

ACCOUNTS (SECTIONS 209 – 223)

Books of Accounts to be kept by company (Section 209)

Question 1

The Board of Directors of M/s Bharat Ltd. has a practical problem. The registered office of the company is situated in a classified backward area of Maharashtra. The Board wants to keep the account books of the company at its corporate office in Mumbai which is conveniently located. The Board seeks your advice about the feasibility of maintaining the accounting records at a place other than the registered office of the company. Advice. (November, 2008)

Answer

According to Section 209 of the Companies Act, 1956 every company shall keep the books of accounts at its registered office. However, the books of accounts can be kept at such other places in India as the Board of directors may decide and when the Board of directors so decide, the company shall within 7 days of the decision file with the Registrar of Companies a notice in Form No. 23AA in writing giving full address of the other place. Thus in the present case, the company can follow the above procedure and keep its accounts book at Mumbai office.

Question 2

The Board of Directors of a company propose to charge the Chief Accountant of the company with the duty of ensuring compliance with the provisions of the Companies Act, 1956 relating to maintenance of proper Books of account and preparation of Balance Sheet and Profit & Loss Account in accordance with the law. Draft a Board Resolution for this purpose.

What are the consequences in case of default, when such a resolution is passed? Is it possible for the Board of Directors to pass such a resolution, when the company is managed by Managing Director? (November, 2003)

Answer

Draft Board Resolution for charging a person with the duty of Compliance with the requirements of Section 209 & 211 of the Companies Act.

Resolved that pursuant to section 209(7) and 211(8) of the Companies Act, 1956, Mr./Ms. _____ Chief Accountant of the company be and is hereby charged with the duty of seeing that the requirements of Sections 209 and 211 of the Companies Act, 1956 are duly and fully complied with.

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Resolved further that the said Mr./Ms. _____ is hereby entrusted with the authority to do such Acts, through and deeds as may be necessary or expedient for the purpose of compliance with the requirements of the said Sections 209 and 211.

Consequences in case of default: According to Section 209(6), the following persons are responsible to ensure that the company duly complies with the provisions of Section 209:

- (a) the managing director or managers of the company, if any;
- (b) all officers and other employees of the company; or
- (c) if the company has no managing director, every director of the company.

Penalty for default is imprisonment upto 6 months or fine upto Rs.10,000/- or both, if the persons mentioned above fail to take all reasonable steps to ensure that the provisions of Section 209 are duly complied with by the company or default has been committed by their own wilful Act. Further a person shall be sentenced to imprisonment only if the offence was committed wilfully [Section 205(5)].

In any penal proceedings, it shall be a defense to prove that a competent and reliable person was charged with the duty of seeing that these requirements are complied with and that he was in a position to discharge that duty [proviso to Section 205(5)]. The person so charged with responsibility of compliance with provisions of Section 209 is punishable with imprisonment upto 6 months or fine upto Rs.10, 000/- or both [Sections 205(7)]. Similar provisions are therein Section 211 [Section 211(7) and (8)]. Hence the above Board resolution makes the Chief Accountant responsible for compliance with the provisions of Section 209 and Section 211.

Even if the company is managed by Managing Director, it is possible for the Board of Directors to make the Chief Accountant responsible to ensure compliance with Sections 209 and 211 [Section 209(7) and Section 211(8)]. Managing Director may also charge the Chief Accountant with such duty by issuing a memo or office order.

Question 3

An allegation was leveled against PQR Ltd. that the funds of the company are misused. Mr. Z, one of the Directors of the company wants to inspect the books of account of the company in order to ascertain whether the allegation was true. But since Mr. Z does not have the knowledge of accounting, he appoints Mr. A, his friend and a practicing Chartered Accountant to go through the books of account of the company on his behalf. The company seeks your advice as to whether Mr. A may be allowed to inspect the books of account of the company on behalf of Mr. Z. You are required to give your advice to the company on behalf of Mr. Z. You are required to give your advice to the company keeping in view the provisions of the Companies Act, 1956.

What would be your advice if Mr. Z would have been a shareholder only and not a Director of the company?
(May 2007)

Answer

Section 209 (4) of the Companies Act 1956 provides that the books of account and other books and papers shall be open to inspection by any director during the business hours.

The right of inspection given by this sub-section is not so restricted that it can only be exercised personally by the director *in Vakharia Vs Supreme General Film Exchange CO. Ltd* it was held that a director is entitled to take inspection of accounts personally or through an agent provided that there is no reasonable objection to the person chosen and the agent undertakes not to utilize the information obtained by him for any purpose other than the purpose of his principal.

As the right of inspection is a statutory right given under this sub-section, a director who is prevented from or refused inspection may enforce his right through court.

As such, Mr. Z being the director, can appoint Mr., A to inspect the Books of accounts of the company.

In case Mr. Z is the member of the company

As per the provisions of the Act the board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulation, the accounts and books of the company, or any of them, shall be open to inspection of members not being directors. No member (Not being a director) shall have any right to inspection any account or books or document of the company except as conferred by law or authorized by the board or by the company in general meeting.

In case Mr. Z is a member of the company, he shall be able to inspect the books of account only if he is given such a right by ordinary resolution of the members or if authorized by the board. But even in such case Mr. Z would have to exercise the right personally and not through a proxy i.e. he can himself inspect the books but cannot ask Mr. A to inspect the books in his behalf.

Question 4

A Public Company sought extension of time from the ROC for holding AGM upto a period of 3 months and it was granted. However, when the AGM was held and the accounts were presented, it was found that the annual accounts were upto a period beyond which it is permissible. The Company contended that since ROC granted extension of time for holding AGM up to a period of 3 months, the same would also be applicable for presentation of accounts as well. Referring to the relevant provisions of the Companies Act, 1956, whether the contention of the company shall/may hold good?

Answer

While a company may hold its AGM in a year within the time limit of 15 months as provided by Section 166(1), it may still contravene Section 210. A company and its director may commit offences if it does not fulfil the three requirements and failure to comply with any of them constitute an offence unless an extension of time has been granted for holding the meeting by

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the ROC. However, the extension of time for holding the AGM is only with reference to the meeting and not to that of submission of accounts

Question 5

Advise:

- (a) XYZ Ltd. wants to maintain its books of account on cash basis;
- (b) It has a branch office outside India and wants to maintain accounts over there;
- (c) A shareholder of a company wants to inspect books of account. Would your answer be different if he is acting as an agent of the director of the company?

Answer

- (a) In the absence of any express provision in the Act, hitherto it was open to a company to maintain its accounts on 'cash basis' or 'accrual basis' or on hybrid basis i.e. partly on cash and partly on accrual basis. Under the Income-tax Act, an assessee can, even now, maintain its books of account by adopting any of the aforesaid methods. The controversy in so far as maintenance of accounts pursuant to the provisions of Companies Act, 1956 has now been set at rest by the amendment of sub-section (3) of section 209. Every company is now required to keep its books of account on accrual basis and according to the double entry system of accounting, popularly known as mercantile system of accounting which alone discloses a true and fair view of the state of affairs of a company.' The responsibility for the preparation of accounts giving a true and fair view of the company's financial statement is placed fairly and squarely on the shoulders of the directors' (*Caparo Industries plc vs. Dickman*, (1990).

- (b) *Maintenance of books of account.* Books of account shall be maintained at the company's registered office unless the Board of directors decides to keep them at another place in India [Proviso to section 209(1)]. It will be the duty of the company to inform the Registrar of Companies within 7 days of the decision in case the Board decides to maintain books at a place other than the registered office. This has to be done by filing Form No. 23AA.

Where a company has a branch office whether in or outside India, it may maintain books of account with respect to the transactions effected at such branch, at that branch itself. However, in such a case, proper summarized return made up at an interval of not more than three months should be sent to the registered office or to the other place where the Board has decided to keep the books of account.

- (c) The clear cut answer shall be 'no' except where he represents a director and the inspection is not malafide or for some ulterior motive or against the interest of the company. In *Sugrabai Alibhain v. Amtee Properties (P) Ltd.* [1984] 55 Comp Cas. 734 (Bom.), the Bombay High Court observed that a director is entitled to ask for inspection of books either personally or through an agent subject to the condition that the agent

must give an undertaking to the company that he shall not pass on any information to any person other than the director who had appointed him to carry out the inspection.

Question 6

XYZ Ltd. was registered in the year 2005 under Companies Act, 1956. There are allegations that the three directors who manage the affairs of the company are siphoning the funds of the company. The company has not declared any dividends on the ground that company is incurring losses. Mr. A, who controls 51% of the share capital of the company sends a notice to the management that he will inspect the books of account to verify the allegations. Examine the right of Mr. A to carry out the inspection. State the persons who have the right to carry out the inspection under the Companies Act, 1956. **(May 2011)**

Answer

Right to carry out the inspection of the books of accounts:

Mr. A has no right to carry out an inspection of the books of accounts of the company despite the fact that he holds 51% of the share capital of the company and can be called the 'owner' of the company. According to Sections 209 and 209A of the Companies Act, 1956, the following persons have the right to carry out the inspection of the books of accounts of the company.

- (i) Directors of the Company [Section 209(4)]
- (ii) Registrar of Companies [Section 209A]
- (iii) Such officer of Government as may be authorised by the Central Government in this behalf (Section 209 A).
- (iv) Such officers of SEBI as may be authorised by SEBI [Section 209A (1) (iii)] read with Section 55A.

Since Mr. A is not a director, he is not eligible to carry out the inspection.

Note: According to Regulation 95, of Table A, Companies Act, 1956, a member has right to inspect the books of accounts if he is so authorized by a resolution of the Board of Director or a resolution passed by the company in general meeting. According to this, the members have right to inspect the books of account.

Form and Contents of balance-sheet and profit and loss account (Section 211)

Question 7

- (i) Define the expression "Accounting Standards" within the meaning of Companies Act, 1956.
- (ii) *XYZ Limited did not prepare its Balance Sheet as at 31st March, 2007 and the Profit and Loss Account for the year ended on that date in conformity with some of the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India. You are required to stat with reference to the provisions of the companies Act, 1956, the responsibilities of directors and statutory auditor of the company in this regard.* **(May 2007)**

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Answer

- (i) As per sub-section (3c) of Section 211 of the Companies Act, 1956, the expression "accounting standards" means the standards of accounting recommended by the Institute of Chartered Accounts of India Constituted under the Chartered Accountants Act, 1949 as may be prescribed by the Central Government in consultation with the National Advisory Committee on Accounting Standards established under sub-section (1) of section 210 of the said Act.

Proviso to the above sub-section further states that the standards of accounting specified by the Institute of Chartered Accountants of India shall be deemed to be the accounting standards until the accounting standards are prescribed by the Central Government under this sub-section.

- (ii) Sub-Section (3A) of the said section states that every profit and loss account and balance sheet of the company shall comply with the accounting standards.
- (a) the deviation from the accounting standards;
 - (b) the reasons for such deviation; and
 - (c) the financial effect, if any, arising due to such deviation.

Accordingly to sections 211 (7) and (8) read with section 209 (6) of the Companies Act, 1956 following persons are responsible for complying with the above requirements:

- (a) the managing director or manager of the company, if any,
- (b) all officers and employees of the company, and
- (c) if the company does not have a managing director or manager, then every director of the company.

In view of the above provisions of the Companies Act, 1956, the managing director/directors have a responsibility to ensure that in case of non-compliance of any mandatory Accounting Standard, proper disclosure is made in the profit & loss account and the balance sheet.

Moreover, the board of directors is also required under section 217 of the companies Act, 1956 to include a Directors Responsibility Statement indicating therein that in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanation relating to material departures.

Responsibilities of auditors:

As per section 227(3) (d) of the Companies Act, 1956, the statutory auditor's responsibility is to state in his report, whether, in his opinion, the profit and loss account and balance sheet comply with the accounting standards referred to in sub-section 211 of the Companies Act, 1956.

Question 8

XYZ Ltd. while preparing the Balance Sheet and Profit and Loss Account for the financial year ended 31st March, 2010 did not comply with the Accounting Standards. State the consequences that follow in case of Non-compliance.

(CA Final, New Course, November 2010)

Answer

Where the Profit and Loss Account and the Balance sheet of the company do not comply with the Accounting Standards read with section VI and Section 211 of the Companies Act, 1956, such companies shall disclose in its Profit and Loss account and Balance Sheet, the following:

- (i) the deviation from the accounting standards.
- (ii) the reasons for such deviations; and
- (iii) the financial effect, if any, arising due to such deviation.

If any such person as is referred to in sub-section (6) of Section 209 fails to take all reasonable steps to secure compliance by the company, as respects any accounts laid before the company in general meeting, with the provisions of this section and with the other requirements of this Act as to the matters to be stated in the accounts, he shall, in respect of each offence, be punishable with imprisonment for a term which may extend to 6 months, or with fine which extend to ₹ 10,000 or with both.

Financial year of holding company and subsidiary (Section 213)**Question 9**

Sunrise Limited is a subsidiary company of Hotline Limited. The financial year of Sunrise Limited is 1st July to 30th June, whereas the financial year of Hotline Limited is from 1st April to 31st June, whereas the financial year of Hotline Limited is from 1st April to 31st March every year. To maintain uniformity and consolidation of annual accounts the Board of Directors of Hotline Limited decided that the accounting year of Sunrise Limited for the year 1st July, 2007 to 30th June, 2008 be extended from present 12 months to 21 months i.e. 1st July, 2007 to 31st March, 2009.

Mention, in the light of the provisions of the Companies Act, 1956, the steps to be taken by the Hotline Limited in this regard

(November 2003, May 2009)

Answer

Extension of financial year: Where it appears to the Central Government that it is desirable for a holding company or a holding company's subsidiary to extend its financial year so that the subsidiary's financial year may end with that of the holding company, and for that purpose to postpone the submission of the relevant accounts to a general meeting, the Central Government may on the application or with the consent of the Board of Directors of the company whose financial year is to be extended, direct that in the case that company the submission of accounts to a general meeting, the holding of an annual general meeting or the

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making of an annual return, shall not be required to be submitted or made, earlier than the dates specified in the direction notwithstanding anything to the contrary in the Companies Act, 1956 or in any other Act for the time being in force.

Thus the management can extend the financial year of Sunrise Limited from 12 months to 21 months.

Following steps are required to be taken for this purpose.

1. To convene a meeting of the Board of Directors of Sunrise Limited whereat the resolution for extending the financial year is to be passed so that the year ending matches with the year ending of Hotline Ltd.
2. To make an application under Section 213 of the Companies Act, 1956 to the Central Government giving full details and specific reasons for seeking the extension in year ending.
3. To attach the following to the application:-
 - (a) A certified copy of the Last Balance Sheet and Profit & Loss Account of Hot Line Limited and Sunrise Limited.
 - (b) A certified copy of the Memorandum of Association and Articles of association of both the companies.
 - (c) A certified copy of the resolution of the Board of Directors proposing the extension of the financial year.
 - (d) Requisite fee payable to the Central Government under Rules.

Question 10

Gujarat Textiles Limited is having a foreign subsidiary company. The said Indian holding company failed to furnish particulars of its foreign subsidiary company in its Balance Sheet. Decide the liability of Gujarat Textiles Limited under the Companies Act, 1956.

(November 2010)

Answer

Attachment of documents in relation to an overseas subsidiary company: Section 212 of the Companies Act, 1956, does not make any distinction between a local subsidiary company and an overseas subsidiary company. Under section 4(4), a company shall be deemed to be the holding company of another, if, but only, if that other is its subsidiary. Under section 4(5), the expression company includes any body corporate and the definition of body corporate in section 2(7) includes a company incorporated outside India. In view of the aforesaid position, the Indian holding company is legally bound to attach to its balance-sheet the documents mentioned under section 212 prepared in accordance with the requirements of the Companies Act. However, there may be some practical difficulty in attaching the documents of foreign subsidiary, in which case the Board of Directors of the Indian holding company may apply to the Central Government under section 212(8) either to waive the requirement or to modify the

same. Hence, the company has violated the provisions of section 212 in not furnishing the particulars of the foreign subsidiary.

Laying of Annual accounts and balance sheet

Question 11

State giving reasons whether the following are true or false? The Board of Directors of ABC Ltd. wants to circulate unaudited accounts before the Annual General Meeting of the shareholders of the Company.

Answer

False. The accounts must be audited. Section 218 of the Companies Act, 1956 clarifies that any copy of balance sheet cannot be issued, circulated or published without the annexures and attachments. The attachments and annexures are – Profit and Loss account, balance sheet of subsidiary, auditor's report and Report of Board of Directors. Thus, a balance sheet without auditor's report or without report of Board of Directors cannot be issued, circulated or published. It, therefore, follows that unaudited accounts cannot be sent to members or unaudited accounts cannot be filed with the Registrar of Companies.

Question 12

Evershine Ltd., whose financial year ended on 31st March, 2010 held its annual general meeting on 30th September, 2010. The meeting transacted all other business except the accounts as they were not ready and adjourned the meeting to 20th December, 2010 for consideration of accounts. The Registrar of Companies issued show cause notice for violation of section 210 of the Companies Act, 1956. Advise.

Answer

Adjournment of meeting as accounts were not ready:

As per Section 166(1) of the Companies Act, 1956 every company must hold its first Annual General Meeting within 18 months of its incorporation and subsequently one in each calendar year. Not more than 15 months shall elapse between the two Annual General Meetings. Powers are vested in the Registrar of companies to grant extension of time up to 3 months for holding an Annual General Meeting for genuine reasons.

Section 210(3)(b) provides that every company should lay before every subsequent Annual General Meeting its annual accounts within 6 months or the extended period for holding Annual General Meeting, if any, granted by the Registrar of Companies, from the date of closure of the accounts.

Annual General Meeting including any adjournment thereof shall be completed within the statutory period specified under section 166 and 210. Company cannot adjourn the Annual General Meeting beyond the last date on which the Annual General Meeting is required to be held.

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In the given case, Evershine Ltd. convened and held the Annual General Meeting within 6 months from the date of closure of the accounts, but failed to lay the accounts within 6 months. Hence, it has violated the provisions of section 210 of the Act and the Registrar of Companies was justified in issuing the show cause notice.

Alternative Answer:

Question refers to advising the company about the action to be taken by the company with regard to the matter referred to in the question. Since the company has violated the provisions of Section 210 of the Companies Act, 1956, therefore, the company has to go for compounding of offence under Section 621A, since the offence is punishable with imprisonment or fine or with both.

Notes:

1. Registrar of Companies permission is required only when Annual General Meeting is not at all held. Here Annual General Meeting has been held and adjourned for item relating to laying over of annual accounts.
2. In the given case since the adjourned meeting is the continuation of the Annual General Meeting, therefore, question of seeking extension from the Registrar does not arise.

Authentication of balance sheet and P/L a/c (Section 215)

Question 13

The Profit and Loss Account and Balance Sheet of Acre Limited has been signed by two directors A and B. The Board comprises of a third director C, who is also the Managing Director. The company has also employed a Full Time Secretary. Examine whether the authentication of the financial statements is in accordance with law. **(May 2000)**

Answer

Except in the case of a banking company, the balance sheet and profit and loss account of a company must be signed on behalf of the Board of directors by two directors and the Manager or Secretary, if any. If the company has a Managing Director, he should be one of the signing directors, as per Section 215. In the instant case, the profit and loss accounting and balance sheet have been signed by A and B, the directors. In view of Section 215 of the Companies Act, 1956, C, the managing director should be one of the two signing directors. Since the company has also employed a secretary, he should also sign the profit and loss account and balance sheet in addition to the managing director C, and one of the directors, either A or B.

Directors' Responsibility Statement [Section 217 (2 AA)]

Question 14

The Companies (Amendment) Act, 2000 has prescribed an additional duty on the Board of Directors to include in the Board's Report a 'directors' Responsibility Statement'. Explain briefly the details to be furnished in the said statement.

(November, 2001, CA Final, New Course, November 2010)

Answer

The Companies (Amendment) Act, 2000 has prescribed additional duty on the board of directors to include in the director's report the additional particulars by way of Directors' responsibility statement. The details are:-

- (i) That in the preparation of the annual accounts the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- (iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting standards in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) That the directors had prepared the annual accounts on a going concern basis. [Section 217 (2AA)]

Filing of Balance-sheet etc with the Registrar (Section 220)**Question 15**

The Annual General Meeting of M/s Robertson Ltd., for laying the Annual Accounts thereat for the year ended 31st March, 2010 was not held, as the accounts were not ready. In this context:

- (i) *Advise the company regarding compliance of the provisions of Section 220 of the Companies Act, 1956 for filing of copies of Annual Accounts with the Registrar of Companies.*
- (ii) *Will it make any difference in case the Annual Accounts were duly laid before the Annual General Meeting held on 27th September, 2010 but the same were not adopted by the shareholders?*

(May 2005)

Answer

Under section 220(1) of the Companies Act, 1956, after the balance sheet and profit and loss account have been laid before the annual general meeting, three copies thereof be filed with the Registrar of Companies, within 30 days from the date on which the Accounts were laid at the Annual General Meeting. Where the Annual General Meeting for any year has not been held, the accounts shall be filed with the Registrar of Companies within 30 days from the latest date when the Annual General Meeting ought to have been held in accordance with the provisions of the Act, namely, sections 166 and 210 of the Act. Under section 220(2), it is also provided that if annual general meeting does not adopt the annual accounts or if the Annual General Meeting for any year is not held, a statement of that fact and of the reasons shall be annexed to the accounts filed with the Registrar of Companies.

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Accordingly,

- (i) In the present case though Annual General Meeting was not held, it ought to be held by 30th September 2010 under sections 166/210 of the Act. Thus, the balance sheet and profit and loss account for the year ended 31st March 2010 be filed with the Registrar of Companies by 29th October 2010 along with a statement that Annual General Meeting was not held by 30th September 2010 as the accounts were not ready.
- (ii) Since the Annual General Meeting has been held in time on 27th September 2010, the balance sheet and profit and loss account as at 31st March 2010 be filed with the Registrar of Companies by 26th October 2010. A statement be also annexed to the balance sheet that the accounts were not adopted at the Annual General Meeting held on 27th September 2010 giving reasons there for.

Question 16

The Comptroller and Auditor-General of India made certain adverse comments on the audited financial statements of a Government company. Explain with reference to the relevant provisions of the Companies Act, whether it is possible for the government company to revise the audited but unadopted financial statements in the light of the adverse comments made by the Comptroller and Auditor-General of India and also whether it is necessary for the board of directors to give explanations in the board's report in respect of such adverse comments.
(May, 2000)

Answer

Rectification of accounts after completion of audit: The Institute of Chartered Accountants (Compendium of Guidance Notes, September 1985) has opined that it is entirely within the competence of the Board of Directors to amend the accounts already audited. Hence the original accounting statements may be revised to remove reservations of Comptroller and Auditor General (C&AG). Such revised statements should be resubmitted to the auditors before placing them before the annual general meeting. The Institute has recommended that in such cases, the auditor should ensure that all copies of the original set are returned to him, and he should also make an adequate disclosure of the fact of revision of accounts in the amended set.

Explanation by Board of Directors: Section 217(3) imposes a duty on the Board of Directors of a company to submit give the fullest information and explanations in the Board's report regarding every reservation, qualification or adverse remark contained in the auditor's report. In the absence of any similar specific provision regarding the comments of C&AG on the audit report of a government company, the Board of directors of such a company is not bound to give information or explanation in respect of such comments.

Even the C & AG's comments would not have been required to be placed before the annual general meeting of a Government Company but for the express provisions contained in Section 619(5) of the Companies Act. Similar express provision would be necessary in the Act if it were intended that the provisions of Section 217(3) should also apply in the case of a

Government Company. This is the view expressed by Department of Company Affairs in File No. 15/3/69 (G.C.). Hence the Board of Directors of a Government Company are not required to give explanations in the Board's Report.

Exercise

Question 1

Can Books of Accounts of a company be kept anywhere in India?

Answer

The books of account are required to be kept at the registered office of the company. However, the books can be kept at any other place in India as the Board of Directors may decide. In such a case, the company should file with Registrar of Companies a notice in writing giving the full address of the place where the books are kept. This notice should be filed within 7 days of the Boards' decision.

Question 2

- (a) *Who are the persons who can inspect books of account?*
- (b) *Can a director make inspection of the books of account through an agent?*
- (c) *Can a shareholder inspect books of account?*

Answer

The following persons have the right to inspect the books of accounts.

- (a) Directors of the Company [Section 209(4)]
- (b) Registrar of Companies (Section 209 A)
- (c) Such officer of Government as may be authorized by the Central Government in this behalf (Section 209A).

The books of account and other books and papers shall be open to inspection by any director during business hours. Inspection shall be made by the SEBI in respect of matters covered under sections referred to in Section 55A. Shareholder has no statutory right of inspection of the books of account unless the articles specifically provides for.