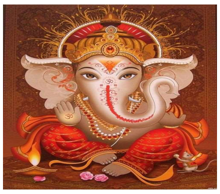

CASE STUDY-NOV 40-INSPECTION OF DOCUMENTS OF LISTED COMPANY

QUESTION: *ABC Ltd. a listed company, maintains all its documents, records, registers and minutes in electronic form. A shareholder requests the company to inspect as well as get copies of the AGM minutes held in 2022, in electronic form. The company has 2,500 shareholders, debenture holders and other security holders.*

(i) Advise the company whether this can be allowed to the shareholder.

(ii) If the company is an unlisted company, whether the shareholder is eligible to inspect and get the copies of the minutes in electronic form.

APPLICABLE PROVISIONS

SECTION 120 OF THE COMPANISES ACT, 2013

Maintenance and Inspection of Documents in Electronic Form.

Without prejudice to any other provisions of this Act, any document, record , register , minute etc.-

(a) required to be kept by a company; or

***(**b) allowed to be inspected or copies to be given to any person by a company under this Act, may be kept or inspected or copies given, as the case may be, in electronic form in such form and manner as may be prescribed.*

RULE 27 OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014

Maintenance and inspection of document in electronic form.-

(1) Every listed company or a company having not less than one thousand shareholders, debenture holders and other security holders, shall maintain its records, as required to be maintained under the Act or rules made there under, in electronic form.

Explanation: *For the purposes of this sub-rule, it is hereby clarified that in case of existing companies, data shall be converted from physical mode to electronic mode within six months from the date of notification of provisions of section 120 of the Act.*

(2) The records in electronic form shall be maintained in such manner as the Board of directors of the company may think fit;

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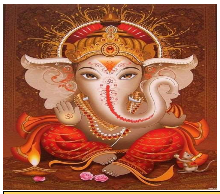

Provided that –

(a) the records are maintained in the same formats and in accordance with all other requirements as provided in the Act or the rules made there under;

(b) the information as required under the provisions of the Act or the rules made there under should be adequately recorded for future reference;

(c) the records must be capable of being readable, retrievable and reproducible in printed form;

(d) the records are capable of being dated and signed digitally wherever it is required under the provisions of the Act or the rules made there under;

(e) the records, once dated and signed digitally, shall not be capable of being edited or altered;

(f) the records shall be capable of being updated, according to the provisions of the Act or the rules made there under, and the date of updating shall be capable of being recorded on every updating.

***Explanation:** - For the purpose of this rule, the term "records" means any register, index, agreement, memorandum, minutes or any other document required by the Act or the rules made there under to be kept by a company.*

***<u>RULE 29. INSPECTION AND COPIES OF RECORDS MAINTAINED IN ELECTRONIC FORM</u>**.- Where a company maintains its records in electronic form, any duty imposed by the Act or rules made there under to make those records available for inspection or to provide copies of the whole or a part of those records, shall be construed as a duty to make the records available for inspection in electronic form or to provide copies of those records containing a clear reproduction of the whole or part thereof, as the case may be on payment of not exceeding ten rupees per page.*

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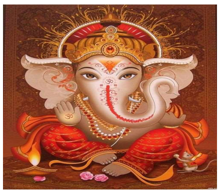

ANSWER:

Section 120 of Companies Act, 2013 states that without prejudice to any other provisions of this Act, any document, record, register, minutes, etc.,—

(a) required to be kept by a company; or

(b) allowed to be inspected or copies to be given to any person by a company under this Act, may be kept or inspected or copies given, as the case may be, in electronic form in such form and manner as may be prescribed.

Rule 27 of the Companies (Management and Administration) Rules, 2014, *specifies Every listed company or a company having not less than one thousand shareholders, debenture holders and other security holders, may maintain its records, as required to be maintained under the Act or rules made there under, in electronic form.*

Rule 29 of the Companies (Management and Administration) Rules, 2014, *specifies, where a company maintains its records in electronic form, it is the duty of the company to make the records available for inspection in electronic form or to provide copies of those records containing a clear reproduction of the whole or part thereof, as the case may be on payment of not exceeding ten rupees per page.*

i). ABC Ltd. hence, can allow the shareholder to inspect and get copies of the AGM minutes, held in 2022 by following the above provisions.

ii). In case ABC Ltd. is an unlisted company and if it is maintaining its records in electronic form, it is allowed to comply with the request of the shareholder, by following the above provisions.

DISCLAIMER: *the case study presented here is only for sharing information with readers. In case of necessity do consult with professionals.*

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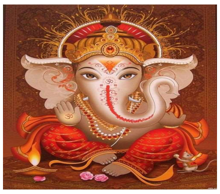

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