

PRODUCER COMPANIES

581C – FORMATION OF PRODUCER COMPANY AND ITS REGN – 10 or more individuals or 2 or more Producer Institutions or a combination of both

581D – MEMBERSHIP AND VOTING RIGHTS OF MEMBERS OF PROD CO – Single vote for every individual irrespective of his shareholding. In case of Producer Institutions – voting rights on the basis of their participation in the business. First year of Regn – on the basis of shareholding by such Prod. Institutions

581F – MEMORANDUM OF PRODUCER COMPANY – a) Name of the producer company with words “Producer Co. Ltd” b) State in which Reg. office of Prod Co. is situated c) main objects d) names and address of subscribers of memorandum e) amount of share capital and division of them into shares f) names, address, occupations of subscribers of producers to act as first directors g) limited liability h) number of shares taken

581J – OPTION OF INTER STATE CO-OPERATIVE SOCIETY TO BECOME PROD. CO – Apply – to be accompanied by – a) copy of special resolution of not less than 2/3rd of total members of Inter State Co-op society b) statement showing names and address or occupation of Directors or Chief Executive and list of members of such ISCS c) statement indicating that the ISCS is engaged in one or more objects d) declaration by 2 or more directors stating that the above facts are true

MANAGEMENT OF PROD. CO

581O- NUMBER OF DIRECTORS – 5-15

581P – APPOINTMENT OF DIRECTORS – 1st Director’s Election – within 90 days of regn. Period of office – 1-5 years

581Q – VACATION OF OFFICE BY DIRECTORS – a) Convicted of an offence involving moral turpitude b) default in repaying loan or advance **taken from any company or institution** and such default continues for more than 90 days c) default in repayment of loan or advance taken from Prod Co d) The Prod Co in which he is the Director has not filed annual accounts and annual return for continuous 3 FYs or failed to repay its deposit or withheld price or patronage or bonus or interest or pay dividend and such default continues for more than 1year e) default in holding election for office of Director f) AGM or EGM is not called for causes other than natural calamity

SHARE CAPITAL AND MEMBER’S RIGHTS

581ZB – SHARE CAPITAL – Only Equity Share Capital

581ZC – SPECIAL USER RIGHTS – Active members – if provided by AOA – have special rights – Prod co may issue appropriate Instruments – Such instruments transferrable only after approval of Board to any other active member

581ZD – TRANSFERRABILITY OF SHARES AND ATTENDANT RIGHTS – Approval of Board – to an Active member at PAR VALUE

581ZH – DONATION OR SUBSC BY PROD CO – for promoting social and economic welfare or for promoting principle of mutual assistance – not to exceed – 3% of net profit of the Prod Co – In the FY preceding FY in which donation was made – Prohibited from making political contributions

LOANS TO MEMBERS AND INVESTMENTS

581ZK – LOANS ETC TO MEMBERS – a) Credit facility to any member in connection with producer company for period not exceeding 6 months b) loans and advances against security repayable within 3 months – 7 years. Loan or advance to any Director or his relative only after approval of Members in GM

581ZL – INVEST IN OTHER CO's, FORMATION OF SUBSIDIARIES ETC – Gen Reserves to be invested to secure highest returns in – FD, Units, bonds issued by Govt or Co-op or Sch. Bank or other modes as prescribed. For promotion of business – A prod Co may acquire another Prod Co. Investment not to exceed 30% of Paid up capital of another institution other than a Prod Co (higher % only with permission of C/G)

581ZO – DISPUTES – to be settled by conciliation or by arbitration as provided under the Arbitration and Conciliation Act 1996. Dispute to mean – a claim – for any debt, by surety against principal debtor, by Prod Co against a member for failure to supply produce, by a member against Prod Co for not taking the goods supplied by him

MISCELLANEOUS PROVISIONS

581ZP – STRIKE OFF NAME OF PRODUCER COMPANY – Prod Co fails to commence business within 1 year of its regn or ceases to transact business with its members or if ROC is satisfied

581ZS – RECONV OF PROD CO TO INTER STATE CO-OP SOCIETY – Application to be made – after passing a resolution in GM – by not less than $2/3^{\text{rd}}$ of members present and voting or on request by creditors representing $3/4^{\text{th}}$ in value to High Court