

Companies Act, 1956

Section 212 - (1) There shall be attached to the balance sheet of a holding company having a subsidiary or subsidiaries at the end of

SECTION 212: a) a copy of the balance sheet of the subsidiary; (b) a copy of its profit and loss account; (c) a copy of the report of its Board of directors; (d) a copy of the report of its auditors; (e) a statement of the holding company's interest in the subsidiary as specified in sub-section (3); (f) the statement referred to in sub-section (5), if any; and (g) the report referred to in sub-section (6); if any. (2) [(a) The balance sheet referred to in clause (a) of sub-section (1) shall be made out in accordance with the requirements of this Act,- (i) as at the end of the financial year of the subsidiary, where such financial year coincides with the financial year of the holding company; (ii) as at the end of the financial year of the subsidiary last before that of the holding company where the financial year of the subsidiary does not coincide with that of the holding company.] (b) The profit and loss account and the reports of the Board of directors and of the auditors, referred to in clauses (b), (c) and (d) of sub-section (1), shall be made out, in accordance with the requirements of this Act, for the financial year of the subsidiary referred to in clause (a). (c) [Where the financial year of the subsidiary does not coincide with that of the holding company, the financial year aforesaid] of the subsidiary shall not end on a day which precedes the day on which the holding company's financial year ends by more than six months. (d) Where the financial year of a subsidiary is shorter in duration than that of its holding company, references to the financial year of the subsidiary in clauses (a), (b) and (c) shall be construed as references to two or more financial years of the subsidiary the duration of which, in the aggregate, is not less than the duration of the holding company's financial year. (3) The statement referred to in clause (e) of sub-section (1) shall specify- (a) the extent of the holding company's interest in the subsidiary at the end of the financial year or of the last of the financial years of the subsidiary referred to in sub-section (2); (b) the net aggregate amount, so far as it concerns members of the holding company and is not dealt with in the company's accounts, of the subsidiary's profits after deducting its losses or vice versa- (i) for the financial year or years of the subsidiary aforesaid; and (ii) for the previous financial years of the subsidiary since it became the holding company's subsidiary; (c) the net aggregate amount of the profits of the subsidiary after deducting its losses or vice versa- (i) for the financial year or years of the subsidiary aforesaid; and (ii) for the previous financial years of the subsidiary since it became the holding company's subsidiary; so far as those profits are dealt with, or provision is made for those losses, in the company's accounts. (4) Clauses (b) and (c) of sub-section (3) shall apply only to profits and losses of the subsidiary which may properly be treated in the holding company's accounts as revenue profits or losses, and the profits or losses attributable to any shares in a subsidiary for the time being held by the holding company or any other of its subsidiaries shall not (for that or any other purpose) be treated as aforesaid so far as they are profits or losses for the period before the date on or as from which the shares were acquired by the company or any of its subsidiaries, except that they may in a proper case be so treated where- (a) the company is itself the subsidiary of another body corporate; and (b) the shares were acquired from that body corporate or a subsidiary of it; and for the purpose of determining whether any profits or losses are to be treated as profits or losses for the said period, the profit or loss for any financial year of the subsidiary may, if it is not practicable to apportion it with reasonable accuracy by reference to the facts, be treated as accruing from day to day during that year and be apportioned accordingly. (5) Where the financial year or years of a subsidiary referred to in sub-section (2) do not coincide with the financial year of the holding company, a statement containing information on the following matters shall also be attached to the balance sheet of the holding company (a) whether there has been any, and, if so, what change in the holding company's interest in the subsidiary between the end of the financial year or of the last of the financial years of the subsidiary and the end of the holding company's financial year; (b) details of any material changes which have occurred between the end of the financial year or of the last of the financial years of the subsidiary and the end of the holding company's financial year in respect of- (i) the subsidiary's fixed assets; (ii) its investments; (iii) the

moneys lent by it; (iv) the moneys borrowed by it for any purpose other than that of meeting current liabilities. (6) If, for any reason, the Board of directors of the holding company is unable to obtain information on any of the matters required to be specified by sub-section (4), a report in writing to that effect shall be attached to the balance sheet of the holding company. (7) The documents referred to in clauses (e), (f) and (g) of sub-section (1) shall be signed by the persons by whom the balance sheet of the holding company is required to be signed. (8) The Central Government may, on the application or with the consent of the Board of directors of the company, direct that in relation to any subsidiary, the provisions of this section shall not apply, or shall apply only to such extent as may be specified in the direction. (9) If any such person as is referred to in sub-section (6) of (section 209) fails to take all reasonable steps to comply with the provisions of this section, he shall, in respect of each offence, be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to [ten] thousand rupees, or with both: Provided that in any proceedings against a person in respect of an offence under this section, it shall be a defence to prove [***] that a competent and reliable person was charged with the duty of seeing that the provisions of this section were complied with and was in a position to discharge that duty : Provided further that no person shall be sentenced to imprisonment for any such offence unless it was committed wilfully. (10) If any person, not being a person referred to in sub-section (6) of (section 209), having been charged by the [***] [managing director, manager,] or Board of directors, as the case may be, with the duty of seeing that the provisions of this section are complied with, makes default in doing so, he shall, in respect of each offence, be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to [ten] thousand rupees, or with both: Provided that no person shall be sentenced to imprisonment for any such offence unless it was committed wilfully.