

# PROCEDURE FOR KEEPING BOOKS OF ACCOUNTS AT A PLACE OTHER THAN THE REGISTERED OFFICE OF THE COMPANY

117

{Section 128 of the Act read with Rules 2A, 3 and 4 of the Companies (Accounts) Rules, 2014}

## Synopsis

|                       |                               |      |
|-----------------------|-------------------------------|------|
| 117.1                 | Procedure with check points   | 2073 |
| 117.2                 | Forms to be filed             | 2076 |
| 117.3                 | List of documents required    | 2076 |
| 117.4                 | List of informations required | 2077 |
| <b>Appendix 117.1</b> | Sample board resolution       | 2076 |

## Relevant Sections, Rules and Forms at a Glance

| Particulars                          | Section(s), Rule(s) and Name of e-Form(s) |
|--------------------------------------|---|
| The Companies Act, 2013              | Sections 2(12), 2(13), 128 and 173        |
| The Companies (Accounts) Rules, 2014 | Rules 2A, 3 and 4                         |
| Secretarial Standard-1 of ICSI       | Clauses 3, 4, 5, 6, 7 and 8               |
| e-Forms to be filed                  | AOC-5                                     |

## Significant Relevant Approvals and Requirements

- ❖ Board resolution
- ❖ Copy of the rent agreement/lease deed, if applicable

## 117.1 PROCEDURE WITH CHECK POINTS

| S. No. | Particulars  |
|--------|--|
| 1.     | <p><b>Book and paper</b> and book or paper as per <i>Section 2(12) of the Act</i> include books of account, deeds, vouchers, writings, documents, minutes and registers maintained on paper or in electronic form</p> <p><b>Books of account</b> as per <i>Section 2(13) of the Act</i> includes records maintained in respect of—</p> <ul style="list-style-type: none"> <li>(i) all sums of money received and expended by a company and matters in relation to which the receipts and expenditure take place;</li> <li>(ii) all sales and purchases of goods and services by the company;</li> <li>(iii) the assets and liabilities of the company; and</li> <li>(iv) the items of cost as may be prescribed under section 148 in the case of a company which belongs to any class of companies specified under that section</li> </ul> |

| S. No. | Particulars   |
|--------|---|
| 2.     | <p>Note that—</p> <ul style="list-style-type: none"> <li>• every company shall prepare and keep at its registered office books of account and other relevant books and papers and financial statement for every financial year which give a true and fair view of the state of the affairs of the company, including that of its branch office or offices, if any, and all or any of the books of account aforesaid and other relevant papers may be kept at such other place in India as the Board of Directors may decide <i>{Section 128(1) of the Act}</i>.</li> <li>• the books of account and other books and papers maintained by the company within India shall be open for inspection at the registered office of the company or at such other place in India by any director during business hours, and in the case of financial information, if any, maintained outside the country, copies of such financial information shall be maintained and produced for inspection by any director subject to such conditions: <ul style="list-style-type: none"> <li>- the summarised returns of the books of account of the company kept and maintained outside India shall be sent to the registered office at quarterly intervals, which shall be kept and maintained at the registered office of the company and kept open to directors for inspection.</li> <li>- where any other financial information maintained outside the country is required by a director, the director shall furnish a request to the company setting out the full details of the financial information sought, the period for which such information is sought.</li> <li>- the company shall produce such financial information to the director within fifteen days of the date of receipt of the written request.</li> <li>- the financial information required under sub-rules (2) and (3) shall be sought for by the director himself and not by or through his power of attorney holder or agent or representative.</li> </ul> <p><i>{Section 128(3) of the Act read with Rule 4 of the Companies (Accounts) rules, 2014}</i>.</p> </li> <li>• the books of account of every company relating to a period of not less than eight financial years immediately preceding a financial year, or where the company had been in existence for a period less than eight years, in respect of all the preceding years together with the vouchers relevant to any entry in such books of account shall be kept in good order and where an investigation has been ordered in respect of the company under Chapter XIV of the Act, the Central Government may direct that the books of account may be kept for such longer period as it may deem fit <i>{Section 128(5) of the Act}</i>.</li> <li>• The company as per <i>Rule 3 of the Companies (Accounts) Rules, 2014</i>, shall keep its books of account in electronic mode in the following manner: <ul style="list-style-type: none"> <li>- the books of account and other relevant books and papers maintained in electronic mode shall remain accessible in India so as to be usable for subsequent reference.</li> <li>- the books of account and other relevant books and papers shall be retained completely in the format in which they were originally</li> </ul> </li> </ul> |

| S. No. | Particulars  |
|--------|--|
|        | <p>The subscribers, who are individuals in the Memorandum of Association (MOA) shall be deemed as first directors until the directors are duly appointed by the members in accordance with Section 152 of the Companies Act, 2013 and rules made thereunder (Section 152 of the Act).</p> <ul style="list-style-type: none"> <li>• Not the person intended/proposed to be appointed a director of a company has a valid Director Identification Number (DIN) under section 174 or any other number as may be prescribed under section 174 of the Companies Act, 2013, however, in case of first directors of a new company, the DIN up to 3 (three) persons can be obtained through incorporation with integrated form SPICe+ (INC-32) (Section 152 of the Act read with rule 152 of the Companies Incorporation Rules, 2014).</li> <li>• Not a total number of directors, at least one director has stayed in India for a total period of not less than 182 days during the financial year. Provided that in case of newly incorporated company, residential status shall be determined proportionately. However, it is not required in case the director is appointed by the Central Government or State Government (Section 152 of the Act).</li> <li>• A person, who is intended to be appointed, shall not be eligible for appointment, if he/she has any disqualification for appointment under section 164 of the Act (Section 164 of the Act read with company provisions of government company and regulations in COA 2012 about COA 2012).</li> <li>• A person proposed to be appointed as a director in a company other than a company registered under Section 8 (non-profit company) of the Companies Act, 2013 (Section 152 of the Act)             <ul style="list-style-type: none"> <li>- shall not hold office as a director including any alternate directorship in more than 20 companies including directorship in dormant companies.</li> <li>- shall not hold office in more than 10 public companies including the private companies which are holding or subsidiary of public company.</li> </ul> </li> </ul> |
| 1.     | In case of one person company, an individual being sole member is deemed to be the first director of the company, if the articles of association has not mentioned the names of first directors (Section 152 of the Act).  |
| 2.     | Forms created in writing, on or before appointment, from the appointed director to act as director in the company as Form 208-2 (Part 2 of the Companies Incorporation and Qualification of Directors Rules, 2014).  |
| 3.     | Form created in writing, on or before appointment, from the appointed director as Form 208-3 regarding that he/she is not disqualified under Section 164 of Companies Act, 2013, to act as a Director (Section 164 of the Act read with rule 17 of the Companies Incorporation and Qualification of <b>Directors</b> Rules, 2014).   |
| 4.     | The particulars of first directors to be integrated with Form SPICe+ (INC-32) at the time of incorporation of company.   |

For the detailed procedure, please refer Company Law Procedures & Compliances by Dr. Sanjeev Gupta, 2nd edn, 2021. You can buy from your bookseller or online at [www.bharatlaws.com](http://www.bharatlaws.com)

**[COMPANY LAW Procedures & Compliances \(in 2 vols.\)](#)**