

Chapter VI Registration of charges

Sections 77 – 87

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Companies (Registration of charges) Rules, 2014

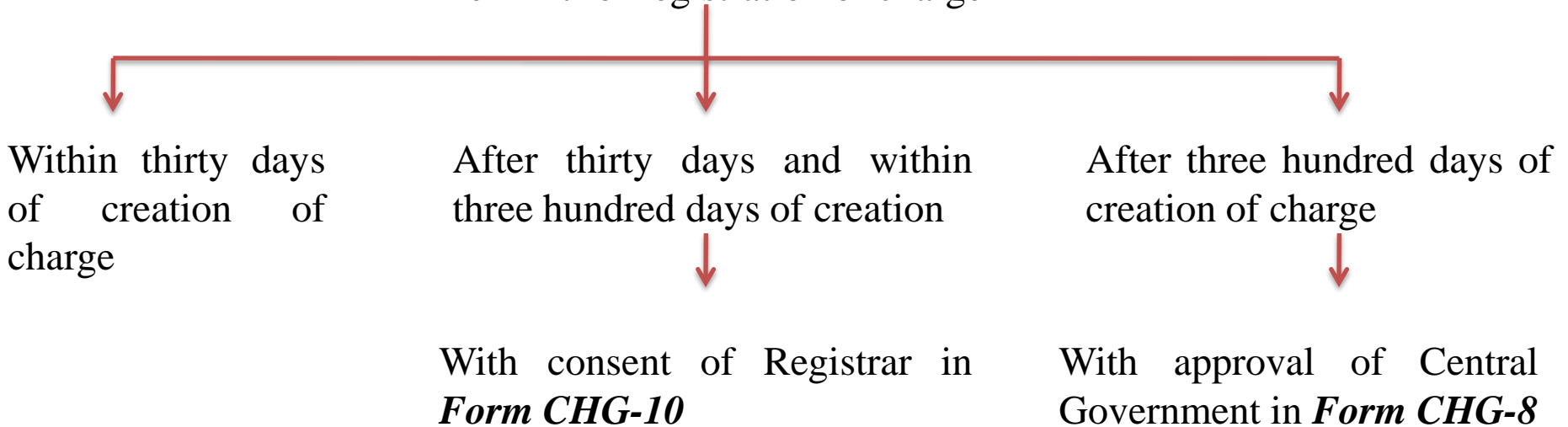
Section applicable from September 12, 2013: Section 86

Sections applicable from April 1, 2014: Sections 77 to 85 and section 87

Duty to register charges, etc.
Section 77, Rule 3 - 6

- It shall be the duty of the Company to register the particulars of charge signed by the Company and the charge-holder together with the instruments within thirty days of its creation
- **Form CHG-1** (other than debentures) or **Form CHG-9** (Debentures including rectification) shall be filed for registering the charge
- Charge may be on property or assets or any of its undertakings, whether tangible or otherwise, and situated in or outside India

Time limit for registration of charge



- Any subsequent registration of a charge shall not prejudice any right acquired in respect of any property before the charge is actually registered
- Registrar shall issue a certificate of registration of charge in *Form CHG-2* for certificate of registration of charge or *Form CHG-3* for certification of modification of charge, to the Company and to the person in whose favour the charge is created
- Certificate issued by the Registrar shall be conclusive evidence that the requirements of Chapter VI have been complied with.
- Charge created by a Company shall not be taken into account by the liquidator or any other creditor unless it is duly registered and a certificate of registration of such charge is given by the Registrar
- Nothing in section 77(3) shall prejudice any contract or obligation for the repayment of the money secured by a charge

Application for registration of charge Section 78

- If Company fails to register the charge, the person in whose favour the charge is created may apply to the Registrar for registration of the charge along with the instrument created for the charge
- The Registrar may, on such application, within a period of fourteen days after giving notice to the Company allow such registration
- If registration is effected on application of the person in whose favour the charge is created, that person shall be entitled to recover from the Company the amount of any fees or additional fees paid by him to the Registrar

Section 77 to apply in certain matters Section 79

Provisions of section 77 relating to registration of charges shall apply to

Company acquiring any property subject to a charge

any modification in the terms or conditions or the extent or operation of any charge registered

Date of notice of charge
Section 80



If any charge is registered, any person acquiring such property, assets, undertakings or part thereof or any share or interest therein shall be deemed to have notice of the charge from the date of such registration

Register of charges to be kept by the Registrar
Section 81, Rule 7

- Registrar shall keep a register containing particulars of the charges registered
- Register shall be open to inspection by any person on payment of such prescribed fees for each inspection

Company to report satisfaction of charge
Section 82, Rule 8



- A Company shall give intimation to Registrar of satisfaction in full of any charge within thirty days from satisfaction of charge in *Form CHG-4*
- Provisions of section 77 related to time limit shall apply on registration of satisfaction of charge
- If intimation for satisfaction is not in Form CHG-4 and not signed by the charge holder, then Registrar shall within fourteen days, cause a notice to be sent to charge holder calling upon him to show cause as to why payment should not be recorded
- If no cause is shown, the Registrar shall order that a memorandum of satisfaction shall be entered in the register of charges kept by him and shall inform the Company that he has done so
- If any cause is shown under section 82, Registrar shall record a note to that effect in the register of charges and shall inform the Company
- Nothing in the section 82 shall be deemed to affect the powers of the Registrar to make an entry in the register of charges under section 83 or otherwise than on receipt of an intimation from the Company

Power of Registrar to make entries of satisfaction and release in
absence of intimation from the Company
Section 83



- The Registrar may on evidence being given to his satisfaction with respect to a registered charge:
 - that the debt for which the charge was given has been paid or satisfied in whole or in part, or
 - that part of the property or undertaking has been released from the charge or has ceased to form part of the Company's property or undertaking, as the case may be,enter in the register of charges a **memorandum of satisfaction** with respect to the above stated charge
- Notwithstanding the fact that no intimation has been received by him from the Company
- The Registrar shall inform the affected parties within thirty days of making the entry in the register of charges

Intimation of appointment of receiver or manager Section 84, Rule 9

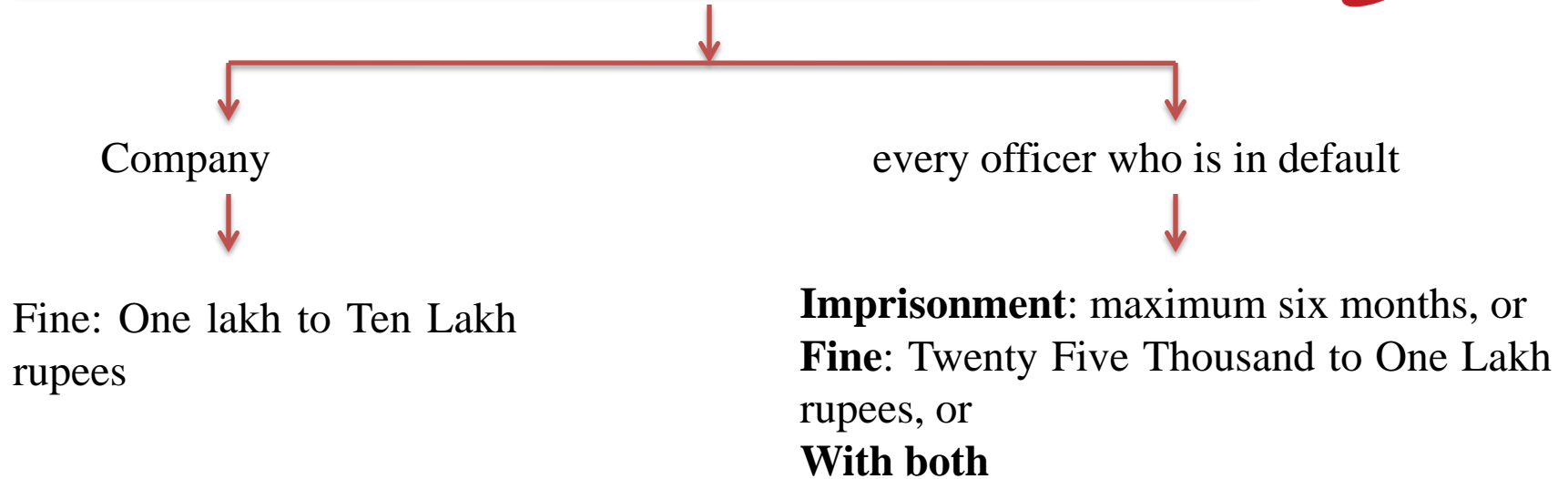


- If any person obtains an order for the appointment of a receiver or if any person appoints such receiver or person under any power contained in any instrument, he shall within thirty days of the passing of the order or of appointment, give notice of such appointment to the Company and Registrar alongwith copy of order or instrument in ***Form CHG-6***
- Any receiver or manager shall, on ceasing to hold such appointment, give notice to the Company and the Registrar to that effect and the Registrar shall register such notice

Company's register of charges
Section 85, Rule 10 and 11

- Every Company shall keep at its registered office a register of charges in *Form CHG-7* alongwith the copy of the instrument creating the charge
- Entries in the register shall be authenticated by a Director or the secretary or any authorized person
- Register of charges shall be preserved permanently and the instrument creating a charge or modification thereon shall be preserved for a period of eight years from the date of satisfaction of charge by the Company
- Register of charges and instrument of charges shall be open for inspection during business hours by any member or creditor (without fee) or by any other person (with prescribed fee), subject to such reasonable restrictions as the Company may impose

Punishment for contravention of any provision of this chapter
Section 86



Rectification by Central Government in register of charges Section 87, Rule 12



- Central Government may, on application made by the Company or interested person in **Form CHG-8**, extend the time limit, if Central Government is satisfied that following omissions was accidental or due to inadvertence or it is not prejudice the position of creditors or shareholders of the Company
 - Omission to file with the Registrar the particulars of any charge or modification of charge or any charge subject to which any property has been acquired by a Company
 - Omission to register any charge or to give intimation to the Registrar of the payment or the satisfaction of a charge within the time limit
 - Omission or mis-statement of any particular in respect of charge or modification or memorandum of satisfaction or any other entry made under section 82 or 83
 - On any other grounds, it is just and equitable to grant relief
- If Central Government extends the time for the registration of a charge, the order shall not prejudice any rights acquired in respect of the property concerned before the charge is actually registered
- The order passed by the Central Government section 87(1) of the Act shall be required to be filed with the Registrar in **Form No. INC.28**

[Form CHG 1: Application for registration of creation, modification of charge](#)

Form CHG 2: Certificate of registration of charge

Form CHG 3: Certificate of registration of modification of charge

[Form CHG 4: Particulars of satisfaction of charge thereof](#)

Form CHG 5: Memorandum of satisfaction of charge

[Form CHG 6: Notice of appointment or cessation of receiver or manager](#)

Form CHG 7: Register of charges

[Form CHG 8: Application to Central Government for extension of time for filing particulars of creation/modification/satisfaction of charge](#)

[Form CHG 9: Application for registration of creation or modification of charge for debentures](#)