Companies Act, 1913

Section 277M - Restriction nature of subsidiary companies: [

1)] [A banking company shall not form any subsidiary company except a subsidiary company] formed for the purpose of undertaking and executing trusts, undertaking the administration of estates as executor, trustee or otherwise and such other purposes set forth in (section 277F) as are incidental to the business of accepting deposits of money on current account or otherwise.] [(2) Save as provided in sub-section (1), a banking company shall not hold shares in any company whether as pledgee, mortgagee or absolute owner of an amount exceeding forty per cent. of the issued share capital of that company : Provided that nothing in this sub-section shall apply to shares held by a banking company before the commencement of the Indian Companies (Amendment) Act, 1936.