES:**

Any certificate if worn out, defaced , destroyed or lost, a new share certificate may be issued in lieu thereof on production of evidence to the satisfaction of the Board of Directors for the said reasons on payment of a **fee of Rs50/-** per certificate.

#### **NOMINATION (Bye-Law- 19):**

A member may nominate a person in the prescribed form to receive the member's interest in the Bank after his death. Prior approval of the Board shall be necessary if the person to be nominated is an employee of the Bank.

#### **DEATH OF A SHAREHOLDER AND SETTLEMENT OF CLAIM:**

##### **A)WITH NOMINATION: ( Where nomination is registered)**

On death of shareholder the bank may transfer the shares or pay to the person nominated, a sum representing the value of share shares within six months from the date of receipt of claim.

#### **Check List for claim settlement on death of share holder**

##### **1.Settlement of Claim and payment of claim amount to the nominee:-**

**The following forms/documents are to be submitted by claimant for settlement.**

- a) Nominee claim form duly filled in and signed by the nominee
- b) Original Share certificate
- c) Death certificate/Copy of death certificate
- d) 2 Passport size photos, self attested copies of Aadhar card and PAN card of the nominee
- e) 2 witnesses along with their KYC documents viz. Passport size photo, self attested Aadhar card and PAN card
- f) Bank account details for payment of amount
- g) The Claim will be processed on receipt of all the above forms/documents and put up to the Board for approval claim. On approval of claim by the Board, claim proceeds are paid as per the request of the nominee i.e Payment will be made either to the bank account of the nominee or issuing banker's cheque in favour of nominee or through NEFT to the account of nominee.



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**2) Settlement of Claim and transfer of shares to the nominee (Both existing and non existing member)**

**The following forms/documents are to be submitted by claimant for settlement.**

- a) Nominee claim form duly filled in and signed by the nominee
- b) Original Share certificate
- c) Copy of death certificate with self attested copy of death certificate
- d) 2 Passport size photos, self attested copies of Aadhar card and PAN card of the nominee
- e) 2 witnesses along with their KYC documents viz. Passport size photo, self attested Aadhar card and PAN card
- f) The claim will be processed on receipt of all the above forms/documents and put up to the Board for approval. On approval of claim by the Board, shares of the deceased share holder will be transferred to the membership folio of nominee who is an existing member.

**In case of a nominee who is not an existing member, New membership will be allotted to the nominee and the shares of the deceased share holder will be transferred to the new membership.**

- g) Nominee to maintain Savings Bank account with Mahesh Bank and details of the account to be furnished along with the claim forms..
- h) Transfer charges of Rs.1/- per share plus GST @18% shall be paid by way of cheque favouring Andhra Pradesh Mahesh Cooperative Urban Bank Ltd.,

**B) WITHOUT NOMINATION (Where nomination is not registered or if registered Nominee expired)**

**The following forms/documents are to be submitted by claimant for settlement.**

- a. Claim form duly filled in and signed by all the legal heirs of the deceased shareholder
- b. KYC's documents of all legal heirs
- c. Original share certificate/s
- d. Death certificate of the shareholder / expired nominee along with self attested copy
- e. KYC documents of surety and witnesses
- f. Sworn declaration by the major claimants in case the deceased did not execute a will and it should be stamped with Rs.20/- and notarized.
- g. Affidavit of third parties in claims by heirs of deceased persons duly stamped with Rs.20/- and notarized and signed by a surety.(In place of legal heir certificate to be obtained from Court or Family membership certificate from Revenue Authorities)
- h. No objection letter to pay/transfer the shares to one of the legal heirs of the deceased shareholder from all other legal heirs.
- i. An indemnity bond duly signed by the claimant **in case original share certificate is not traceable** and the same should be stamped with Rs.100/- and notarized.
- j. An indemnity bond duly stamped with Rs.200/- and notarized and signed by the claimant, indemnifying the Bank in case of any dispute with regard to the transfer/payment of shares.
- k. Transfer charges of Rs.1/- per share + GST @18% to be paid by the claimant,, and Rs 50/ towards Entrance Fee if the claimant/ legal heir is a new member.

