

# **Governance of Farmer Producer Companies (FPCs)**



## **Learning Objectives**

By the end of this module, participants will:

- Gain deep knowledge of the **statutory responsibilities** of FPCs under the Companies Act
- Learn about **filing requirements, formats, due dates, penalties, and exemptions**
- Understand internal governance obligations such as **board meetings, registers, and AGMs**
- Be able to audit statutory preparedness of any FPC

### ◆ **1. Legal Framework for FPC Compliance**

Farmer Producer Companies are governed by:

- **Chapter XXIA** – Sections 378A to 378ZU (specific to Producer Companies)
- **General provisions** of the Companies Act, 2013 – applicable by extension
- **Company (Incorporation) Rules, Accounts Rules, and Management & Administration Rules**

FPCs are recognized as **private limited companies** but with special exemptions and structure:

- No “Pvt Ltd” suffix
- “Producer Company Limited” is mandatory
- One member, one vote (Section 378D)

### ◆ **2. Annual Compliance Filings with ROC**

#### **A. Annual Return – Form MGT-7A**

- **Section 92** of the Companies Act
- Summary of share capital, members, directors, meetings
- **Applicable to:** Small companies (FPCs are classified as small)
- **Due Date:** Within **60 days of AGM**
- **Filing mode:** MCA21 portal, signed by Director with DSC

### **Penalty for non-filing:**

- ₹100/day
- Applies to company and officer-in-default

### **B. Financial Statements – Form AOC-4**

- **Section 137** of Companies Act
- Must contain:
  - Balance Sheet
  - Profit & Loss Account
  - Cash Flow (optional for small companies)
  - Auditor's Report
- **Due Date:** Within **30 days of AGM**
- Must be signed by **2 directors or CEO + Director**
- Attach Auditor Appointment, Notes to Accounts

### **Penalty:**

- ₹100/day per officer and company
- May lead to show-cause notice by ROC

### **◆ 3. Governance Meetings**

### **A. Board Meetings – Section 173**

Item	Requirement
Minimum Meetings	At least <b>one per quarter</b> (4/year)
Notice Period	Minimum 7 days in writing/email
Quorum	1/3rd of directors or 2 (whichever higher)
Mode	Physical, VC, hybrid (recording advised)
Record Keeping	Maintain <b>Minutes Book</b> , properly signed

### **Resolution Examples:**

- Appointing CEO or Auditor
- Applying for grants or loans
- Approving financials

#### **B. Annual General Meeting (AGM) – Section 96 & 378D**

- **First AGM:** Within **9 months** of incorporation
- Subsequent AGMs: **Within 6 months** of financial year end (not beyond 15 months of previous AGM)
- **Notice:** At least 21 clear days, sent via post/email to all members
- **Agenda** may include:
  - Adoption of financials
  - Appointment/reappointment of directors
  - Patronage bonus declaration
  - Auditor appointment
- **Quorum:** 1/4th of total members or 25 (whichever is less)

**Non-holding Penalty:** ₹1 lakh + ₹5,000 per day (Section 99)

#### ◆ **4. Statutory Registers & Records**

Maintained under **Section 88 and Rule 3 of Companies (Management and Administration) Rules, 2014.**

Register	Contents
Register of Members	Name, shareholding, class, folio number
Register of Shares	Allotment, transfer, forfeiture, buyback
Register of Directors (170)	Name, DIN, appointment, resignation, directorships held
Register of Contracts (189)	Related party transactions declared via MBP-1
Minutes Book	Resolutions, attendance, decisions from Board & AGMs

Register	Contents
Share Certificate Book	Duplicate/triplicate counterfoils with serial numbers

**Must be kept at:** Registered office of the company

**Inspection:** Allowed to members/directors on request

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#### ◆ 5. Director Compliance

##### A. DIN (Director Identification Number)

- Mandatory under Section 152
- Applied via SPICe+ at incorporation or DIR-3 thereafter

##### B. DIR-3 KYC

- Filed **annually** by every director with DIN
- Includes mobile, email, Aadhaar/PAN verification

##### C. MBP-1 (Disclosure of Interest)

- Filed at first board meeting or when interest changes
- Covers director's interest in any firm, LLP, company, etc.

##### D. DIR-8 (non-disqualification)

- Declaration that director is eligible and not disqualified under Section 164

#### ◆ 6. Auditor Appointment – Section 139

- Appoint **first auditor** within **30 days of incorporation**
- Subsequent appointment at AGM for **5-year term**
- Must be a Chartered Accountant with valid COP
- File **ADT-1** within **15 days of appointment**

#### Summary of Key Filing Forms & Dates

Compliance	Form	Timeline	Authority
Annual Return	MGT-7A	Within 60 days of AGM	ROC
Financial Statement	AOC-4	Within 30 days of AGM	ROC
Auditor Appointment	ADT-1	Within 15 days of AGM	ROC
Board Meeting Minutes	Register	Within 30 days of meeting	Internal
Director KYC	DIR-3 KYC	30th Sept annually	MCA
Disclosure of Interest	MBP-1	At first meeting or when changed	Internal

### Best Practices for ROC Compliance

- Maintain a **compliance calendar** (due dates & responsibilities)
- Sign all Board resolutions & minutes digitally or physically
- Use **DSC (Digital Signature Certificate)** for MCA filings
- Engage a **Company Secretary (CS)** or legal advisor periodically
- Download **Acknowledgements & SRNs** after each form filing
- Cross-verify MCA filings on [www.mca.gov.in](http://www.mca.gov.in)

## **MCQs – Statutory Compliance under Companies Act for FPCs**

### **◆ Annual Returns and Financial Filings**

1. Which form is used to file the annual return of an FPC?

- a) AOC-4
- b) MGT-7A
- c) DIR-3
- d) INC-20A

 **Answer:** b) MGT-7A

2. What is the due date for filing AOC-4 with ROC?

- a) Within 15 days of AGM
- b) Within 30 days of AGM
- c) Within 60 days of AGM
- d) Before financial year end

 **Answer:** b) Within 30 days of AGM

3. What is the penalty for late filing of MGT-7A?

- a) ₹10,000 flat
- b) ₹1,000 per month
- c) ₹100 per day
- d) ₹500 per year

 **Answer:** c) ₹100 per day

4. The annual return of a small company like FPC is to be signed by:

- a) CEO only
- b) Chairman only
- c) Director + Company Secretary or PCS
- d) Managing Agent

 **Answer:** c) Director + Company Secretary or PCS

### **◆ Board Meetings and Minutes**

5. As per Section 173, what is the minimum number of Board meetings in a year?

- a) Two
- b) Three
- c) Four
- d) One

 **Answer:** c) Four

6. Notice of a board meeting must be sent at least:

- a) 15 days in advance
- b) 10 days in advance
- c) 7 days in advance
- d) No notice is needed

 **Answer:** c) 7 days in advance

7. Minutes of board meetings must be:

- a) Signed by shareholders
- b) Typed and emailed only
- c) Recorded in a bound book and signed by the chairman
- d) Scanned and uploaded to MCA portal

 **Answer:** c) Recorded in a bound book and signed by the chairman

8. A valid quorum for a board meeting is:

- a) 1/4th of total directors
- b) All directors
- c) 1/3rd or minimum 2 directors, whichever is higher
- d) Two-thirds of shareholders

 **Answer:** c) 1/3rd or minimum 2 directors, whichever is higher

◆ **Annual General Meeting (AGM)**

9. FPCs must hold the first AGM within:

- a) 6 months of incorporation
- b) 9 months of incorporation
- c) 3 months of incorporation
- d) 12 months of incorporation

 **Answer:** b) 9 months of incorporation

10. Minimum notice period for an AGM is:

- a) 7 days
- b) 14 days
- c) 21 clear days
- d) No notice required

 **Answer:** c) 21 clear days

11. AGM quorum for an FPC is:

- a) All directors
- b) At least 50% of members
- c) 1/4th of total members or 25, whichever is less
- d) Only the CEO

 **Answer:** c) 1/4th of total members or 25, whichever is less

12. A resolution passed at AGM must be:

- a) Verbal only
- b) Recorded in minutes and signed
- c) Not documented
- d) Sent to the ROC within 1 day

 **Answer:** b) Recorded in minutes and signed

◆ **Statutory Registers & Records**

13. Register of Members is maintained under:

- a) Section 170
  - b) Section 173
  - c) Section 88
  - d) Section 96
- Answer:** c) Section 88

14. Which register records director details and DIN?

- a) MBP-1
  - b) Register of Directors
  - c) DIR-3 KYC
  - d) Register of Members
- Answer:** b) Register of Directors

15. Statutory registers must be kept at:

- a) Auditor's office
  - b) Board meeting venue
  - c) Registered office of the company
  - d) MCA regional office
- Answer:** c) Registered office of the company

16. Register of contracts and disclosures is filed through:

- a) DIR-2
  - b) MBP-1
  - c) AOC-4
  - d) INC-22
- Answer:** b) MBP-1

◆ **Director Compliance**

17. Which form is filed annually by directors for KYC?

- a) DIR-2
- b) DIR-8
- c) DIR-3 KYC
- d) ADT-1

**Answer:** c) DIR-3 KYC

18. MBP-1 is used for:

- a) Filing TDS
- b) Director's disclosure of interest
- c) Salary payment
- d) Auditor appointment

**Answer:** b) Director's disclosure of interest

19. DIR-8 is a declaration for:

- a) Auditor appointment
- b) Dividend recommendation
- c) Non-disqualification of directors
- d) Director remuneration

**Answer:** c) Non-disqualification of directors

20. Appointment of auditor is filed using:

- a) MGT-9
- b) DIR-12
- c) ADT-1
- d) AOC-5

**Answer:** c) ADT-1