Charges

Q 1: DAISY LTD. A COMPANY REGISTERED UNDER THE COMPANIES ACT, 2013, HAS FAILED TO REGISTER A CHARGE WHICH REQUIRES REGISTRATION UNDER SECTION 77 AND THE CHARGE IS NOT REGISTERED AS PER SECTION 77. WHAT WILL BE THE CONSEQUENCES OF SUCH NON-REGISTRATION?

Ans: APPLICABLE PROVISIONS →

FACTS →

CONCLUSION →

Q2. ROSE LTD. RAISED A LOAN FROM STATE FINANCIAL INSTITUTION BY CREATING HYPOTHECATION OF BOOK DEBTS AND ALSO FUTURE DEBTS OF THE COMPANY. INCIDENTALLY, THE CHARGE WAS NOT REGISTERED WITH THE REGISTRAR OF COMPANIES CONCERNED. STATE FINANCIAL INSTITUTION DEMANDED A CERTIFICATE OF REGISTRATION OF CHARGE FOR THE AMOUNT OF LOAN SO GRANTED BY IT. THE DIRECTOR OF THE COMPANY REPLIED TO THE STATE FINANCIAL INSTITUTION THAT THE CHARGE NEED NOT BE REGISTERED FOR HYPOTHECATION OF BOOK DEBTS. IS THE ACTION OF DIRECTORS VALID? GIVE REASONS.

ANS: APPLICABLE PROVISIONS →

FACTS →

CONCLUSION →

Q.3. XYZ LIMITED HAS OFFICE BUILDING IN LONDON. THE COMPANY HAS BEEN GRANTED A TERM LOAN OF Rs. 15 CR. FROM A BANK. THE COMPANY WANTS TO MORTGAGE OFFICE BUILDING OF LONDON. EXAMINING THE PROVISIONS OF THE COMPANIES ACT, 2013, ANSWER THE FOLLOWING:

i] WHETHER THE COMPANY CAN MORTGAGE THE ABOVE OFFICE BUILDING?

ii] WHETHER A CHARGE CAN BE CREATED FOR PROPERTY SITUATED OUTSIDE INDIA?

Ans: <u>APPLICABLE PROVISIONS</u> →

<u>FACTS</u> →

<u>CONCLUSION</u> →

Q4. THE AUTHORISED SHARE CAPITAL OF SHINE LTD. IS Rs 50 LAKH. THE PAID UP CAPITAL OF THE COMPANY IS Rs 20 LAKH. THE BOARD OF DIRECTORS AT ITS 100th MEETING HELD IN THE RESIDENCE OF MANAGING DIRECTOR OF THE COMPANY RESOLVED TO CREATE CHARGE ON UNCALLED SHARE CAPITAL OF Rs. 30 LAKH. WITH REFERENCE TO THE PROVISIONS OF THE COMPANIES ACT, 2013 ASCERTAIN IF THE RESOLUTION IS VALID.

ANS: APPLICABLE PROVISIONS →

FACTS →

CONCLUSION →

✱ **IMPORTANT TOPICS**

① DEFINITION OF CHARGE   SECTION 2(16)

② PROPERTY ON WHICH CHARGE CAN BE CREATED & REGISTERABLE CHARGES

③ REGISTRATION OF CHARGE UNDER SECTION 77

④ REGISTRATION BY CHARGE HOLDER UNDER SECTION 78

⑤ SATISFACTION OF CHARGE

⑥ PENALTY