

Expanding BRR Outreach with Impractical Timelines!

Background

After 6 years of espousing the concept of BRR in India, the need for enlarging the ambit of companies covered under the said requirement is being felt. Against this backdrop, SEBI vide its gazette notification¹ dated 26.12.2019 issued Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2019 extending the applicability of BRR to top 1000 listed entities based on market capitalization from the present requirement of top 500 listed entities. The proposal was approved by SEBI in its meeting² held on November 20, 2019.

Sharing the same opinion, the High Level Committee on CSR in its 2018 report³ recommended expanding the ambit of reporting on BRR to top 1000 companies.

Implementation Challenge

The revised regulations, effective from December 26, 2019, requires the entities to report actions undertaken by them towards adoption of responsible business practices from financial year 2019-20. The spirit of BRR is more concerned with adopting and implementing the principles which require the entities to take the following step into action:

1. Preparation of Business Responsibility ('BR') Policy or consummated the same with the existing policies of the Company
2. Formulating an effective structure to implement the policy
3. Designating a director responsible for the implementation of BR policy
4. Implementation and monitoring the BR

While the intent of SEBI to expand the ambit of BRR seems to be noble, however adopting the new regulatory requirement and its implementation in next 3 months seems impractical for the top 1000 listed entities.

Accordingly, the requirement of attaching a BR Report should arise only when the principles are adopted and implemented throughout the year for which reasonable time should be provided to said top 1000 listed entities.

¹<http://egazette.nic.in/WriteReadData/2019/214955.pdf>

²https://www.sebi.gov.in/media/press-releases/nov-2019/sebi-board-meeting_45022.html

³https://www.mca.gov.in/Ministry/pdf/CSRHLC_13092019.pdf

Other reading materials on the same topic:

1. 'Global overview of Business Responsibility Reporting' can be viewed [here](#)
2. 'Presentation on Business Responsibility Reporting' can be viewed [here](#)
3. 'FAQs on Business Responsibility Report' can be viewed [here](#)
4. Our other articles on various topics can be read at: <http://vinodkothari.com/>

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