

Prospectus

1. Preliminary:

2. Meanings of Prospectus

3. Purpose of prospectus

Relevant facts, discloses Co. matters, supported by statistics.

4. Contents of Memorandum

- Matters set out in [Sec-1, P-I, II Sch]
- Set out reports specified in [Sec-2, P-I, II Sch]

The information which must be included in a prospectus is as follows:

- i) Objects of the company
- ii) Signatories of the memorandum
- iii) Capital structure
- iv) Redeemable capital
- v) Qualification shares
- vi) Particulars of directors, chief executive.
- vii) Minimum subscription
- viii) Amount payable with the application
- ix) Time for opening of subscription list.
- x) Shares issued for consideration other than cash.
- xi) Premium or discount on issue of shares.
- xii) Underwriters.
- xiii) Particulars of property acquired.
- xiv) Particulars of underwriting commission.
- xv) Preliminary expenses.
- xvi) Benefits to the promoters.
- xvii) Particulars of contract.
- xviii) Auditors.
- xix) Nature and extent of interest of directors or promoters.
- xx) Voting and other rights

5. Prospectus by Implication

Offer for sale document

6. Issue of Prospectus:

- 1) Approval of authority (60 days after issue)
- 2) Publication
 - a. <7 >30 days before Subscrip List is open
 - b. >30 days exception,
 - c. Sufficient no. of copies of prospectus shall be made available at:
 - Registered office
 - Stock exchange
 - Bankers to the issue
 - 1 Urdu / English Newspaper
- 3) Issue
 - a. Before the date of publication
 - b. Copy to registrar
 - i) Consent of expert
 - ii) Copy of every contract
 - iii) Written statement regarding adjustments made by any person in report
 - iv) Face of prospectus state that:
 - Copy delivered to registrar
 - Mention endorsed or attached documents
 - Application to stock exchange

7. Registration of Prospectus

- i) Prospectus is dated
- ii) Required matters and reports have been set out in the prospectus.
- iii) No connection of expert with formation
- iv) Written consent of experts
- v) Approval, issue and registration requirements have been fulfilled
- vi) Written consent of auditors, legal adviser, attorney, solicitor, banker, broker who has agreed to act in that capacity.

8. Misstatement in Prospectus:

9. Liabilities for misstatement in Prospectus:

Read it form ordinance (Sec-59 &60)

- i) Civil Liabilities
- ii) Criminal Liabilities

A. Civil Liability for Misstatement in Prospectus:**Remedies open to Allottee:****a. Against The Company:**

- i) Rescind the contract to take shares.
- ii) Claim damages.
- iii) Markup
- iv) Must act within a reasonable time

b. Remedies against Directors and Promoters:

- i) Damages
- ii) Compensation u/s 59
- iii) Damages for non-compliance with s-53, 64 requirements

c. Remedies against Experts:

- i) Liable for only his misstatements.

Defenses open to Directors and Promoters:

- a. Withdraw his consent before issue
- b. Withdraw his consent after issue, before allotment + notice
- c. Issued without his knowledge + public notice
- d. Reasonable grounds
- e. Correct statement + made on expert's report or else base

Defenses open to Expert:

- a. Withdraw consent before delivery to registrar
- b. Withdraw consent after delivery, before allotment + notice
- c. Competent to make statement
- d. Reasonable grounds

B. Criminal Liability for Misstatement:

2 years or Rs. 10,000 or both

Defenses open:

- Immaterial misstatement
- Reasonable grounds
- Not for Experts, lawyers, bankers, auditors etc

12. Statement in Lieu of Prospectus:

- a. Must be filed min 3 days before the 1st allotment
- b. Signed by every named person
- c. Form of statement and particulars [Sec-1, P-II, 2nd Sch]
- d. No SILP, No Allotment.
 - ✓ Voidable at the option of allottee within 30 days

13. Alteration of Prospectus or SILP:

Approval of alteration in AGM is required.

14. Offer for Sale:

- 1) Issuing house offers the shares for sale to public by means of circulating an advertisement. That Advertisement is **deemed** to be a prospectus.
- 2) The Co. is liable for misstatement in that ad.
- 3) The allotment to the issuing house shall be valid, if:
 - i) Issuing house offers those shares within 1 year.
 - ii) On the date of offer for sale, no consideration for the issue was received by the Co.
 - iii) There was an undertaking to which the Co. is a party; or
 - iv) A condition imposed by the relevant authority for sale of such shares or debentures.
- 4) Following additional information needed to be disclosed:
 - i) Net amt of consideration received by the Co.
 - ii) Where and when the agreement of allotment may be inspected.
- 5) The person making the offer = deemed to be a director for the purpose of approval, issue and registration.
- 6) Offer for Sale Document to be signed by:
 - i) 2 directors (Co.)
 - ii) $\geq \frac{1}{2}$ Partners (Firm)
 - iii) Both may sign through their authorized agent

15. Underwriting Arrangements: