



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

Deputy General Manager
Policy and Development - 2
Corporation Finance Department

SEBI/HO/CFD/P/OW/2023/22328
May 31, 2023

To,

Nectar Lifesciences Limited
S.C.O. 38-39, Sector 9-D,
Chandigarh – 160009

Kind attention: Ms. Neha Vaishnav, Company Secretary & Compliance Officer

Madam,

Sub: Request for Informal Guidance by way of an 'interpretative letter' under Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 regarding the applicability of Business Responsibility and Sustainability Reporting (BRSR).

1. This is with reference to your letter dated April 11, 2023 seeking guidance by way of an interpretive letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 ("Informal Guidance Scheme") and subsequent letter dated April 29, 2023 providing clarifications in this matter.
2. In your letters under reference you have, *inter alia*, represented as under:
 - a. Nectar Lifesciences Ltd ("the **Company**") is listed on National Stock Exchange of India (NSE) and BSE Ltd (BSE) since 2005.
 - b. The Company has been covered in top 1000 listed entities based on market capitalisation as on March 31, 2021. However, it has fallen below such thresholds of list of top 1000 listed entities based on market capitalisation as on March 31, 2022.
 - c. As per Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**") r/w SEBI circular dated May 10, 2021 on 'Business responsibility and sustainability reporting by listed entities' ("**BRSR Circular**"), with effect from the financial year 2022-23, filing of Business Responsibility and Sustainability Report ("**BRSR**") shall be mandatory for the top 1000 listed entities based on market capitalization and shall replace the existing Business Responsibility Report ("**BRR**").



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

- d. However, as per Regulation 3(2) of LODR Regulations, the provisions of LODR Regulations which become applicable to listed entities on the basis of market capitalisation criteria shall continue to apply to such entities even if they fall below such thresholds.
- e. In regard to the above provisions, you have sought clarifications regarding applicability of BRSR on the Company for financial year 2022-23 with the given facts that:
- "the Company has not been in the list of top 1000 listed entities based on market capitalisation as on March 31, 2022 (and also as on March 31, 2023);*
 - the Company has been in the list of top 1000 listed entities based on market capitalisation as on March 31, 2021, and being in that list, the Company has to comply the prospective amendments applicable to top 1000 listed entities based on market capitalisation as per regulation 3(2) of LODR Regulations; and*
 - the Company has been in the list of top 1000 listed entities based on market capitalisation as on March 31, 2021, and being in that list, the Company was liable to comply the reporting of BRR and whether Company continue to comply the BRR, or it has to comply with BRSR as it is a replacement of BRR as per regulation 3(2) r/w regulation 34 of LODR Regulations".*
3. We have considered the submissions made by you in your letters under reference. Without necessarily agreeing with your analysis, we are issuing interpretive letter as under:
4. The relevant text of Regulation 34 of the LODR Regulations has been reproduced for reference as under-

"Annual Report

34 (1)....

(2) The annual report shall contain the following:

(a)...

(f) for the top one thousand listed entities based on market capitalization, a business responsibility report describing the initiatives taken by the listed entity from an environmental, social and governance perspective, in the format as specified by the Board from time to time:

Provided that the requirement of submitting a business responsibility report shall be discontinued after the financial year 2021-22 and thereafter, with effect from the financial year 2022-23, the top one thousand listed entities based on market capitalization shall submit a business responsibility and sustainability report in the format as specified by the Board from time to time:



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

Provided further that even during the financial year 2021–22, the top one thousand listed entities may voluntarily submit a business responsibility and sustainability report in place of the mandatory business responsibility report...

Explanation: For the purpose of this clause, market capitalization shall be calculated as on the 31st day of March of every financial year.

5. Regulation 3(2) of the LODR Regulations specify as under:

“The provisions of these regulations which become applicable to listed entities on the basis of market capitalisation criteria shall continue to apply to such entities even if they fall below such thresholds.”

The sub-regulation has been made effective from May 05, 2021.

6. Further, Paragraph 7 of the BRSR Circular specifies as under:

“In terms of the aforesaid amendment, with effect from the financial year 2022-2023, filing of BRSR shall be mandatory for the top 1000 listed companies (by market capitalization) and shall replace the existing BRR...”

7. A perusal of the abovementioned provisions, makes it clear that till the financial year 2021–2022 the top 1000 listed entities on the basis of market capitalization, shall submit a BRR in their annual report, thereafter from the financial year 2022–2023, such listed entities shall be required to submit a BRSR. Further, by virtue of Regulation 3(2), any listed entity which is amongst the top 1000 listed entities in the financial year ending on March 31, 2022 (i.e., financial year 2021–2022) or any financial year thereafter, shall continue to submit the BRR or BRSR, as the case may be, even for the financial years wherein such entities fall below the threshold of the top 1000 listed entities by market capitalization.

8. However, the company was in the top 1000 listed entities only for the financial year ending on March 31, 2021. Therefore, its obligation under the aforesaid provisions was only limited to the submission of BRR for that financial year.

9. The company was not in the list of top 1000 listed entities based on market capitalisation as on March 31, 2022 and March 31, 2023, therefore the requirement under Regulation 34(2)(f) and the proviso thereof did not become applicable to the company. Further, since Regulation 3(2) of the LODR Regulation was inserted with effect from May 5, 2021, in the context of Regulation 34(2)(f), it shall apply only to the entities who are in the top 1000 listed entities as computed on the March 31, 2022.



अनुवर्ती :
Continuation :

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

10. In view of the above, since the company was in the top 1000 listed entities only in the Financial Year ending on March 31, 2021 and not thereafter, the company shall not be required to continue the submission of BRR. Further, it shall not be required to submit the BRSR under Regulation 34(2)(f) of the LODR Regulations.
11. The above position is based on the information furnished in your letters 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 the LODR Regulations and BRSR Circular 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,

Raj Kumar Das