

ACCOUNTS OF COMPANIES

IMPLICATIONS UNDER THE COMPANIES (AMENDMENT) ACT, 2017

SECTION 129(3) – FINANCIAL STATEMENTS

Where a company has one or more subsidiaries or associate companies, it shall, in addition to financial statements provided under section 129(2), prepare a consolidated financial statement of the company and of all the subsidiaries and associate companies in the same form and manner as that of its own and in accordance with applicable accounting standards, which shall also be laid before the annual general meeting of the company along with the laying of its financial statement under section 129(2).

The company shall also attach along with its financial statement, a separate statement containing the salient features of the financial statement of its subsidiary or subsidiaries and associate company or companies in such form as may be prescribed.

The Central Government may provide for the consolidation of accounts of companies in such manner as may be prescribed.

There is no significant change in the above-mentioned section. The term associate company has been inserted. Earlier, by way of explanation, it was stated that the word “subsidiary” shall include associate company and joint venture.

SECTION 136(1) – RIGHT OF MEMBER TO COPIES OF AUDITED FINANCIAL STATEMENT

Annual report may be sent less than 21 days before the date of the meeting if, consent of the members in the following manner is accorded:

Company having share capital	Consent of members, majority in no. entitled to vote and who is representing 95% of the paid-up capital which gives a right to vote at the meeting
Company not having share capital	Consent of member having not less than 95 % of the total voting power exercisable at the meeting is required

The above stated proviso has been newly inserted.

SECTION 136(1) – RIGHT OF MEMBER TO COPIES OF AUDITED FINANCIAL STATEMENT

Every listed company having a subsidiary is required to place separate audited accounts in respect of each of its subsidiary on its website.

In case of Indian listed company having foreign subsidiaries:

- a) If consolidated financial statement is required to be prepared by the foreign Subsidiary Company under any law of the Country of its incorporation then the requirement of placing separate accounts on its website of the Indian listed Company in respect of that foreign subsidiary is complied with, if such financial is placed on the website of the listed company.
- b) If the Foreign subsidiaries is not required to get its financial Audited under any law of the Country of its incorporation then the requirement of placing separate accounts on its website of the Indian listed Company in respect of that foreign subsidiary is complied with, if such unaudited financial statement is required to be placed on the website of the listed company.

SECTION 136(1) FOURTH PROVISIO – RIGHT OF MEMBER TO COPIES OF AUDITED FINANCIAL STATEMENT

Provided also that every listed company having a subsidiary or subsidiaries shall place separate audited accounts in respect of each of subsidiary on its website, if any:

Provided also that a listed company which has a subsidiary incorporated outside India (herein referred to as "foreign subsidiary")—

- a) where such foreign subsidiary is statutorily required to prepare consolidated financial statement under any law of the country of its incorporation, the requirement of this proviso shall be met if consolidated financial statement of such foreign subsidiary is placed on the website of the listed company;
- b) where such foreign subsidiary is not required to get its financial statement audited under any law of the country of its incorporation and which does not get such financial statement audited, the holding Indian listed company may place such unaudited financial statement on its website and where such financial statement is in a language other than English, a translated copy of the financial statement in English shall also be placed on the website.

Earlier every company having a subsidiary or subsidiaries was required to place separate audited accounts in respect of each of subsidiary on its website. This provision is now applicable to listed companies only.

The provision regarding foreign subsidiary has been newly inserted.

SECTION 136(2) – RIGHT OF MEMBER TO COPIES OF AUDITED FINANCIAL STATEMENT

Every Company having subsidiary companies shall provide a copy of audited or unaudited Financial Statements prepared in respect of each of its subsidiary to any member, if member demands for it.

SECTION 137 – COPY OF FINANCIAL STATEMENT TO BE FILED WITH THE REGISTRAR

In case of Foreign subsidiaries which is not required to get its financial audited under any law of the Country of its incorporation then the Indian Holding Company shall file such unaudited financial statement along with a declaration to this effect with the Registrar of Companies. (This proviso has been newly inserted.)

Financial Statements of the Company can be filed after the expiry of prescribed* time with additional fee as prescribed which shall not be Rs. 100 per day.

In case where there is default in filing of Financial Statements of the Company of the Company on two or more occasions then, the same can be submitted on payment of higher additional fee as prescribed shall not be less than twice the additional fee as may prescribed.

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