

GUIDANCE NOTE ON COMMUNICATIONS BY LISTED ENTITIES

National Stock Exchange of India Limited (NSE) and BSE Limited (**collective referred as “Stock Exchange”**) have issued Circular Ref No.: ‘NSE/CML/2021/18’ and ‘20210611-28’ dated June 11, 2021 to provide **“Guidance note on communications by Listed Entities”**.

Background of Guidance:

Listed entities communicate with their stakeholders through stock exchange platform by making the requisite disclosures on its website from time to time.

Apart from such regulatory filings, entities provide updates on their performance, awards/recognition received worldwide, positioning themselves as a leader, etc. and there are also instances wherein Key Managerial Personnel or any other person representing the listed entity is seen disclosing the company’s prospects, future plans, etc while being interviewed.

Guidance by Stock Exchanges:

The listed entities must ensure that no price-sensitive information be disclosed while publicizing the Company at various platforms, conclaves, seminars, conferences etc. unless the same has been first disclosed to the stock exchanges.

Further, Stock Exchange has listed below the indicative and not exhaustive list, which the listed entity shall, kept in mind while publicizing the company in order to protect the interest of the stakeholders:

- a. The statement made shall be truthful, fair, evidence-based and shall not be manipulative or deceptive or distorted and the listed entity shall not make any statement, promise, or forecast which is untrue or misleading
- b. The information shall contain clear, concise, and understandable language
- c. If the listed entity presents any financial data, data for the past three years shall also be included along with particulars relating to sales, gross profit, net profit, share capital, reserves, earnings per share, dividends, debts, and the book values. The companies should also provide a link to the company’s website where the details are available and can be verified.
- d. Listed entities shall use simple and easy-to-understand language without using extensive technical, legal terminology, or complex language. The details provided should be adequate and appropriate so that the investors are not distracted with excessive details.
- e. The company should provide information only with respect to publicly reported financial information and not provide any forward-looking statement.

- f. Non-factual and unsubstantiated statements shall not be made.
- g. The company can position itself as a leader, pioneer, expert, or any word indicating it as the best only based on factual data which is widely available and not based on single-source, unless such source is a recognized source and has third-party certification. The company shall also indicate the source based on which such claim is being made and the information on such source should be in the public domain and verifiable.
- h. In case of receipt of awards/recognition, disclosure shall include whether the listed entity has any relations with the awarding agency along with the number of participants that were evaluated, recognition of the awarding agency in the field in which award is given, and publicly available information relating to the awarding agency.

For detailed circular, please refer the link:

https://static.nseindia.com/s3fs-public/inline-files/NSE_guidance_note_11062021.pdf

<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20210611-28>

Suggestions may be sent to

rupesh@cacsindia.com

Dr. S. Chandrasekaran | Senior Partner | Chandrasekaran Associates | Company Secretaries
11-F, Pocket Four | Mayur Vihar Phase One | Delhi - 110 091 | Tel. +91-11-2271 0514
sankara@cacsindia.com | info@cacsindia.com | www.cacsindia.com

DISCLAIMER

CACS Bulletin is not intended as a source of advertising or solicitation and the contents of the same should not be construed as professional / legal advice. Readers should take specific advice from a qualified professional when dealing with specific situations and should not consider this as an invitation for a professional-client relationship. Without the prior permission of Chandrasekaran Associates, Company Secretaries, the CACS Bulletin or content thereof or reference to it should not be made in any documentation or correspondences. We make no warranty of any kind with respect to the subject matter included herein or the completeness or accuracy of this issue of CACS Bulletin. While CACS has taken every care in the preparation of this Bulletin to ensure its accuracy, however, the Companies are requested to check the latest position with the original sources before acting. The firm and the partners are not responsible for any actions (or lack thereof) taken as a result of relying on or in any way using information contained in this issue of CACS Bulletin and in no event shall be liable for any damage or loss resulting from reliance on or use of this information. Without limiting the above the firm and the partners shall each have no responsibility for any act, error or omission, whether such acts, errors or omissions result from negligence, accident or any other cause.