

# FACULTY OF COMMERCE & MANAGEMENT

COURSE: BBA-DM; B.Com 6th SEMESTER

SUBJECT: SECRETARIAL PRACTICES

SUBJECT CODE: BBA603; BCH603

**LECTURE: 11-12** 

NAME OF FACULTY: DR. H. L. BHASKAR

## Lecture-11-12



#### **Unit III**

What is a **Certificate of Incorporation**? : A **Certificate of Incorporation** establishes the identity of a company, it can be called as an identity maker for a company. It is the primary evidence of the registration status of a company.

Specimen of Certificate of Incorporation of Company in India.



GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS
Central Registration Centre

#### Certificate of Incorporation

[Pursuant to sub-section (2) of section 7 of the Companies Act, 2013 (18 of 2013) and rule 18 of the Companies (Incorporation) Rules, 2014]

I hereby certify that <name of the company> is incorporated on this (i.e. FIRST, SECOND etc) day of <Month of approval of the work item in words> two thousand <YEAR of approval of the work item in words> incorporate of the work item in words> under the Companies Act, 2013 (18 of 2013) and that the company is slimited by shares/limited by guarantee/unlimited company>.

Given under my hand at  $\leq$  Name of the city where the Registrar of Companies office is located  $\geq$  this  $\leq$  Date of approval of the work item in words (i.e FIRST, SECOND etc.) $\geq$  day of  $\leq$  Month of approval of the work item in words  $\geq$   $\leq$  YEAR of approval of the work item in words $\geq$ .

Digital Signature Certificate

<Full name of the Authorising officer approving the work-item>

<Assistant Registrar of Companies/ Deputy Registrar of Companies/ Registrar of Companies>

For and on behalf of the Jurisdictional Registrar of Companies

Registrar of Companies

Central Registration Centre

Disclaimer: This certificate only evidences incorporation of the company on the basis of documents and declarations of the applicant(s). This certificate is neither a license nor permission to conduct business or solicit deposits or funds from public. Permission of sector regulator is necessary wherever required. Registration status and other details of the company can be verified on www.mea.gov.in

Mailing Address as per record available in Registrar of Companies office:

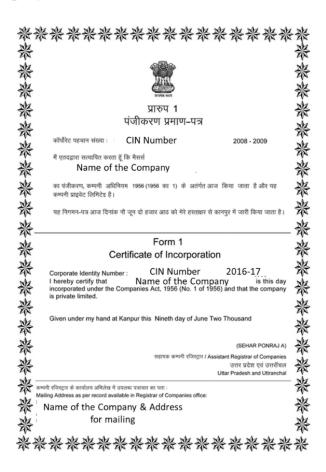
< Name of the company >

< Address of the correspondence/registered office of the company >

Government Seal

\*as issued by the Income tax Department.

@ This sentence along with the footnotes, would be indicated in the certificate only in cases where the PAN is allotted by the Income tax Department at the time of incorporation.



CERTII	FICATE OF INCORPORATION
No	í9
under the Companies Ac	Company/Private Limited is this day incorporated t, 1956 and *that the company is limited. d at(place) this(date)day of(Month)one
thousand nine hundred a	nd
-	Rs
4	Signature Signature
SEAL Company	Registrar of Companies
Registrar	State



#### **Certificate of commencement of business**

There are certain rules and regulations you need to follow while establishing anything and everything. These rules and regulations help you form a strong base for your work. These rules are especially mandatory when dealing with any legal venture. Similarly, when you set up your business, you need to follow certain rules and regulations, prescribed by the Government. It gives your entity a legal identity as well as provides you with other benefits. Obtaining Certificate of Commencement of Business is one of the steps you need to follow

between registering and running your business. It was a mandatory step until Companies Act, 2015 was introduced. The Act has now removed the previous compulsion of having this certificate. Now, it depends on you whether to obtain one or not. Howsoever, discussed below is what a certificate of commencement of business is.

The certificate of commencement of business was a mandatory step under <u>Companies Act</u>, <u>2013</u>. It was mandatory for public companies with share capital. The certificate is issued by the registrar of joint stock companies.

The certificate of commencement of business was important because only after obtaining the certificate were you allowed to start any business related activities. Before that, you were not allowed to exercise any kind of powers or benefits which come along with **company** registration.

#### **Steps to obtain Certificate of Commencement**

- First, file e-Form 20 (a declaration).
- Attach the statement in the prospectus of your company (a legal document which
  provides all the securities you offer to the public upon the purchase of your product in
  written).
- File it with the registrar after which a verification will take place.
- After the successful verification, you are issued with the Certificate of Commencement of Business.

While registering the above documents you will need some other documents too;

- Identity and Address Proof.
- DSC (Digital Signature Certificate).
- Certificate of Registration (which is issued by RBI in the case of non-banking financial companies only).
- A consent letter from all the Directors (Director Declaration as well as board resolution).
- All these documents are submitted along with prescribed fees.

The application for the Certificate of Commencement of Business is generally applied within one hundred and eighty days of incorporation of the company.

Previously, there were consequences of doing business without the certificate of commencement of business, including penalty as well as cancellation of registration of the company. However, with the new Companies Act, 2015 in power, there are no such consequences. It is your will to have the certificate or not. We, at Legal Raasta, can help you to obtain this certificate as well with the company formation.

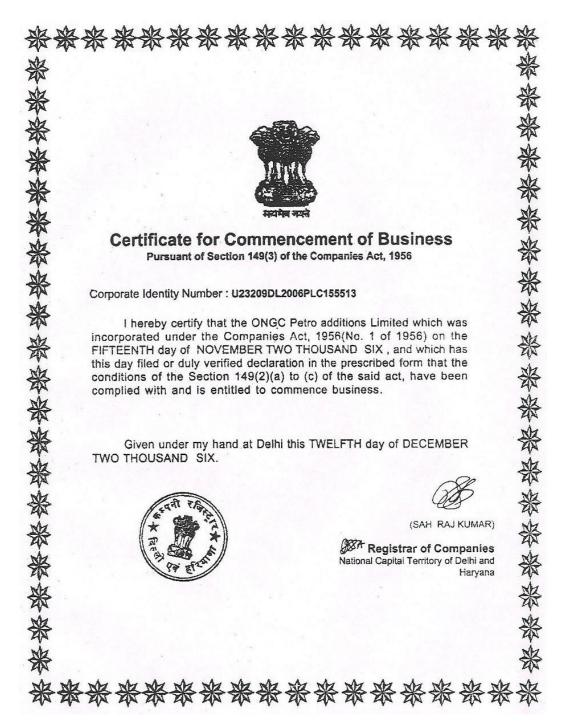
### CERTIFICATE OF COMMENCEMENT OF BUSINESS

Pursuant to Section 149 (1) and (2) of the Companies Act, 1956

I hereby certify that the .......Co. Ltd......which was incorporated under the Companies Act, 1956, on the .....day of ......19......and which has this day filed a duly verified declaration in the prescribed form that the condition of Section 149 (1)(a) to (d) of the said Act have been complied with, is entitled to commence business.

Give under my hand at .....this ......day of ......one thousand nine hundred and.....

SEAL Company Registrar Signature
Registrar of Companies
.....State



#### **Share certificate:**

**Definition** – A Share Certificate is a registered evidence of title to the shares issued by a company under its common seal, duly stamped and signed by one or more directors or by the company secretary as per the Articles.

♦ It is an acknowledgment of the shares issued to the shareholder

♦ It contains the details about the class of shareholder, distinctive number of share and amount paid on the

A share certificate must be issued within 3 months after the allotment of the shares or 2 months after the application for the registration of the transfer. It contains the following details  $\rightarrow$ 

- Name of the company
- Name and address of shareholder
- Share certificate number
- Common seal Stamp and signature of two directors
- and counter signature of the company secretary

In case of loss a duplicate share certificate is issued. In case of fraud issue of certificate there is a fine up to Rs. 10,000 and imprisonment up to 6 months.

#### **Share Warrant:**

**Definition** – A Share Warrant is a document issued under the common seal of the company stating that the bearer has the number of shares specified there in it is a negotiable instrument and it can be transferred by mere delivery.

- ♦ A Public Company limited by shares can issue share warrant if they are fully paid up.
- ◆ It can be only issued if there is a provision in articles of association for issuing share warrant.
- ♦ It requires approval of Central Government before it is issued.
- ♦ A private Company cannot issue a share warrant.
- ♦ The bearer of the Warrant is not a member of the company.
- ♦ It does not contribute towards qualification shares held by the directors.
- ♦ It can be transferred but it does not require any stamp duty.

#### **Deference between share certificates and share warrants**

Share certificate			Share Warrant								
A bearer of Share Certificate is entered in			Bearer of a Share warrant is not entered in								
the Register of Members of the Company.			the Register of Members of the Company.								
A	share	Certificate	requires	certain	It	Can	be	easily	transferred	by	mere

procedures and stamp duty for transfer.	delivery					
It takes time for such transfer	Mere delivery entitles spot transaction					
It is not a negotiable instrument	It is a kind of interest and ownership of the					
	company					
No coupons shall be attached with Share	Coupons of dividend may be attached to					
Certificate. Dividend may be declared	Share Warrant					
separately if profit arise.						
It can contribute towards qualification	It cannot contribute towards qualification					
shares held by a director	shares held by a director					
A bearer of Share certificate has several	A bearer of Share warrant has no such rights					
rights like right to vote, to participate in a						
meeting and to be a director						
It is a registered evidence of title	It is a bearer document of title					
Both Private and Public companies can	Only Public Companies can issue share					
issue Share Certificate	warrant					
Issue of Share Certificate does not require	It requires prior approval					
approval of Central Government						
It is issued in respect of partly or fully paid	It is issued in respect of only fully paid up					
up shares	shares					