

# Charges [Sec 77-87]

Q1 Meaning of Charge = Pledge + Mortgage + Hypothecation  
 +  
 Objective = To maintain transparency & eliminate corporate frauds.

## Q2 Forms

- CHA-1 - Intimation of Creation or modific<sup>n</sup> of charges to ROC.
- CHA-2 - Certificate of reg<sup>n</sup> of charge by ROC to Co.
- CHA-3 - Certificate of modific<sup>n</sup> of Charge by ROC to Co.
- CHA-4 - Intimation of satisfac<sup>n</sup> of Charge to ROC.
- CHA-5 - Certificate of satisfac<sup>n</sup> of Charge by ROC to Co.
- CHA-6 - Intimation of appointment of receiver or manager to ROC by Creditor.
- CHA-7 - Register of charges to be maintained by Co.
- CHA-8 - Condonation of delay by CA
- CHA-9 - Intimation of Creation or modific<sup>n</sup> of charge against Debenture or other security.

## Q3 Diff between Fixed & Flexible Charge

Fixed	Flexible
Definite Assets	Assets in Ordinary Course of business
Land & Building	Stock in trade
Less risky	More risky
No conversion into flexible	Can be converted into fixed
Longer term	Short Duration
Co. can't dispose off the property	Co. is free to deal with property unless right is exercised by Secured Creditor

## Q4 Crystallization of Charges

- ↓  
 Conversion of flexible into fixed charge
- Happening of event specified in deed
  - At the discretion of creditor
  - Co. goes into liquidation
  - Co. ceases to carry business

## Q5 [Sec 81 + Rule 7] Registrar's Reg or Index of Charges

= ROC oblig<sup>n</sup> + Open for inspec<sup>n</sup> + Fee +  
 www.mca.gov.in + Upload on Portal = Maintenance of Register

## Q6 [Sec 85 + Rule 10 & 11] Company's Register of Charges

= Regd- office + CHA-7 manner + Preservation Permanently + Instrument of Charge (8 yrs. Preserved) + Inspection by any Person + Member/Creditor (Free) + Other Person (Fee in AOA) + During bus-hrs. only.

## Q7 [Sec 84 + Rule 9] Intimation of appointment of receiver or manager

Intimation to ROC & Company + In 30 days of appointment + By appointer or appointee + CH-6 & copy of order/Instrument of appointment + ROC fee payment form + Task Completion Notice to ROC & Company.

## Q8 List of Sections

- Sec 77 - Duty to register charge
- Sec 78 - Applic<sup>n</sup> for reg<sup>n</sup> of charge
- Sec 79 - Sec 77 to apply in certain matters (Modific<sup>n</sup> of Charge)
- Sec 80 - Date of Notice of Charge (Effect)
- Sec 81 - Index of Charges maintained by ROC
- Sec 82 - Company to report satisfac<sup>n</sup> of Charges to ROC
- Sec 83 - Power of ROC to make entries of satisfac<sup>n</sup> & release in absence of
- Sec 84 - Intimation of appointment of receiver or mgr. intimation from Co.
- Sec 85 - Company's Register of Charges
- Sec 86 - Punishment for Contravention
- Sec 87 - Rectification by CG in register of charges (Condonation of delay by CG)

## Q9 [Sec 77] - Registration of Charges (inclusive of Sec 79)

Intimation to ROC + By Co. + in 30 days of creation + in CHA-1 or CHA-9 + With Instrument of Charge + ~~30 days~~ + ~~30 days~~ + 60 days (BR copy)

CA + RBI = Charges notified (not liable to be registered with ROC).

## Q10 [Sec 78] - Application for registration of Charge

Co. to ~~ROC~~ in 30 days + Charge holder to ROC + Notice by ROC to Co. + Reasoning

## Q11 [Sec 80] - Effect of registration of Charge = Notice to public.

## Q12 [Sec 80] - Effect of non-reg<sup>n</sup> & Penalty

Company (Valid) + Banker (Void)      Co-      + O/D

## Q13 [Sec 82] - Satisfaction of Charges

CHA-4 + No Dues letter + To ROC + in ~~30 days~~ (next 70 days with additional fee)

## [Sec 83] - No intimation of satisfac<sup>n</sup>

Condoned by CG in CHA-8.

~~Company~~ + ~~Banker~~ = ROC may enter on its own & inform parties in 30 days.

## Q14 [Sec 87] - Condonation of delay by CG

CHA-8 + Instrument of Charge + BR copy

Satisfaction - After 300

Accidental omission + Not malefide + Not detrimental

## Q15 Verification of Instruments

Pop in India = Form by Co. (C-Seal or Dis or CS) + Form by Banker (AO or other person)

Pop outside India = Form by Co. (Dis or CS) + Form by Banker (AO).