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**Subject - company law ,**

**Unit-II ( statement in lieu of prospectus )**

**Class – B.A.LL.B. IV SEM**

**Date - 08.04.2020**

**STATEMENT IN LIEU OF  
PROSPECTUS**

## **STATEMENT IN LIEU OF PROSPECTUS**

**section 70-**

**“a company having a share capital which doesnot has issue a prospectus but has not proceeded to allot any of the share offered to the public for subscription , shall not allot any of its share or debenture, unless at least 3 days before the allot of share or debenture , there has been delivered to the registrar for registration a statement in lieu of prospectus.”**

# STATEMENT IN LIEU OF A PROSPECTUS

when the public company doesnot invite public to subscribe for its shares, but arrange to get money from privte sectors, it need not issue a prospectus to the public . In such a case the promoters are required to prepare a draft prospectus known as “statement in lieu of prospectus”.

According to the companies ordinance if a public company is not issuing a prospectus on its formation , it then must file a statement in lieu of prospectus with the registrar of the companies. A statement in lieu of prospectus is defined as-

“a public document prepared in the second schedule of company’s ordinance by every such public company which doesn’t issue a prospectus on its formation with the registrar before allotment or shares of debentures, and signed by every person who is named there in.”

# STATEMENT IN LIEU OF PROSPECTUS

1. It is a statement which is delivered by a company, having share capital to the Registrar for registration , at least three days before the first allotment of shares or debentures under the following conditions:
  - Where a company does not issue prospectus; or
  - Where a company has issued a prospectus but has not proceeded to allot any of its shares offered to the public for subscription
  - .
2. Statement in lieu of prospectus is to be signed by every person who is named therein as a director or a proposed director of a company.
3. Where a company which is required to submit a statement in lieu of prospectus does not comply with the requirement, it can not allot shares .  
(Section 69(1)).

# CONTENT OF STATEMENT IN LIEU PROSPECTUS

- The Name of the company.
- The nominal share capital of the company divided into number of ordinary share and par value per share .
- Description of the business to be undertaken and its prospectus.
- Name, addresses, description and occupations of the proposed or appointed directors, chief executive, managing agent and secretary of the company.
- Provisions regarding the appointment and the remuneration of the above officers of the company.

# CONTENT OF STATEMENT IN LIEU PROSPECTUS

- Voting rights in the meetings of company.
- Numbers and the amount of shares and debentures agreed to be issued.
- Names , occupation and addresses of vendors of property purchased or proposed to be purchased by the company.
- Amount payable in cash, shares or debentures, to each vendor of the property.

Thank you