

5. Liability until completion of the contract — The promoter is personally liable for the contracts made with the promoter on behalf of the company until the contract is completed.
  6. On becoming insolvent — If the promoter becomes insolvent, his property is liable to the company.
  7. For non-compliance of statutory requirements in prospectus — If the promoter has not clearly given all the necessary things in the prospectus which are required to be given by the Companies Act and the shareholders have suffered any loss due to their non-disclosure, the shareholders can file a suit against the promoter for compensation of such loss.
  8. On the report of the liquidator — According to Section 200, any fraud has been committed by any promoter in the promotion or formation of the company, the Tribunal, after considering this report, may order that a public examination of the guilty promoter be made in the Tribunal on a specified date. In such a case, the promoter is liable.
  9. For fraud or misfeasance — If the company suffers any loss due to fraud or misfeasance by the promoter, the company can file a suit against the promoter for the compensation.
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