



VERIFICATION OF MARKET RUMOURS

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June 22, 2024

Views expressed are personal and do not represent the views of the organisation

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Background



Companies to disclose events/information having bearing on performance as well as price sensitive.

No specific clause on rumours.

Clause 36 – Listing Agreement



Companies may on its own initiative confirm or deny any reported event or information to Stock Exchanges.

Regulation 30 (11) – LODR (pre-amendment)



Surveillance measures to monitor price movement.

Confirmation from companies on news circulating in the market

Monitoring by Stock Exchanges



Uniform disclosure of UPSI to avoid selective disclosure.

Prompt disclosure of UPSI that is disclosed selective, inadvertently or otherwise

PIT Regulations

Onus of finding and verifying news/rumours now shifted on companies under the new regime

International Standards

- Information circulating in news or by word of mouth, which can affect price of securities must be clarified or confirmed promptly
- If material information has been leaked, a frank and explicit announcement is required.
- If rumours are false or inaccurate, they should be promptly denied or clarified.

Singapore

- Companies are required to exercise judgement whether a press speculation or rumour requires a disclosure.
- Put up or shut up in case of Takeovers – If bidders name is made public, formal offer to be announced in 28 days or the Bidder cannot bid for the Target for 6 months.

United Kingdom

- If market activity indicates trading is influenced by rumours, Exchange will request for a clarification to be issued.
- If a rumour is correct, immediate disclosure of the information is required.
- Trading halt would be instituted pending release of information

Canada – TSX Guidelines

International Standards

- Unusual market activity (UMA) – determine if material information or news is required to be disclosed.
- If rumours or UMA indicate that information on impending developments has become public, a clear public announcement may be required regarding negotiations or development of Company plans.
- Appropriate to publicly deny false or inaccurate rumours

United States – NASDAQ

- Market activity to be watched when significant corporate matters are being considered.
- If rumours or UMA indicate that information on impending developments has leaked out, a clarification is required. State of negotiations or development of Company plans must be disclosed.
- False news to be denied candidly
- NYSE to be contacted about such rumour for initiating investigation

United States - NYSE

Best Practice – Prior to Amendments

Tata Consumer Products (TCP) – Bisleri Acquisition

- ET Article dated November 24, 2022 – *“Tata Consumer Products to acquire packaged water giant Bisleri for about ₹7,000 crore”*
- TCP confirmed the news. Discussions ongoing with various parties including Bisleri
- March 17, 2023 - TCP informed that the negotiations with Bisleri have ceased and no binding agreement has been entered



Cipla – Financial Results Leak

- Parts of 9M FY24 standalone financials of Cipla were circulating in social media
- January 20, 2024 – Cipla issued a clarification that the results are yet to be approved and cautioned investor to not rely on those financials
- Board meeting for approval of results was also advanced from January 25, 2024 to January 22, 2024



SEBI's order dated June 20, 2022 against RIL

Sebi imposes Rs 30 lakh fine on RIL and two of its compliance officers

Sebi said Reliance did not disclose the deal even after newspaper reports in March 2020 published price-sensitive details about the Facebook investment that led to a spike in RIL shares

SEBI's View

- RIL failed to provide timely clarifications about a deal between Jio and Facebook, which appeared in the Financial Times
- RIL had an obligation to promptly disseminate undisclosed price-sensitive information that gets disclosed selectively or inadvertently.
- RIL shall have ensured that it verified the market rumour in relation to Jio-Facebook deal to avoid inorganic movement in the price of the scrip.

RIL's Contention

- Not bound to disclose such information, as it is the listed entity's discretion whether to verify such a reported event or not.
- RIL stated that it was not obligated to provide an explanation as stock exchanges had not sought any clarification

SAT stays Sebi order in RIL-Facebook case

1 min read • 28 Sep 2022, 06:23 AM IST

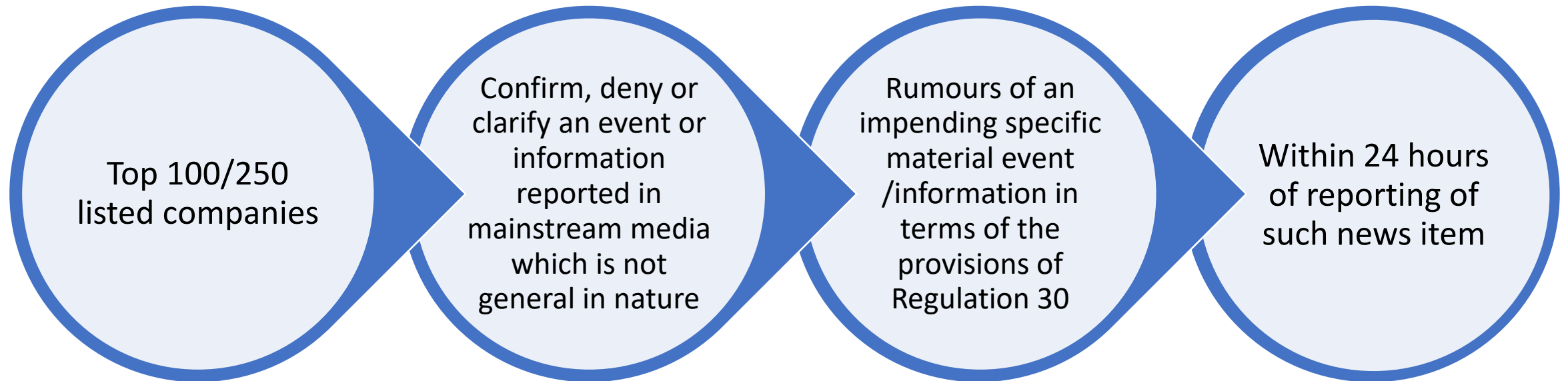


How feasible is it for any listed company to reply to every sort of information that is disseminated from across the globe?

Original Provisions – Verification of Rumours

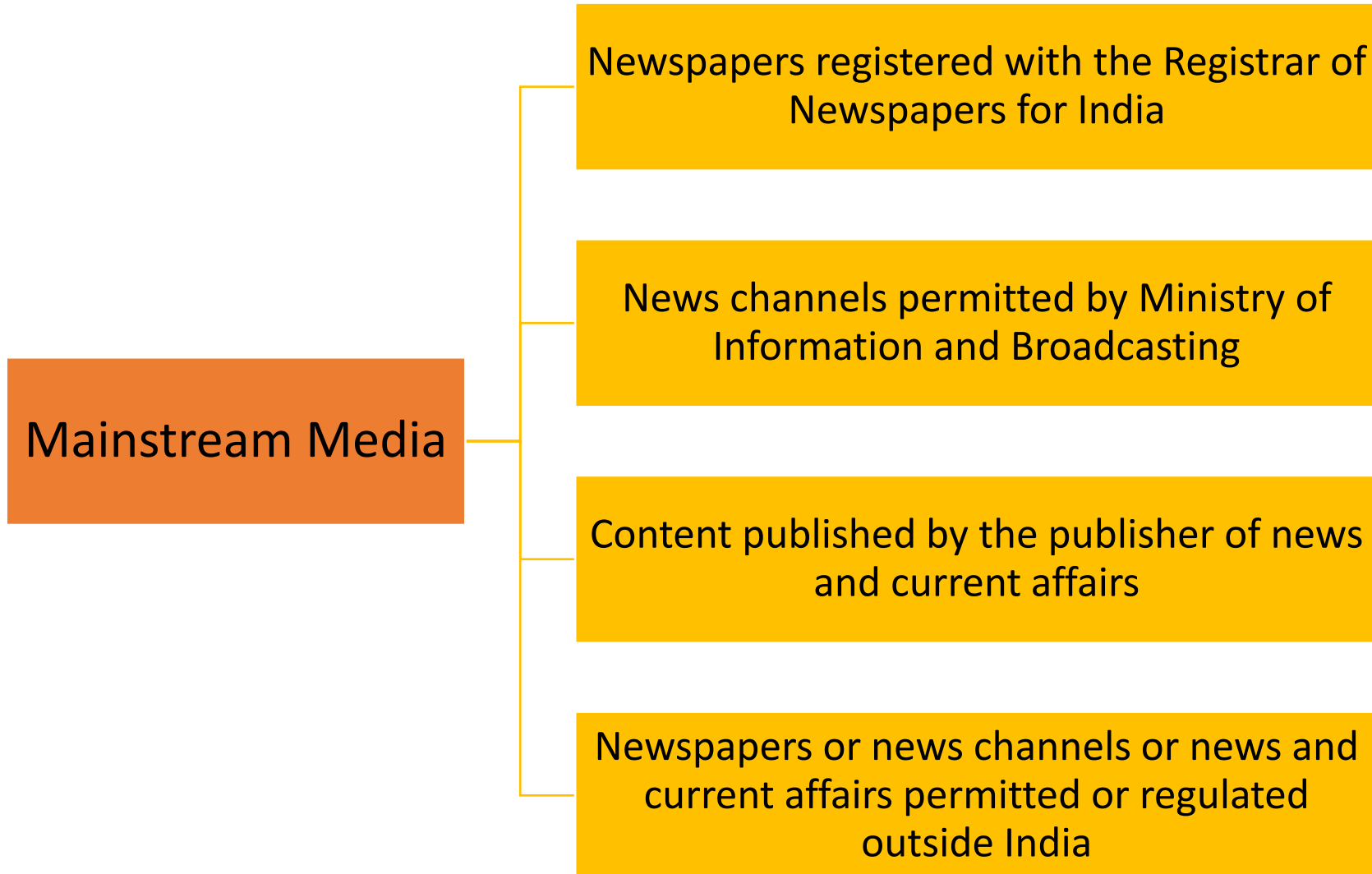
SEBI Consultation Paper – November 12, 2022

SEBI LODR Amendments – June 14, 2023



(Rumour verification linked to Regulation 30 events)

Original Provisions – Verification of Rumours



Challenges:

- *Far reaching scope.*
- *Difficult for companies to identify the news sources to be tracked.*
- *International news sources - a black box*
- *Inability to develop a system to track all these sources*

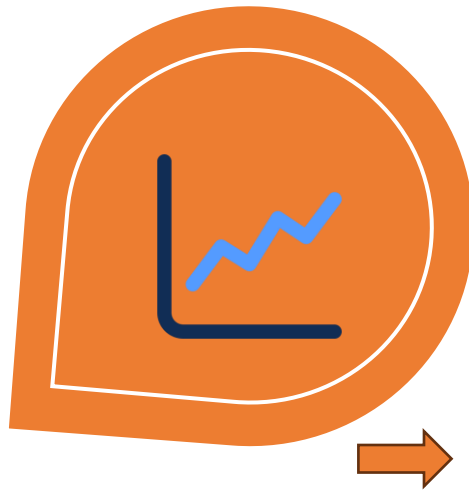
Revised Provisions – Verification of Rumours

SEBI Consultation Paper – December 28, 2023
SEBI LODR Amendments – May 17, 2024

Industry Standards Forum Note – May 21, 2024



Material Price Movement



If there is material movement in stock price, rumours in mainstream media need to be confirmed, denied or clarified within 24 hours

Explicitness of rumours



Only specific rumours pertaining to an impending event to be responded. General rumours need not be clarified.

Mainstream Media



Specified domestic and international news sources to be tracked.

(Rumour verification linked to share price movement)

Revised Provisions – Verification of Rumours

Applicability



Top 100 companies –
June 1, 2024.

Top 250 companies –
December 1, 2024

Rumours circulating after
Board meeting intimation
for an event (e.g.
dividend, buyback, etc)



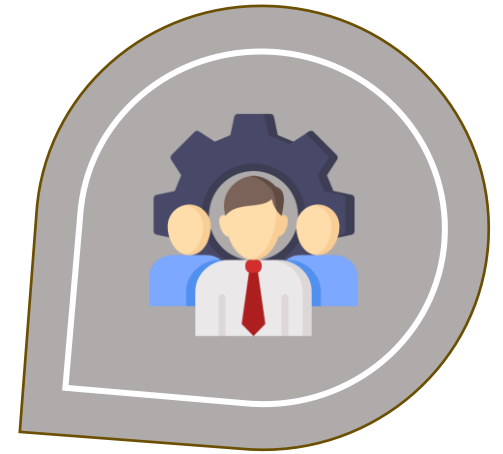
Rumours pertaining to
such event need not be
confirmed/denied/
clarified from the notice
date till conclusion of the
Board meeting.

Price Protection in
Corporate Actions



Rumours confirmed during
Corporate Actions like
open offer, buyback etc. –
Floor price to be
determined after excluding
price variation

Rumours related to
Promoters, Directors, KMPs
and Senior Management



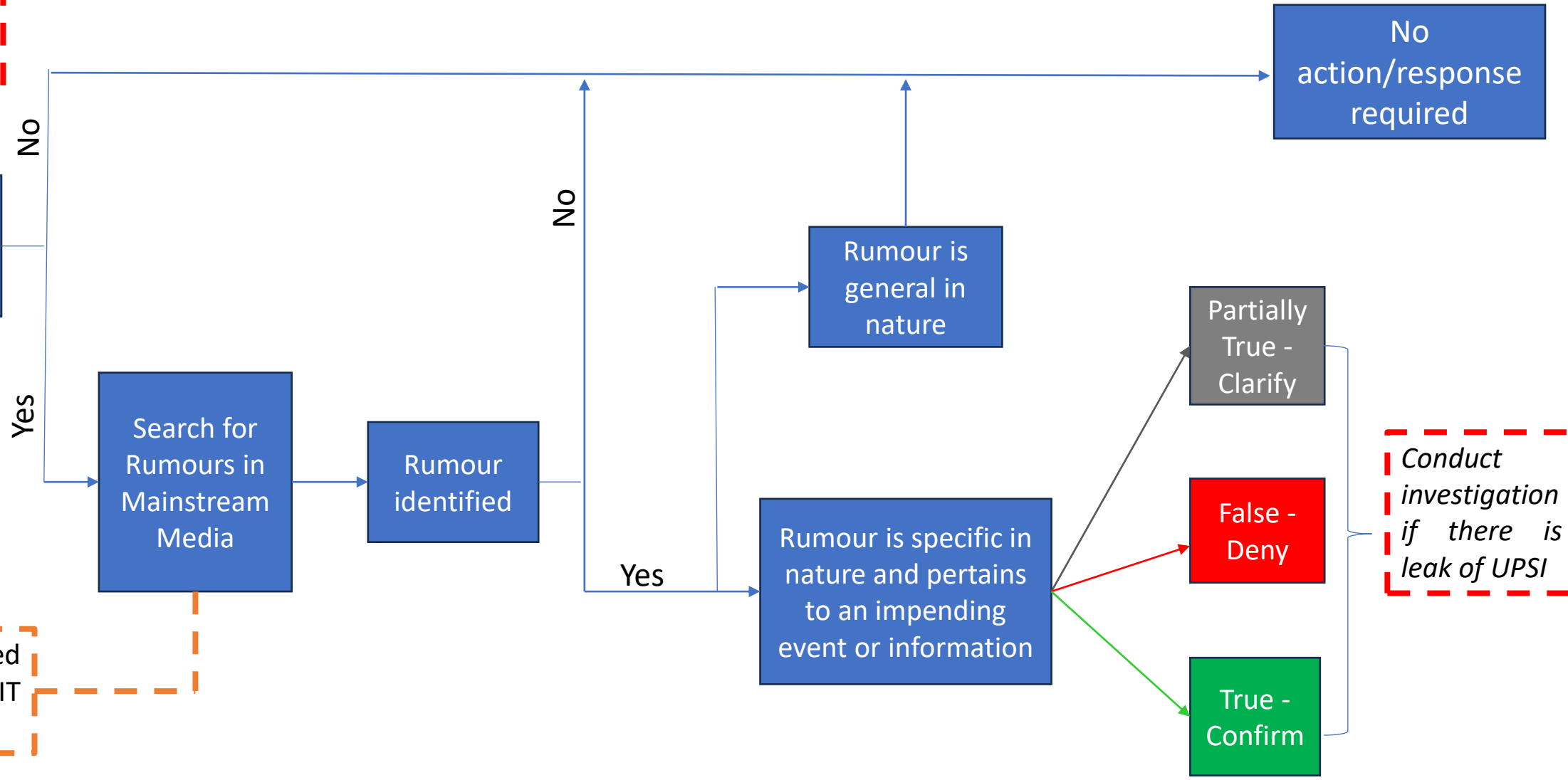
Obligation to provide
accurate and timely
response to listed
companies for submitting
necessary disclosures to
the Exchanges

Flow Chart – Rumour Verification

Index at 9:30 a.m. to be checked and adjusted *

Movement in Share Price $\pm 3-5\%$

Can be tracked through an IT system



*Note: Between 9:15 am to 9:30 a.m., share price can be discounted by Index movement. However, 9:31 a.m. onwards the benefit of index movement will not be available. Share price moving $\pm 3\%$ triggers search for any rumours.

Rumour Verification by Companies – Post Amendment

Company Name	News Item	Clarification Issued
Life Insurance Corporation of India	LIC to enter health insurance market via private health insurer	Clarified that at present, no such formal proposal has been initiated. However, LIC evaluates and explores various strategic opportunities in the ordinary course and also inorganic options for growth and expansion of its business, including strategic partnerships and investment opportunities.
	Mega LIC property sale to raise \$6-7bn	Clarified that news published in the mainstream media is incorrect.
Bajaj Finance	Bajaj Housing Finance Limited (BHFL), a wholly owned subsidiary, is planning to file papers for an IPO	<p>Board of BHFL evaluated various options to meet the mandatory listing requirements applicable to BHFL due to its classification as an NBFC – Upper Layer by the Reserve Bank of India, including through a potential IPO.</p> <p>The Board of BHFL constituted a committee to inter alia undertake various activities and steps in this regard and an intimation was made by BHFL to the stock exchanges in relation to the same.</p>

Rumour Verification by Companies – Post Amendment

Company Name	News Item	Clarification Issued
Saurashtra Cement Limited	Adani Group's Concrete Plan: \$3b Buyouts in Cement Space - Penna Cement, Saurashtra Cement, JP Associates' business, Vadraj on the radar	The Company denies / has no knowledge about the contents of the news items as published by certain newspapers relating to the evaluation by the Adani Group of the acquisition of Saurashtra Cement Limited.
Wipro Limited	Wipro wins multi-million dollar deal from Standard Chartered	The news is based on rumour and speculation and we would like to categorically state that the information mentioned is inaccurate.
Zomato (Voluntary Clarification)	Zomato in talks to acquire Paytm's movies, ticketing business	The Company routinely explores various strategic opportunities aimed at enhancing shareholder value. The potential transfer of Paytm's Entertainment business, a component of our Marketing Services, is one opportunity under consideration. Discussions are preliminary and no binding agreements entered.
Paytm (Voluntary Clarification)		We acknowledge that we are in discussions with Paytm for the aforementioned transaction, however, no binding decision has been taken at this stage that would warrant a Board approval and subsequent disclosure in accordance with applicable law

Action items for Listed Companies

Track Stock Price & Rumours

- System for tracking Stock Price movement and rumours in mainstream media
- Rumours to be confirmed, denied or clarified if there is material movement in Stock price.

Amendment to Materiality Policy

- Inclusion of criteria for determining foreign jurisdictions with material operations
- News sources to be tracked in foreign jurisdictions
- Look back period for tracking rumours
- Obligation of promoters, Directors, KMPs and SMP to provide information

Media Communications

- Promoters, Directors, KMPs and Senior Management to be sensitized regarding communication on events/information which are at initial stages.

Internal Processes

- Alignment of internal processes for collating information once rumours are identified
- Co-ordination between Business, Investor Relations and Management for responding to rumours



THANK YOU

Tata Consumer Products – Bisleri Deal



Sub: Clarification on news item appearing in “Economic Times” and in online platform www.economictimes.indiatimes.com on November 24, 2022

March 17, 2023

Ref: Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/ Madam,

This is in reference to the news article captioned "Tata Consumer to acquire Bisleri for about Rs 7,000 crore" which appeared in "The Economic Times" today, that is November 24, 2022 and also in the online portal of Economic Times www.economictimes.indiatimes.com on November 24, 2022.

In this regard, we wish to clarify the following:

- (a) The Company evaluates various strategic opportunities for growth and expansion of the business of the Company, on an ongoing basis. Pursuant to this, the management of the Company remains in discussions with various parties, including Bisleri International Private Limited.
- (b) The Company will make appropriate announcements in compliance with the obligations under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as and when any such requirement arises.
- (c) At this point in time, there is no further event/information that requires disclosure under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other prevalent applicable laws.

This is for your information and dissemination to the public, in order to prevent the establishment of false market sentiment, based on the above news article.

Sub: Discussion with Bisleri for potential acquisition has ceased

Ref: The Company's clarification issued on November 24, 2022 on news item appearing in Economic Times date November 24, 2022 captioned "Tata Consumer to acquire Bisleri for about Rs 7,000 crore".

Dear Sir/ Madam,

This is with reference to the news article that appeared in The Economic Times and various other publications on the captioned matter on November 24, 2022, wherein the Company had clarified that it evaluates various strategic opportunities for growth and expansion of its business, on an ongoing basis, and pursuant to this, the Management of the Company remained in discussions with various parties, including Bisleri International Private Limited ("Bisleri").

In this regard, the Company wishes to update that it has now ceased negotiations with Bisleri with regard to a potential transaction and to confirm that the Company has not entered into any definitive agreement or binding commitment on this matter.

The above announcement is issued voluntarily to prevent any speculation concerning the matter.



Cipla – Clarification on Leak of Financials

Dear Sir/Madam,

Cipla Ltd. (“the Company”) was alerted of parts of its potential standalone financial results for the nine (9) months ended December 31, 2023 being circulated on the social media. The results are yet to be reviewed, finalized and approved. Investors are cautioned not to rely on any such information. Any person making any investment decision based on this information do so at their own risk and peril. The Company has initiated additional steps to take necessary action as advised. This intimation is being made under Regulation 30.

Further to avoid confusion, the Company has advanced its Board Meeting to be held on January 22, 2024 to approve its results for the quarter and 9 months ended December 31, 2023.

Industry Standards Forum



Industry Standards Note - Objectives

- ✓ Facilitate uniform approach and assist listed entities in complying with the requirement of Rumour Verification
- ✓ Set out standard operating procedures for compliance with the Rumour Verification requirement

Key Aspects Covered

- ✓ Definition of Mainstream Media
- ✓ Meaning of 'Not General in Nature'
- ✓ Guidance for responding to rumours after issuance of intimation of Board Meeting
- ✓ Rumour verification standards for M&A transactions at various stages
- ✓ Guidance for responding to rumours in respect of non-M&A transactions



Material Price Movement

(Framework notified vide BSE and NSE circulars dated May 21, 2024)

Price range based price variation

Percentage variation (3-5%) based on price range specified subject to circuit limit.

Index movement adjustment

Index movement at 9:30 a.m. to be adjusted. Nifty50 v/s NSE price and SENSEX vs BSE price.

Price variation v/s direction of news

Rumours to be verified only if the price has moved in the direction of the news

Intraday price movement

After 9:30 a.m. only price variation has to be considered. Index movement should be ignored.

Multiple Rumours

Each rumour in the direction of the price movement to be confirmed, denied or clarified

Price movement attributed to rumour

Material price movement could be due to various factors. However, it shall be deemed to be attributed only to the rumours.

Material Price Movement – Thresholds

‘Positive’ news/ rumour

Price range of the listed equity shares	Percentage variation in share price which shall be treated as material price movement		
	Benchmark index movement is less than 1% at 9.30 am	Benchmark index movement is greater than or equal to 1% at 9.30 am	Intraday price movement (i.e. after 9.30 am)
Rs. 0 to 99.99	Greater than or equal to 5%	Greater than or equal to (5% + % change in Benchmark index at 9:30 am) or Band hit	Greater than or equal to 5%
Rs. 100 to 199.99	Greater than or equal to 4%	Greater than or equal to (4% + % change in Benchmark index at 9:30 am) or Band hit	Greater than or equal to 4%
Rs. 200 and above	Greater than or equal to 3%	Greater than or equal to (3% + % change in Benchmark index at 9:30 am) or Band hit	Greater than or equal to 3%

Material Price Movement – Thresholds

‘Negative’ news/ rumour

Price range of the listed equity shares	Percentage variation in share price which shall be treated as material price movement		
	Benchmark index movement is less than or equal to -1% at 9.30 am	Benchmark index movement is greater than -1% at 9.30 am	Intraday price movement (i.e. after 9.30 am)
Rs. 0 to 99.99	Less than or equal to (-5% - % change in Benchmark index at 9:30 am) or Band hit	Less than or equal to -5%	Less than or equal to -5%
Rs. 100 to 199.99	Less than or equal to (-4% - % change in Benchmark index at 9:30 am) or Band hit	Less than or equal to -4%	Less than or equal to -4%
Rs. 200 and above	Less than or equal to (-3% - % change in Benchmark index at 9:30 am) or Band hit	Less than or equal to -3%	Less than or equal to -3%

Illustration - Trigger for Material Price Movement



Price of Scrip = Rs. 500	Type of News	Threshold for MPM	Share Price Movement	MPM triggered?
Index movement at 9:30 a.m. = 0.5%	Positive	$\geq 3\%$	2%	No
Index movement at 9:30 a.m. = 2%	Positive	$\geq 5\%$	4%	No
Index movement at 9:30 a.m. = -2%	Positive	$\geq 3\%$	3%	Yes
Intraday movement	Positive	$\geq 3\%$	3.5%	Yes
Index movement at 9:30 a.m. = 0.5%	Negative	$\leq -3\%$	-2%	No
Index movement at 9:30 a.m. = 2%	Negative	$\leq -3\%$	-4%	Yes
Index movement at 9:30 a.m. = -2%	Negative	$\leq -5\%$	-4%	No
Intraday movement	Negative	$\leq -3\%$	-3%	Yes

Specific/General Rumours & Impending Events

Specific

- A Ltd is proposing to sell its X business division.
- Z Ltd is currently in talks to acquire a stake in Company Y.
- P Ltd is proposing to undertake a rights issue.
- As a part of an internal group restructuring proposal, Z business of A Ltd is likely to be merged

General

- A Ltd is proposing to divest one of its business divisions.
- Z Ltd is in talks to undertake a potential acquisition
- P Ltd may consider fund-raising options in the near future.
- A Ltd is evaluating various internal restructuring options.

Specific/General Rumours - examples

Impending Events

- 'Impending' refers to an event that is imminent, close at hand or about to happen.
- Companies will have to make judgement call as to what is an impending event depending on facts and circumstances of the case.
- Guidelines can be laid down in the materiality policy/internal guidelines for determining impending events

Rumour Verification Standards – M&A

Preparatory Stage – Name of Party cannot be disclosed

Event	Disclosure Standard
<ul style="list-style-type: none">• Signing of NDA• Execution of non-binding term sheet• Commencement of due diligence• Engagement of advisors/bankers/valuers• Constitution of sub-committee to evaluate the deal	<p><i>“The company evaluates various strategic opportunities in the ordinary course, for growth and expansion of its business. At this stage, there is no material event/ information that requires disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The company will make appropriate disclosures in compliance with applicable laws, as and when required”.</i></p>
<p>A sub-committee of the Board grants approval to explore or an in-principle approval, for a specific M&A deal, subject to further evaluation and which requires final approval at a later stage.</p>	<p><i>“The Board of the company has constituted a sub-committee which has been authorised to evaluate /evaluates on an ongoing basis strategic opportunities for growth. At this stage, there is no material event/ information that requires disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The company will make appropriate disclosures in compliance with applicable laws, as and when required”.</i></p>

Rumour Verification Standards – M&A

Advance Stage – Name of Party can be disclosed

Event	Disclosure Standard
<p>A multi-party bid process is ongoing, in respect of acquisition of or from a listed company, and there is a market rumour in respect of the potential M&A deal, or in respect of the names of the bidders.</p>	<p><i>“This is to confirm that the company is part of a bid process for a potential deal with [●] [insert name of the counter-party]. Please note that the bid process is still ongoing and no binding agreement has been entered into. The execution and ultimate consummation of the deal is subject to various factors including selection of the final bidder, receipt of approval by the Board of Directors of the company and execution of binding agreements between the parties, and there can be no guarantee or assurance of the execution/ consummation of any such potential deal”.</i></p>

Only the names of those specific bidders which have been reported in the market rumour will have to be confirmed/denied

Rumour Verification Standards – Non-M&A Events



Illustrative Events	Disclosure Standard
Whistle-blower complaints	Response required only if the market rumour provides specifically identifiable details in respect of a specific whistle-blower complaint.
Internal Review/ Investigation in respect of operational/ financial aspects	Response required only if the market rumour provides specifically identifiable details in respect of a specific internal review/ investigation that is being conducted
Potential change in key managerial personnel (including resignation and/ or removal of KMPs)	Response required only if there is an acceptance by the company of the change (by following due process in line with applicable policies of the company), or if the company has initiated the process (whether formally or otherwise) for finding the candidate/ finding the replacement, as the case may be.
<i>Rumour regarding the health of the MD/CEO</i>	The company shall first enquire with the MD/ CEO as to whether he/ she has received medical advice. Basis the information received from MD/CEO, the company shall accordingly confirm/deny the news.

Mainstream Media

70+ news sources to be tracked ←

Indian Newspapers

A. English

Newspaper with circulation of 1 lakh per day

(22 editions of 14 different Newspapers as per latest data)

B. Regional

Top 2 newspapers of 22 regional languages with circulation of 1 lakh per day.

(21 editions of 11 Newspapers as per latest data)

C. Business/ Financial

ET, FE, Live Mint, Business Standard and Hindu Business Line

Digital/ Online News Sources

- Digital version of the Indian Newspapers
- Bloomberg;
- BQ Prime;
- Money Control;
- Business Today;
- Business World;
- Reuters;
- Reuters India; and
- Press Trust of India.

International Media

USA – WSJ & Financial Times

Singapore - Business Times & Financial Times

UK – Financial Times

Other International Jurisdictions where company has material operations and news sources identified by the company's Board

Business News channels

A. English

- CNBC TV-18
- ET Now
- NDTV Profit

B. Others

- CNBC Awaz
- ET Swadesh
- Zee Business
- CNBC Bazaar

Social Media handles of the above news sources also need to be tracked

News Aggregators and Digital news sources behind pay-wall are excluded

Framework for considering unaffected price

Corporate Actions eligible for Price Protection



Preferential Issue of shares under ICDR

Open Offer under SAST

Delisting Offer under Delisting Regulations

Buyback through book building route

Scheme of Arrangement involving listed companies

Other transactions where pricing is linked to traded price as per relevant regulations.

Conditions

1 Rumour pertaining to an M&A transaction

2 Floor price of the M&A transactions is determined basis historical share price

3 Rumour confirmed within 24 hours of material price movement

4 Price variation from the date of rumour till next trading day after confirmation of rumour to be excluded

5 Price band hit – Price variation in subsequent days till the price does not hit the band limit shall be excluded.

6 Price protection available for 60/180 days depending on stage of M&A transaction

Price protection at various stages of M&A Deal

	Event	Disclosure of party	Price Protection	Time period
Preparatory Stage	<ul style="list-style-type: none"> • Signing of NDA • Execution of Non-binding term sheet • Commencement of due diligence • Engagement of advisors/bankers/valuers • Constitution of sub-committee to evaluate the deal • In-principle approval of sub-committee for a specific deal, subject to final approval at later stage. 	Target/counter party name is not disclosable.	Not Available	Not Applicable
	<ul style="list-style-type: none"> • Ongoing multi party bid process 			180 days
Advance Stage	<ul style="list-style-type: none"> • Final bidder selected and material deal terms agreed • Execution of a binding term sheet • All commercial terms agreed and deal is taken to the Board for final approval. 	Target/counter party name is disclosable.	Available	60 days

Illustration – Calculating unaffected price

Trading Day	Daily WAP	Adjusted Daily WAP	No. of Shares	Remarks (E)
20-Jul	1,045.06	1,045.06	47,004	
21-Jul	1,053.26	1,053.26	24,750	
24-Jul	1,047.07	1,047.07	37,262	T-10
25-Jul	1,054.90	1,054.90	15,000	
26-Jul	1,060.76	1,060.76	44,519	
27-Jul	1,164.47	1,060.76	7,60,853	Date of material price movement
28-Jul	1,173.45	1,060.76	2,38,320	Date of rumour confirmation
31-Jul	1,178.90	1,060.76	88,450	Next trading day after rumour confirmation
01-Aug	1,173.16	1,055.02	68,613	
02-Aug	1,165.71	1,047.57	41,954	
03-Aug	1,163.36	1,045.23	56,267	
04-Aug	1,212.36	1,094.23	5,99,197	T-1
07-Aug	1,208.33	1,090.20	1,08,762	Relevant Date (T) – Date of Board approval to preferential issue to QIBs

VWAP without price adjustment - Rs. 1,175.78

VWAP with price adjustment – Rs. 1,069.80.

Subsequent Rumours for same M&A Deal



Subsequent rumour(s) are reported in the mainstream media - Price protection available for each instance of confirmation of rumour.

Illustration:

Relevant date	Applicability of unaffected price for the rumour confirmation on July 28, 2023	Applicability of unaffected price for the rumour confirmation on August 28, 2023
July 29, 2023 to August 28, 2023	Applicable	Not Applicable
August 29, 2023 to September 26, 2023	Applicable	Applicable
September 27, 2023 to October 27, 2023	Not Applicable	Applicable
October 28, 2023 onwards	Not Applicable	Not Applicable