

# 14

## CHAPTER

# Maintenance of Registers and Records

### Chapter Coverage

S. No.	Topic
14.1	Introduction
14.2	List of Register and Records required to be maintained by an enterprise-Statutory Registers to be maintained under Companies Act, 2013
14.3	Other Important Books and Registers
14.4	Financial Records required to be maintained by Enterprises
14.5	Place of Keeping the Records and Registers
14.6	Inspection of Statutory Registers
14.7	Suggested Method of Keeping Statutory Registers

### Regulatory Framework Coverage

The Companies Act, 2013

### 14.1 Introduction

Every Company incorporated under the Act has to maintain Statutory Registers ("the Registers"). Some important requirements relating to registers and records are as below:

- ◆ The Registers need to maintain and kept updated and should be kept at the Registered Office of the Company.
- ◆ Some of the Registers are required to be kept open for inspection by Directors, Members and Creditors and by other persons.
- ◆ A Company is also required to provide the extracts of the Registers, if demanded by Directors, Members, and Creditors and by other persons on payment of specified fees.

Hence, it is important for all the companies (including one person company) incorporated in India to maintain statutory registers.

**Note: Failure of the company to maintain statutory register could result in a fine of not less than ₹ 1 lakh which may extend to ₹ 10 lakh. Further, the Officers of the company may also be punishable with imprisonment for a term which may extend to six months or with a fine not less than ₹ 25 thousand which may extend to ₹ 1 lakh.**

### QUESTIONS

**Ques 1:** A private limited company in the process of dissolution stops maintaining statutory registers. Company argues that since they are in the process of dissolution, there is no need to maintain statutory registers. What is the validity of the argument? Explain the consequences of non-maintenance of such registers.

*[Hint: Refer Note as discussed above. Hence, it is important for all the private limited companies or limited companies or one person companies incorporated in India to maintain statutory register.]*

**Ques 2:** TPS Pvt. Ltd. incorporated on 1st August, 2017 having its registered office at Saket, New Delhi. Management of the Company kept some of the statutory records in the other branch of the Company in Janakpuri, New Delhi. Explain whether Company is eligible to keep its statutory records at place other than its registered office under the Companies Act, 2013.

[Hint: Refer "Topic 14.1 Introduction". In this case TPS Pvt. Ltd. is eligible to keep its statutory record in their branch at Janakpuri, New Delhi.]

#### 14.2 List of Register and Records required to be maintained by an enterprise- Statutory Registers to be maintained under Companies Act, 2013

Form	Relevant Section and Rule	Name of the Register
MGT-1	Section 88(1) and Rule 3(1) of the Companies (Management and Administration) Rules, 2014	Register of Members
MGT-2	Section 88(1) and Rule 4 of the Companies (Management and Administration) Rules, 2014	Register of Debenture Holders/ Other Securities Holders
MGT-3	Section 88(4) and Rule 7 of the Companies (Management and Administration) Rules, 2014	Foreign Register of Members, Debenture holders, other security holders or beneficial owners residing outside India
Register	Section 170 & Rule 17 of COS (Appointment & Qualification of Director) Rules, 2014	Register of Directors and Key Managerial Personnel and Their Shareholding
Register	Section 88(2) and Rule 6 of the Companies (Management and Administration) Rules, 2014	Index of Members
Register	Section 88(2)	Index of Debenture Holders
Register	Section 88(3)	Register and Index of Beneficial Owner
SH-2	Rule 6 of the Companies (Share Capital and Debentures) Rules, 2014	Register of Renewed and Duplicate Share Certificate
SH-3	Section 54 and Rule 8(14) of the Companies (Share Capital and Debentures) Rules, 2014	Register of Sweat Equity Shares
SH-6	Section 62 and Rule 12(10)	Register of Employee Stock Option
SH-10	Section 68 and Rule 17(12) of the Companies (Share Capital and Debentures) Rules, 2014	Register of Shares/Other Securities Bought Back
Register	Section 73 and Rule 14 of the Companies (Acceptance of Deposits) Rules, 2014	Register of Deposits
CHG-7	Section 85 and Rule 7 of the Companies (Registration of Charges) Rules, 2014	Register of Charges
MBP-2	Section 186 and Rule 12 of the Companies (Meeting of Board and its Powers) Rules, 2014	Register of Loans, Guarantee, Security And Acquisition Made By Company
MBP-3	Section 187 and Rule 14 of the Companies (Meeting of Board and its Powers) Rules, 2014	Register of Investment Not Held In Its Own Name By The Company
MBP-4	Section 189 and Rule 16 of the Companies (Meeting of Board and its Powers) Rules, 2014	Register of Contracts With Related Party And Contracts And Bodies Etc. In Which Directors Are Interested

#### Question For Practice

**Ques 1: Prepare List of Register and Records required to be maintained by an enterprise- Statutory Registers to be maintained under Companies Act, 2013?**

*Hint: Refer Topic 14.2 List of Register and Records required to be maintained by an enterprise- Statutory Registers to be maintained under Companies Act, 2013.*

#### 14.3 Other Important Books and Registers

- ◆ Minutes Book: (i) Board Meeting Minutes Book; (ii) General Meeting Minutes Book.
- ◆ Books of Account/Financial Statements.
- ◆ Register of Directors Attendance at Board/Committee Meeting.

- ◆ Attendance record of members at general meetings.
- ◆ In case of postal ballot, postal ballot forms received.

#### 14.4 Financial Records required to be maintained by Enterprises

- ◆ **Income Records:** To be able to accurately state income is important due to several reasons. Not only is it important to be able to assess the viability and strength of the business but it is also important that financial records neither overstate nor understate the incomes earned by the business.

*Ordinarily invoices must contain the following information heads:*

- **Name of issuing business.**
- **Address of business.**
- **Date of issue.**
- **Serial No.**
- **CIN (Company Identification No.) if business is being run by a company.**
- **Service tax, GSTIN, (if applicable).**
- **Description of goods, services as well as prices.**
- **Details of taxes levied, if any.**
- **Total invoice Value.**

- ◆ **Purchase Records:** To be able to determine your business's profitability it is important that you should record and retain details of expenses and purchases made by your business. Documents that contain such details include:

- Invoices received.
- Credit card statements.
- Receipts/ counterfoils.
- Cheque book counterfoils.
- Cash vouchers.
- Salary information.
- Credit Documents.

- ◆ **Cash Records:** To be able to actively ascertain the exact amount of cash available, a business must maintain two principle documents:

- (1) Cash collection register to record and;
- (2) Reconcile all collections made by the business in cash and Day books/Cash book to map the inward and outward movement of cash from the business.

- ◆ **Banking Records:** Bank records offer great insight into the transaction undertaken by a business. To be able to correctly ascertain the financial strength of an enterprise it is necessary that the bank balances as per records be in sync with the reality. To accomplish this a business must maintain up to date records of:

- Bank Account Statements along with reconciliations.
- Cheque books with completed counterfoils.
- Cheque/Cash Deposit counterfoils.

#### 14.5 Place of Keeping the Records and Registers

It is assumed that statutory registers are kept at the address of the registered office of the company. Such registers may also be kept at any other place in India in which more than one-tenth of the total number of members entered in the register of members resides and approved by a special resolution passed at a general meeting of the company.

#### **14.6 Inspection of Statutory Registers**

Companies are required by law to make their statutory registers available for public inspection at their registered office or the address as notified to the Registrar during business hours. The registers shall be open for inspection by any member, debenture-holder, other security holder or beneficial owner without payment of any fees and by any other person on payment of prescribed fees.

#### **14.7 Suggested Method of Keeping Statutory Registers**

The companies have an option to keep all of their statutory registers together in a bound or loose-leaf folder or book. This ensures all important company documents are filed together and easily accessible for inspection purposes. Furthermore one may also keep digital copies instead of, or in addition to the paper register.