



भारतीय प्रतिभूति  
और विनिमय बोर्ड  
Securities and Exchange  
Board of India

GENERAL MANAGER  
CORPORATION FINANCE DEPARTMENT  
COMPLIANCE & MONITORING DIVISION

SEBI/HO/CFD/CMD2/OW/P/2020/0000017800/1  
October 22, 2020

**Shri M Muthukumarasamy**  
**Company Secretary - Redington (India) Ltd.**  
Redington House Centre,  
Plot No. 8, 11 (SP),  
Thiru.Vi.Ka Industrial Estate,  
Guindy, Chennai – 600032

Dear Sir,

**Sub: Request for informal guidance by way of interpretative letter under the SEBI (Informal Guidance) Scheme, 2003**

1. This has reference to your letter dated March 20, 2020 on the captioned subject for interpretative letter under the SEBI (Informal Guidance) Scheme, 2003 in connection with the compliance of the provisions of Regulation 46 and Regulation 24 of SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015 [SEBI(LODR) Regulations,2015].
2. In your letter you have sought guidance on two queries. With regard to your first query on compliance with Regulation 46 of SEBI LODR Regulations,2015, you have, *inter alia*, represented as follows-
  - i. Redington India Ltd (the Company) is a public limited company and equity shares of the company are listed on National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE').
  - ii. The Company had 62 subsidiaries as on Mar 31, 2019, (including direct and step down subsidiaries) incorporated in India and Outside India. Out of these :
    - a) 57 were overseas subsidiaries, with 2 being wholly owned subsidiaries (Redington International Mauritius Ltd. [RIML] and Redington Distribution Pte. Ltd. [RDPL] and other 55 being step down subsidiaries under them. RIML is a Special Purpose Vehicle and Redington Gulf FZE (RGF) is a wholly owned subsidiary of

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अनुवर्ती :  
Continuation :

भारतीय प्रतिभूति  
और विनियम बोर्ड  
**Securities and Exchange  
Board of India**

RIML. RGF has 50 subsidiaries which are based in Middle East, Turkey, Africa and South Asia.

- b) 5 direct/ step down subsidiaries were incorporated in India.
  - iii. Out of the aforesaid overseas subsidiaries, during the year two subsidiaries were liquidated and one subsidiary got merged.
  - iv. In accordance with the laws of the countries of incorporation of some of the step down subsidiaries incorporated outside India, there is no statutory requirement to get annual financial statements audited and some subsidiaries/ step down subsidiaries do not have requirement to conduct Board meetings and prepare minutes for them.
3. As per Regulation 46 of SEBI(LODR) Regulations,2015, the Company is required to disseminate on its website, separate financial statements of each of its subsidiary in respect of relevant financial year, at least 21 days prior to the date of Annual General Meeting. However, in terms of proviso to Section 136(1) of the Companies Act, the Ministry of Corporate Affairs(MCA) has granted relaxation to the listed companies in respect of their foreign subsidiaries where if 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.
  4. You have submitted that under the laws of countries of incorporation,8 step down subsidiaries of the company do not have requirement to get their financial statement audited and as per local laws applicable, both RIML and RDPL,the only Direct subsidiaries of the company incorporated outside India are required to prepare Consolidated financial Statements in accordance with International Financial Reporting Standards and get them audited.
  5. You have proposed that RIML and RDPL shall be preparing the audited consolidated financial statements in accordance with local laws of the country of their incorporation. The aforesaid audited financial statements would be placed on the website of the company at least 21 days prior to the date of the Annual General Meeting of the Company. The aforesaid would ensure due compliance with requirements of Section 136(1) of the Companies Act, 2013
  6. In view of the above, you have sought informal guidance by way of an interpretative letter on the following



अनुवर्ती :  
Continuation :

भारतीय प्रतिभूति  
और विनियम बोर्ड  
**Securities and Exchange  
Board of India**

- a) Whether the proposed action by the company as stated in para 5 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 RIML/ RDPL and/or their subsidiaries/ step down subsidiaries.
- c) Whether the company can follow similar guidance that would be provided in respect of above, for any subsidiaries / step down subsidiaries incorporate outside India that may be acquired/ incorporated in the future.
7. With regard to your second query , you have submitted that RIML is a wholly owned subsidiary of the company incorporated outside India and RGF is a wholly owned subsidiary of RIML which is also incorporated outside India. RGF has 47 subsidiaries/ step down subsidiaries located outside India as on date. Out of these, around 17 step down subsidiaries do not have requirement to constitute a separate Board. Out of the remaining step-down subsidiaries:
- a) Around 6 step-down subsidiaries do not have requirement to conduct Board meetings and prepare minutes for them.
- b) One of the step-down subsidiaries has requirement to conduct Board meeting but no requirement to prepare minutes for the meetings.
- c) The Board decisions of the remaining step-down subsidiaries are limited to (a) adoption of accounts (b) declaration of dividends (c) change in authorized signatories of banks.
- d) Currently, the Company is getting the documents with respect to above activities
8. As per Regulation 24 of SEBI(LODR) Regulations 2015 the company is required to place the minutes of meeting of Board of directors of the unlisted subsidiaries at its Board Meeting. You have proposed that RIML and RDPL shall be preparing the minutes of meetings of its Board of Directors and submit to Redington (India) Ltd to meet its requirement of complying with Regulation 24 of SEBI (LODR) Regulations, 2015. While preparing the minutes as aforesaid, both RIML and RDPL would consider and include any key decisions taken by the subsidiaries and significant or material events and issues which



अनुवर्ती :  
Continuation :

भारतीय प्रतिभूति  
और विनियम बोर्ड  
Securities and Exchange  
Board of India

would have any bearing on the interest of investments made in these subsidiaries.

9. In view of the para 7 and 8 above, you have sought informal guidance by way of an interpretative letter on the following:

- a) Whether proposed action by the Company, as stated in para 8 above would meet the compliance requirements of Regulation 24 of the Listing Regulations.
- b) Whether there is anything else that the Company is required to do to comply with the requirements of Regulation 24 of the Listing Regulations in regard to RIML/ RDPL and/ or their subsidiaries/ step-down subsidiaries.
- 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/ incorporated in the future.

10. In this regard, it may be noted that we have considered the submissions made by you in your letter reference and without necessarily agreeing with your analysis, our view on the queries raised by you is as under:

- a) With respect to your queries at para 6 above, upon perusal of your application, concerning compliance with Regulation 46 of SEBI (LODR) Regulations, 2015, it is noted that with respect to subsidiaries incorporated outside India (foreign subsidiary), an interpretive letter on a substantially similar question involving substantially similar facts has already been issued by SEBI in the past in the matter of 'HCL Technologies Limited' on May 30, 2019 and same is available at SEBI website under 'Informal Guidance'. Therefore, in accordance with clause 8(v) of the SEBI (Informal Guidance) Scheme, 2003 you may refer the already issued informal guidance on a substantially similar question involving substantially similar facts as stated above.
- b) With respect to the query at para 9(a), for the purpose of compliance with Regulation 24(3) of Listing Regulations, if a listed entity has a subsidiary incorporated outside India (foreign subsidiary) and such foreign subsidiary is statutorily required to have the board and conduct board meetings, the requirement of this Regulation shall be



अनुवर्ती :  
Continuation :

भारतीय प्रतिभूति  
और विनियम बोर्ड  
**Securities and Exchange  
Board of India**

met if the minutes of the subsidiaries shall be placed at Board Meetings of the Company.

- c) Where such foreign subsidiary is not required to have the board and conduct board meetings, the requirement of this Regulation shall be met in accordance with regulation 24(4) of LODR which mandates that the management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
- d) Further, with respect to the queries raised at para 9(b) and 9(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.

11. 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.

12. 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and do not affect the applicability of any other law or requirements of any other SEBI Regulations, Guidelines and Circulars administered by SEBI or of the laws administered by any other authority.

Yours faithfully,

  
**Surabhi Gupta**