



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

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SEBI/CFD/CMD1/PR/OW/13689 /1/2019
May 30, 2019

To,
HCL Technologies Limited
806, Siddharth 96,
Nehru Place,
New Delhi-110019,

Kind Attention: Manish Anand, Company Secretary

Dear Sir,

Sub: Request for Informal Guidance by way of an interpretative letter under the provisions of SEBI (Informal Guidance) Scheme, 2003 with respect to Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

1. This has reference to your letter dated March 20, 2019 requesting for an informal guidance in the form of an interpretative letter under the provisions of the SEBI (Informal Guidance) Scheme, 2003 (“Scheme”), in connection with the compliance of the provisions of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).
2. In your letter under reference, you have, *inter alia*, represented as under:
 - a. HCL Technologies Limited (“HCL” or “Company”) is a public limited company incorporated under the provisions of the erstwhile Companies Act, 1956. The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited.
 - b. The Company currently has more than 125 subsidiaries / step-down subsidiaries incorporated outside India apart from some subsidiaries / step-down subsidiaries incorporated in India.
 - c. The Company has in the current financial year (FY 2018-19) acquired a company incorporated in Delaware, USA by the name Actian Corporation (“Actian”). Actian

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सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बान्द्रा कुर्ला कॉम्प्लेक्स, बान्द्रा (पूर्व), मुंबई - 400 051.
दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर. एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.
Tel.: 2644 9950 / 4045 9950 (IVRS), 2644 9000 / 4045 9000 Fax : 2644 9019 to 2644 9022 Web : www.sebi.gov.in



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has 15 wholly owned subsidiaries / step-down subsidiaries, of which 13 companies are incorporated outside India and 2 companies are incorporated in India.

- d. In accordance with the laws of the countries of incorporation of Actian and/or some of its subsidiaries / step-down subsidiaries incorporated outside India, there is no statutory requirement to get the annual financial statements audited.
- e. Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, SEBI amended Regulation 46 of the Listing Regulations. In accordance with the amended Regulation 46, the Company is required to disseminate on its website, separate audited financial statements of each of its subsidiary in respect of the relevant financial year, at least 21 days prior to the date of the annual general meeting.
- f. In terms of the provisions of Section 136(1) of the Companies Act, 2013 (Act) every listed company having a subsidiary or subsidiaries shall place separate audited accounts in respect of each of its subsidiary on its website.
- g. However, the Ministry of Corporate Affairs (MCA) has granted the below mentioned relaxation to the listed companies in respect of their foreign subsidiaries by amending Section 136 of the Act w.e.f. February 9, 2018 as under:

“In terms of the proviso to Section 136(1) of the Act, a listed entity which has a subsidiary incorporated outside India (herein referred to as foreign subsidiary) –

- i. *where such foreign subsidiary is statutorily required to prepare consolidated financial statements under any law of the country of its incorporation, the requirement of Section 136(1) of the Act shall be met if the consolidated financial statements of such foreign subsidiary are placed on the website of the holding Indian listed company;*
 - ii. *where such foreign subsidiary is not required to get its financial statements audited under any law of the country of its incorporation and which does not get such financial statements audited, the holding Indian listed company may place such unaudited financial statements on its website.”*
- h. You have proposed that Actian shall be preparing the audited consolidated financial statements in accordance with the local GAAP of the country of its incorporation and that these audited consolidated financial statements shall be placed on the website of the Company at least 21 days prior to the date of the annual general meeting of the Company along with the following:



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- i. the unaudited financial statements of those subsidiaries and step-down subsidiaries of Actian, incorporated outside India, where there is no statutory requirement to get the financial statements audited as per the local laws of the countries of their incorporation; and
- ii. the audited financial statements of those subsidiaries and step-down subsidiaries of Actian, incorporated outside India, where is a statutory requirement to get the financial statements audited as per the local laws of the countries of their incorporation.

You have stated that the aforesaid would ensure due compliance with the requirements of Section 136 (1) of the Act.

3. In view of the above, you have sought informal guidance by way an interpretative letter on the following:
 - a. Whether the proposed action by the Company, as stated at para 2(h) above would meet the compliance requirements of Regulation 46 of the Listing Regulations.
 - b. Whether there is anything else that the Company is required to do to comply with the requirements of Regulation 46 of the Listing Regulations in regard to Actian and/or the subsidiaries / step-down subsidiaries of Actian.
 - c. Whether the Company can follow similar guidance that would be provided by you in respect of the above, for any subsidiaries / step-down subsidiaries incorporated outside India that may be acquired in the future.
4. We have considered the submissions made by you in your letter under reference. Our views in respect of the guidance sought by you are as under:

With respect to the query at para 3(a), for the purpose of compliance with Regulation 46(2)(s) of Listing Regulations, if a listed entity 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 Regulation shall be met if consolidated financial statement of such foreign subsidiary is placed on the website of the listed entity.
- 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 listed entity may place such unaudited financial



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statement on its website in accordance with the provisions of Section 136(1) of the Companies Act, 2013.

- c. 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.
5. Further, with respect to the queries raised at para 3(b) and (c), it is noted that the said situations are hypothetical situations and therefore, in terms of clause 8(ii) of the SEBI (Informal Guidance) Scheme, 2003, reply cannot be given for the same.
6. The above position is based on the information furnished in your letter under reference. Different facts or conditions might lead to a different result. Further, this letter does not express a decision of the Board on the questions referred.
7. You may also note that the above views are expressed only with respect to the clarification sought in your letter under reference with respect to Listing Regulations and does not affect the applicability of any other law or requirements of any other SEBI Regulations, Guidelines and Circulars administered by SEBI or the laws administered by any other authority.

Yours faithfully,


Pradeep Ramakrishnan