

Corporate Legal Framework

Topic - Rights of Promoters

Under company law, promoters have several legal rights for services and expenses incurred during the formation of a company. Following are the rights of promoters -

1. Right to receive preliminary expenses -
Until the incorporation of any company, various expenses are incurred by the promoters. These expenses are called preliminary expenses. After obtaining the certificate of incorporation, the promoters have the right to recover from the company, for the recovery of these expenses by the promoters, it is necessary to present such vouchers on the basis of which the expenses were incurred.
2. Right to receive remuneration -
If mentioned in the agreement with the company, the promoter is entitled to receive remuneration from the company for the work done related to the promotion of the company. The promoters can receive remuneration in the form of money shares or debentures in exchange for their services.

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