

- **Duties of Promoter**

The duties of promoters are as follows:

To disclose the secret profit:

The promoter should not make any secret profit. If he has made any secret profit, it is his duty to disclose all the money secretly obtained by way of profit. He is empowered to deduct the reasonable expenses incurred by him.

To disclose all the material facts:

The promoter should disclose all the material facts. If a promoter contracts to sell the company a property without making a full disclosure, and the property was acquired by him at a time when he stood in a fiduciary position towards the company, the company may either repudiate the sale or affirm the contract and recover the profit made out of it by the promoters.

The promoter must make good to the company what he has obtained as a trustee:

A promoter stands in fiduciary position towards the company. It is the duty of the promoter to make good to the company what he has obtained as trustee and not what he may get at any time.

Duty to disclose private arrangements:

It is the duty of the promoter to disclose all the private arrangement resulting him profit by the promotion of the company.

Duty of promoter against the future allottees:

When it is said the promoters stand in a fiduciary position towards the company then it does not mean that they stand in such relation only to the company or to the signatories of memorandums of company and they will also stand in this relation to the future allottees of the shares.