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- Chapter VI – “Registration of Charges” consist of Sections 77 to 87 (11 Sections).
- Section 86 (Punishment for Contravention) has become effective from 12.09.2014.
- Section 77 to 85 and Section 87 has become effective from 01.04.2014.
- Companies (Registration of Charges)Rules, 2014 have been notified in official gazette and have become effective from 01.04.2014.

# Section 77 - Duty to register Charges, etc

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- ❑ A company creating a charge, shall, register the particulars of the said charge with ROC within 30 days of its creation.
- ❑ This charge could be:
  - a. On its property or assets or
  - b. Any of its undertakings
  - c. Whether tangible or otherwise
- ❑ Situated in or outside India
- ❑ Signed by both the Company and the Charge holder
- ❑ Together with the instruments creating the charge

- ROC may on application by the company, allow this registration within 300 days (30 + 270), on payment of additional fees.
- This application shall be supported by a declaration from the company by its secretary or director that such belated delay shall not adversely affect rights of any other creditors of the Company.
- If not within 300 days, company to seek extension of time from CG. Application for delay shall be made in Form No. CHG-1.
- Form No. CHG-1 or Form No. CHG -9, for creating or modification of Charge

# Registration Certificate by Registrar

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- Creation of Charge : ROC shall issue certificate of registration of such charge in Form No. CHG-2.
- Modification of Charge : ROC shall issue certificate of modification of charge in Form No. CHG-3.
- The certificate issued by the Registrar shall be conclusive evidence that the requirements of Chapter VI of the Act and the rules have been duly complied with.

# Section 78 Application for registration of Charge

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- In case the company fails to get the charge registered, then the charge-holder may apply to ROC for registration of the same.
- On receiving such application, the Roc shall send notice to the Company.
- And within 14 days, unless the company show sufficient cause as to why the said charge should not be registered, shall register the charge without signature of company.
- The said charge holder shall be entitled to recovery of fees and additional fees paid to ROC from the Company.

# Section 81 Register of charges to be kept by Registrar

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- The Registrar shall, in respect of every company, keep a register containing particulars of charges so registered.
- The register shall be open for inspection by any person on payment of fees as may be prescribed.
- Rules 6.6 : The particulars of charges maintained on the MCA portal shall be deemed to be the register of charges for the purpose of Section 81.

# Section 82 Company to report satisfaction of Charge

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- A Company shall give intimation to the ROC in Form No. CHG – 4 of the satisfaction in full of any registered charge within a period of 30 days from the date of such satisfaction.
- In case of delay upto 300 days beyond 30 days (30+270), the same procedure of application to ROC is to be followed like in case of creation of charge.
- Where the Registrar enters memorandum of satisfaction of charge, he shall issue a certificate of registration of satisfaction of charge in Form No. CHG-5.

# Section 84 Intimation of appointment of Receiver or Manager

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- ROC to register particulars of receiver/manager/person/instrument in the register of charges.
- The notice of appointment or cessation of receiver of, or of person to manage, the property, subject to charge, of a company shall be filed with ROC in Form No. CHG – 6 with prescribed fees.

# Section 85 Company's Register of Charges

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- Every company shall keep at its registered office a register of charges.
- The instrument creating the charge shall also have to be kept along with the register.
- Rule 6.10 :
  - The register of charges shall be in Form No. CHG-7 and enter therein particulars of all the charges registered with the Registrar as well as particulars of modification and satisfaction of charge.

- The entries in the register shall be made forthwith after the creation, modification or satisfaction of charge, as the case may be.
- Entries in the register shall be authenticated by Director or company secretary or any person authorised by Board.
- The register of charges shall be preserved permanently and the instrument creating a charge modification thereon shall be preserved for a period of eight years from the date of satisfaction of charge by the company.

# Section 86 Punishment for Contravention

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- If any company contravenes any provision of Chapter VI;
- The company shall be punishable with fine which shall not be less than Rs. 1 Lakhs but which may extend to Rs. 10 Lakhs.
- And every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to 6 months or with fine which shall not be less than Rs. 25,000 but which may extend to Rs. 1 Lakh, or both.

# Section 87 Rectification by Central Government in register of Charges

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- ❑ CG may on the application of:
  - the company; or
  - any person interested
- ❑ Direct that the time of filings be extended or as the case may require, that the omission/ mis-statement be rectified.
- ❑ Where instrument creating, modifying or satisfying charge is not filed within 300 days, ROC shall not register same unless delay is condoned by CG.
- ❑ Application for condonation of delay shall be filed in Form No. CHG-8.
- ❑ Order of CG to be filed with Registrar in Form No. INC.28



# THANK YOU