Producer Companies

Producer company (Sec. 581A):- It means a body corporate

- Having objects or activities specified u/s 581B; and
- Registered as producer company under companies act

Objects (Sec. 581B)

- Production, harvesting, procurement, grading, pooling, handling, selling., marketing, export of primary products of members.
- Processing the produce of members.
- Manufacture, sale or supply of machinery, equipment or consumables to its members.
- Providing education to its members.
- Rendering services technical consultancy training research, development
- Generation, transmission and distribution of power etc.
- Insurance of producers or their primary produce
- Welfare measures or facilities for the benefit of members.
- Promoting mutuality and mutual assistance
- Any other activity ancillary or incidental to any of the activities above.
- Providing credit facilities or any other financial services to its members.

Formation of producer company

1. Member

10 or more individuals	2 or more producer Institutions	Combination of both
↓ Being producers		

2. An application shall be made to the registrar

Where the registered office of the producer company is situated

3. MOA and AOA must be attached with the application

4. If the registrar is satisfied that the producer company is dully complied with all the legal requirements

THEN

He shall

Register the MOA, AOA and other documents

With in 30 days of the receipt of the documents.

Issue the certificate of incorporation

5. The cost associated with the promotion and registration shall be reimburse to the promoters after its formation.

6. Effects of incorporations

- It shall be a company limited by shares.
- It shall use the words 'Producer Company Ltd' at the end of its name
- All the provisions of the act shall apply to a producer company 0as if it is a private limited company.
- No limits on the number of its members.

Number of Director

Minimum :- 5
Maximum :-15
Note:- In case of inter-state co-operative society which is registered as a producer company.

It can have more than 15 directors for a period of 1 year from the date of its incorporation.

Tenure of Directors

Minimum :- 1 year
Maximum :- 5 year

Time limit for appointment of directors:- 90 days from the date registration of the producer company

However, the election of directors can be conducted within 1 year

The producer company is formed by Conversion of a society into a producer Company	AND	At least 5 directors held office as on the date of conversion of society into producer company

Retirement of Directors

- The directors shall retire in accordance with the articles of the company.
- A retiring director shall be eligible for re-appointment

Additional directors

The board may co-opt one or more expert directors or additional directors for such period as the board may deems fit.

These directors shall not exceed $1/5^{th}$ of the total number of directors.

Board meeting

At least 4 BM's must be held in each calendar year.i.e.

At least 1 BM's must be held in every quarter.

It shall be the duty of chief executive to give notice of all BM to every director at least 7 days before the BM

Quorum :

Higher

$1/3^{rd}$ of the total strength

3 directors

Secretary

Every producer company having an coverage annual turnover exceeding Rs. 5 crores in each of 3 consecutive financial year shall have a whole time secretary.

Voting rights

Every member shall have 1 vote irrespective of the number of shares held by him.

Donation or Subscription

- A producer company is prohibited from making, directly or indirectly any donation to a political party or for any political purpose.
- Other donations can be made for the purposes of A producer company is prohibited from making, directly or indirectly any donation to a political party or for any political purpose.
- Other donations can be made for the purposes of

Promoting the social and Economic welfare of producer members or producers general public.

Promoting the mutual assistance principles

  - If aggregate amount of all donations and subscriptions in any FY does not exceed 3% of the net profit of the proceeding FY
  - If SR is passed for making a donation or subscription

Issue of bonus shares

- Bonus shares may be issued by capitalization of amounts from general reserve.
- The bonus shares shall be issued in proportion to the shares held by the members as on the date of the issue of bonus shares .
- It requires recommendation of the board.
- It requires passing of a resolution in the general meeting.

Loan to members

- It must be authorized by its articles
- It requires the approval of BOD.
- Financial assistance by way of bonus and advances

Against such security
As may be specified
In its articles

Repayable with in a period
exceeding 3 months
exceeding 7 years

- Loan to directors and their relatives shall be granted only obtaining approval if members in G.M.