

Books of account: Companies Act reference sheet

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A summary of section 128 of the Companies Act, 2013 and Rule 3 of the Companies (Accounts) Rules, 2014, as at the date shown. Read the text of the law for the full requirement.

At a glance

What	Books of account, other relevant books and papers, and the financial statements, for every financial year, giving a true and fair view and explaining transactions at the registered office and branches
Basis	Accrual basis and double-entry system
Where	At the registered office; or another place in India decided by the Board, with notice to the Registrar within seven days
How long	Not less than eight financial years immediately preceding the current year, with the vouchers for entries in them; all years if the company is younger than eight years
Electronic books	Allowed, subject to Rule 3
Failure	Penalties on the company and the officers responsible, as provided in section 128

Electronic records: Rule 3

- ☐ Books remain accessible in India at all times
- ☐ Records are retained complete and unaltered, in the original format or one that shows the information accurately
- ☐ There is a system for storage, retrieval, display, and printout
- ☐ A backup is kept daily on servers physically located in India, including for books kept outside India
- ☐ Where the service provider is outside India, the name and address of the person in India in control of the books are given to the Registrar

Audit trail

- ☐ Accounting software records an audit trail of each transaction
- ☐ An edit log shows each change and the date it was made
- ☐ The audit-trail feature cannot be disabled
- ☐ The trail is preserved for the same period as the books
- ☐ The statutory auditor reports on compliance

Checks to make each year

- ☐ Ledgers and vouchers for the eight preceding years can be produced
- ☐ The place where books are kept is the registered office or has a Board resolution and Registrar notice
- ☐ The hosting location, the controller of the books, and the backup location are recorded
- ☐ Evidence that the audit-trail feature is on has been saved

Source: Companies Act, 2013, section 128, and Companies (Accounts) Rules, 2014, rule 3. Reviewed on 3 October 2026.

General information, not advice on any particular matter, and not a solicitation or advertisement. The law may have changed since the date shown. Kalani Gattani & Co, Chartered Accountants.