



3 Manner of Books of Account to be Kept in Electronic Mode

(1) The books of account and other relevant books and papers maintained in electronic mode shall remain ³ [accessible in India, at all times] so as to be usable for subsequent reference.

¹ [Provided that for the financial year commencing on or after the ⁶ [1st day of April, 2023] , every company which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.]

(2) The books of account and other relevant books and papers referred to in sub-rule (1) shall be retained completely in the format in which they were originally generated, sent or received, or in a format which shall present accurately the information generated, sent or received and the information contained in the electronic records shall remain complete and unaltered.

(3) The information received from branch offices shall not be altered and shall be kept in a manner where it shall depict what was originally received from the branches.

(4) The information in the electronic record of the document shall be capable of being displayed in a legible form.

(5) There shall be a proper system for storage, retrieval, display or printout of the electronic records as the Audit Committee, if any, or the Board may deem appropriate and such records shall not be disposed of or rendered unusable, unless permitted by law:

Provided that the back-up of the books of account and other books and papers of the company maintained in electronic mode, including at a place outside India, if any, shall be kept in servers physically located in India on a ⁴ [daily basis].

(6) The company shall intimate to the Registrar on an annual basis at the time of filing of financial statement-

- (a) the name of the service provider;
- (b) the internet protocol address of service provider;
- (c) the location of the service provider (wherever applicable);

(d) where the books of account and other books and papers are maintained on cloud, such address as provided by the service provider.

Explanation.- For the purposes of this rule, the expression "electronic mode" includes "electronic form" as defined in clause (r) of sub-section (1) of section 2 of Information Technology Act, 2000 (21 of 2000) and also includes an electronic record as defined in clause (t) of sub-section (1) of section 2 of the Information Technology Act, 2000 (21 of 2000) and "books of account" shall have the meaning assigned to it under the Act.

⁵ [(e) where the service provider is located outside India, the name and address of the person in control of the books of account and other books and papers in India.]

Amendment

1.

[Inserted by the Companies \(Accounts\) Amendment Rules, 2021. Effective from 01st April, 2021](#)

2.

[Substituted by the Companies \(Accounts\) Second Amendment Rules, 2021. Effective from 01st April, 2021](#)

in proviso to sub-rule (1), for the figures, letters and words

1st day of April, 2021

the following shall be substituted namely;

1st day of April, 2022

3. [Substituted by Companies \(Accounts\) Fourth Amendment Rules, 2022.](#)

Original Content:

accessible in India

4. [Substituted by Companies \(Accounts\) Fourth Amendment Rules, 2022.](#)

Original Content:

periodic basis

5. [Inserted by Companies \(Accounts\) Fourth Amendment Rules, 2022.](#)

6. [Substituted by The Companies \(Accounts\) Second Amendment Rules, 2022](#)

Original Content:

1st day of April 2022