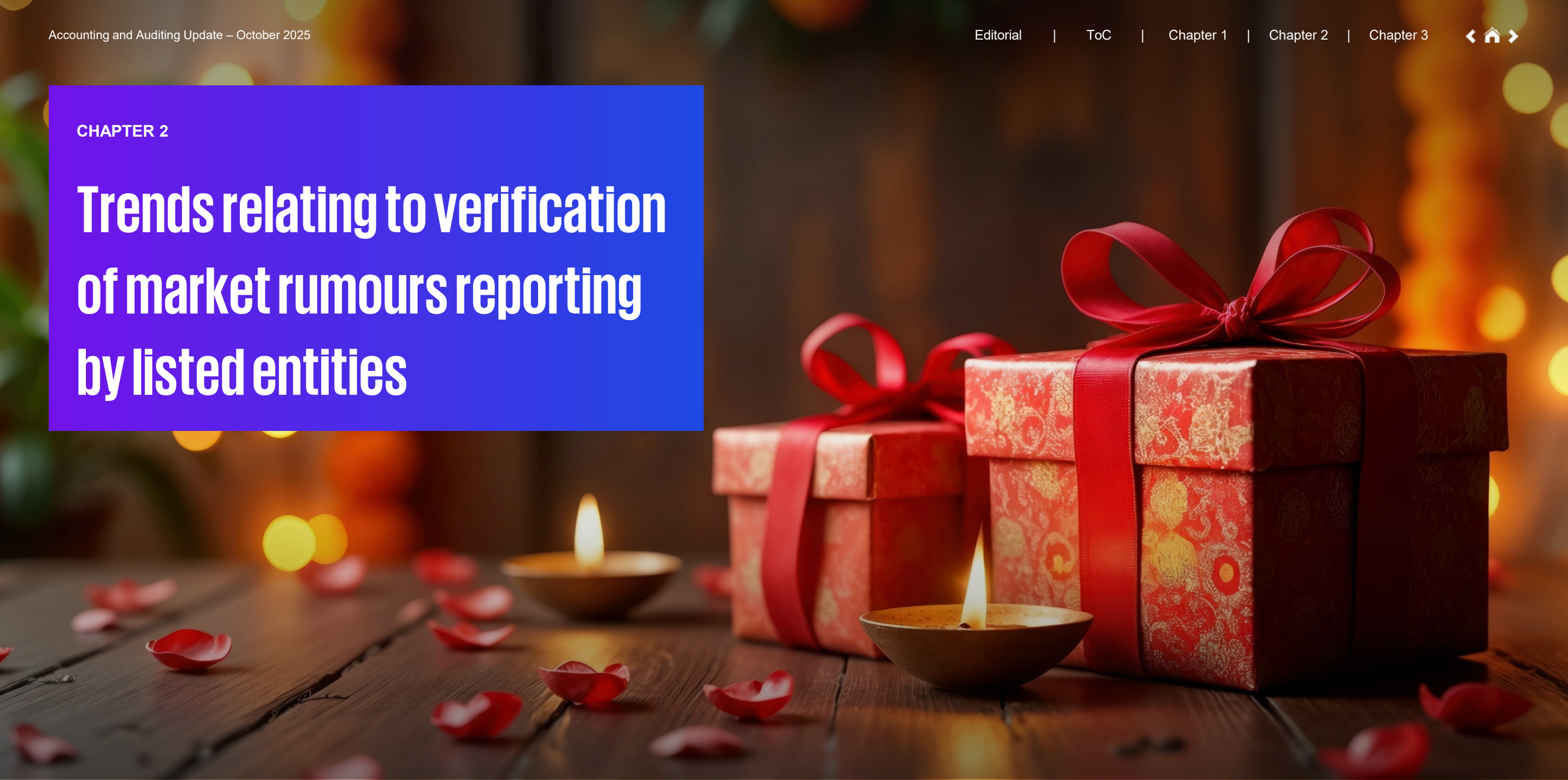
CHAPTER 2

Trends relating to verification of market rumours reporting by listed entities



Background

The Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations) lay down the provisions relating to corporate governance and disclosures for listed entities in India. In this context, Regulation 30 of the LODR Regulations requires companies whose equity shares or convertible securities are listed (hereinafter referred to as listed entities), to provide disclosure of material events or information to the stock exchange in accordance with Schedule III of the LODR Regulations.

To enhance transparency in corporate reporting, SEBI amended Regulation 30(11) of the LODR Regulations in 2024. The new proviso introduces a mandatory requirement for specified listed entities to confirm, deny, or clarify market rumours reported in mainstream media - which may have triggered material price movement in the prices of the equity shares or convertible securities of the respective listed entity (rumour verification requirement). As per this requirement, the specified listed entities are required to verify any reported event or information in the mainstream media:

- which is not general in nature, and which indicates rumours of an impending specific event or information circulating amongst the investing public
- as soon as reasonably possible but not later than 24 hours from the trigger of material price movement.

In situations where a listed entity confirms a reported event or information, it is also required to provide the current stage of such an event or information.

This requirement applied only to the top 100 listed entities starting 1 June 2024; however, from 1 December 2024, it has been extended to cover the top 250 listed entities.

Regulation 30(11) of the LODR Regulations obligates promoters, directors, Key Managerial Personnel (KMP), and senior management to furnish accurate, adequate, and timely responses to any clarifications or explanations sought by the listed entity regarding market rumours, ensuring full compliance with the regulation.

Following the amendment to the LODR Regulations, SEBI issued several notifications to provide clarity and guidance in relation to the 'rumour verification requirement'. On 21 May 2024, the Industry Standards Forum (ISF) in consultation with SEBI, released the Industry Standards Note (ISN)[1] which provides standard operating procedures to be followed by listed entities to uniformly comply with the 'rumour verification requirement'. Additionally, SEBI and the stock exchanges jointly formulated a framework[2] for identifying material price movement, which includes parameters and illustrations of price variations that should be treated as material price movement – both in case of positive/negative rumour. This framework also details the monitoring measures to be implemented by the stock exchanges.

Furthermore, SEBI issued a circular on 21 May 2024[3] and introduced a detailed framework for determining unaffected price by listed entities. The framework provides a mechanism for calculation of the Adjusted Volume Weighted Average Price (VWAP), along with an illustration for calculation of VWAP and explains applicability of unaffected price mechanism.

1. SEBI circular SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/52 dated 21 May 2024 on Industry Standards Note on verification of market rumours under Regulation 30(11) of LODR Regulations
2. Framework on Material Price Movement (in Equity Cash Markets) with respect to Rumour Verification by Listed Entities issued by stock exchanges dated 21 May 2024.
3. SEBI circular SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/51 dated 21 May 2024 on Framework for considering unaffected price for transactions upon confirmation of market rumour.

About the analysis

With the revised Regulation 30(11) of LODR Regulations coming into effect from 1 June 2024, the top 100 listed entities were the first to step into a new era of corporate transparency. To evaluate emerging reporting trends, we analysed the filings submitted by NIFTY100 entities to the National Stock Exchange of India (NSE). Our analysis focusses on disclosures made under Regulation 30(11) by the top 100 NSE-listed entities[4], ranked by market capitalisation, during the period from 1 June 2024 to 30 June 2025. This 13-month timeframe represents the initial phase of compliance for the listed entities.

Regulation 30(11) requires listed entities to confirm or deny any reported event or information to the stock exchanges, in response to a clarification sought by the stock exchange or independently, on its own initiative, when news or information appears in mainstream media. Our analysis of disclosures provided under this regulation reveals that, in several instances, stock exchanges have issued letters to listed entities, asking them to confirm or deny events or information reported in mainstream media or in response to significant price movements.

The objective of this analysis is to ascertain the reporting practices of these listed entities during the first phase of implementation, whether the disclosures were self-verified by the entity (i.e. not in response clarification sought by the stock exchange) or reported as a response to clarifications sought by the stock exchange.

Covered entities and number of filings

A. Covered entities

Out of 100 listed entities analysed, we observed that 58 listed entities made filings under Regulation 30(11) during the period from 1 June 2024 to 30 June 2025 i.e. remaining entities had no filings under this regulation. Accordingly, our subsequent analysis focusses on the filings submitted by these 58 entities (covered entities).

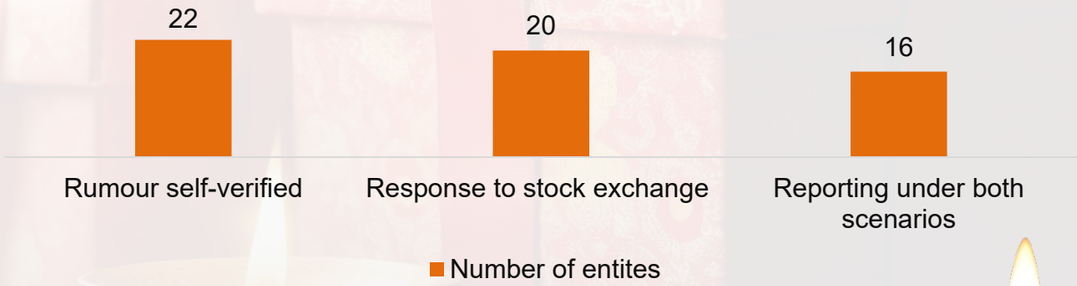
4. List extracted from NSE Website>Products & Services>Capital Markets>Indices>Broad Market indices>Nifty100index as on 31 July 2025.

B. Filings by the covered entities

Among the 58 entities that made filings under Regulation 30(11), several entities made multiple filings, including filings within the same category. Our analysis identified a total of 134 filings, reflecting that the listed entities are committed to ongoing compliance and treating this reporting as a continuous responsibility rather than a one-time task.

The chart below splits the 58 covered entities into three categories:

- those entities which verified rumours without any clarifications sought by the stock exchanges (Rumour self-verified)
- those entities which verified rumours in response to clarifications sought by the stock exchanges (Response to stock exchange) and
- those entities which verified rumours under both scenarios (Reporting under both scenarios)



Source: KPMG in India analysis, 2025 based on the primary data gathered from filings made by covered entities

B. Filings by the covered entities (contd.)

A deeper analysis of 134 filings by 58 entities under Regulation 30(11) reveals two distinct categories:

- 73 filings were made by entities when news or information appeared in mainstream media and no clarification was sought by the stock exchanges (Rumour self-verified)
- 61 filings were made by entities as a responses to clarifications sought by the stock exchange.

This analysis depicts that 54 per cent of the filings were self-verified by entities and not a response to a clarification sought by a stock exchange, reflecting a growing awareness and willingness to engage with the regulator proactively.

The remaining 46 per cent filings were submitted in response to clarifications sought by the stock exchange, underscoring the active role of regulatory oversight in driving compliance.

Overall, the findings suggest that listed entities are progressively embracing the spirit of Regulation 30(11), with many entities already demonstrating a commitment to timely and transparent reporting.

C. Range of filings done by covered entities

Source: KPMG in India analysis, 2025 based on the primary data gathered from filings made by covered entities

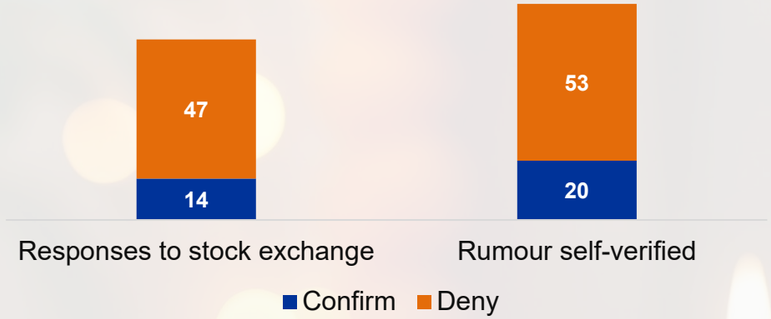
The chart above illustrates the distribution of filings made by the 58 listed entities. Out of the 58 entities, the majority (28 entities) submitted only one filing. Additionally, a substantial number of entities (26 entities) made two to five filings. A small number of entities made more than five filings including one entity which made as many as 15 filings.

Type of reporting – rumour self-verified vs response to stock exchange

Analysis of filings by covered entities

Delving further into the filings by the covered entities, we analysed how entities have responded in the filings submitted - specifically, whether they confirmed or denied the market rumour in question.

The below chart depicts the trends based on 134 filings made by 58 entities, indicating whether these entities confirmed or denied the market rumour. Further, for the purpose of our analysis, if a filing does not explicitly confirm the rumour, the same has been treated as a denial.



Source: KPMG in India analysis, 2025 based on the primary data gathered from filings made by covered entities

Our analysis

On the basis of our analysis, we noticed:

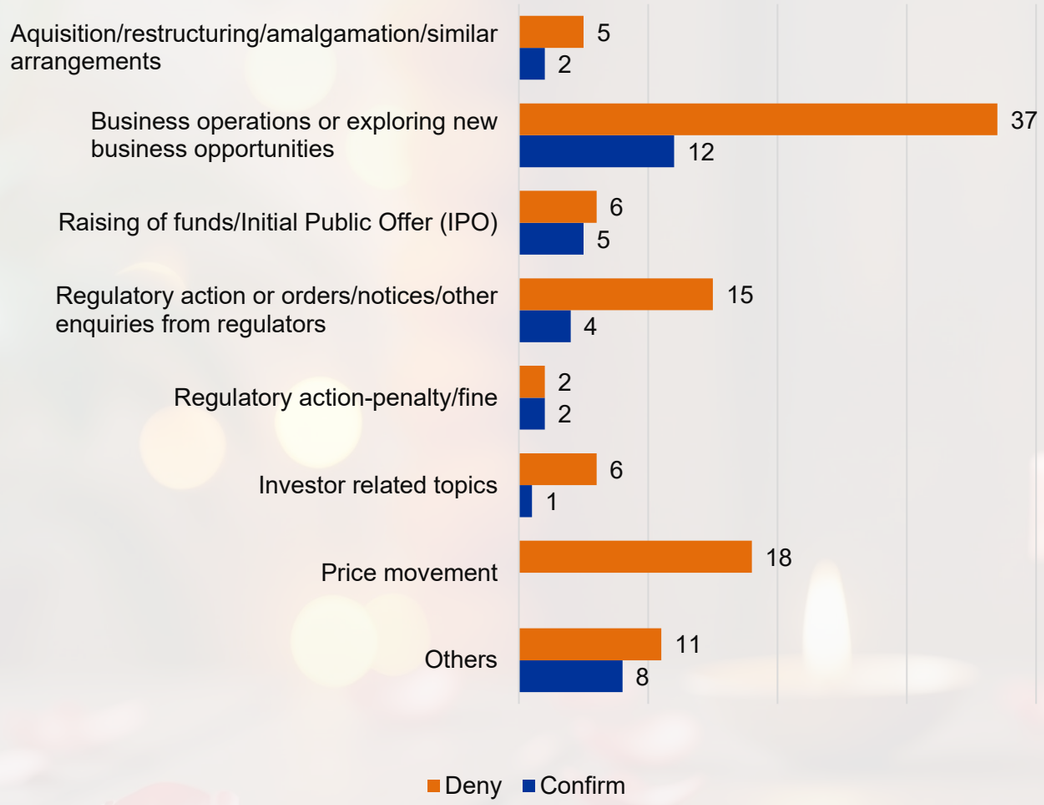
- Out of 134 filings, 34 confirmed that the market rumours were true. Further, within the category of rumours that were self-verified, 27 per cent (20 filings/73 filings) of the filings confirmed the market rumour to be true, whereas in the category of responses to the stock exchange, 23 per cent (14 filings/61 filings) of the total filings confirmed the market rumour to be true.
- In majority of the filings i.e. 75 per cent (100 filings/134 filings), the event/information was denied, suggesting that many rumours circulating in mainstream media or triggering price movements were either inaccurate or premature.

This trend underscores the importance of Regulation 30(11) in promoting timely and transparent communication. It emphasises the need for timely response or clarification by the listed entities to prevent circulation of misinformation and curb the impact on price movement and investor decisions.

Category of events covered under filings

The subsequent section presents the types/nature of events for which covered entities have submitted filings under Regulation 30(11). The chart on the next page presents the nature of news, events or information associated with these filings, highlighting common themes and areas of frequent reporting. For consistency and ease of interpretation, similar events have been grouped into broad categories. These broad categories have been interpreted and determined by KPMG in India solely for the purpose of this analysis and they do not reflect classifications used by the covered entities in their filings.

Category of events covered under filings (Contd.)



Source: KPMG in India analysis, 2025 based on the primary data gathered from filings made by covered entities

Our analysis:

Based on this chart, the following trends can be observed:

- The largest number of filings by the listed entities were under the category 'business operations or exploring new business opportunities', which covers matters such as new ventures or projects, price adjustments, product recalls, contract-related penalties, etc. This category also had the highest number of denials, suggesting that many media-reported items may be either speculative, unsubstantiated, not finalised, or not material enough for entities to confirm.
- The 'price movement' category also had frequent filings comprising of cases where a material price movement occurred without being linked to any particular event or information. Consequently, under this category, no entity confirmed the rumour to be true suggesting that these fluctuations were likely to have been driven by market dynamics rather than entity-specific developments.
- The category 'regulatory action or orders/notices/other enquiries from regulators' included various scenarios such as general regulatory actions and notices/show cause notices from regulators. In this category, denials were more frequent considering that entities may not confirm those actions which indicate preliminary enquiries. In certain cases, while the rumour was true, no filing was made if there were no implications on the entity directly and implication was only on its KMP or directors. In case of the 'regulatory action-penalty/fine' category, confirmations and denials were relatively equal.
- The filings under the 'raising of funds/IPO' category reflected an equal mix of confirmations and denials, as entities generally confirm such scenarios once board approvals are completed. Similarly, in the 'acquisition/restructuring/amalgamation/similar arrangements' category, denials were more frequent indicating that media speculation around these arrangements was premature or lacked substance.
- The 'others' category covers miscellaneous disclosures such as news related to key managerial personnel, impact of new regulations, change in credit rating, lawsuit initiated by entity, etc.

The bottom line

The analysis of filings under Regulation 30(11) by NIFTY100 entities gives a glimpse into the current reporting practices. With the regulation now expanded to cover the top 250 entities from December 2024, it is crucial for entities to establish robust processes for monitoring media coverage, assessing materiality, and escalating potential rumours or news events for timely verification and disclosure. These measures will help ensure adherence to SEBI's prescribed reporting timelines.

Equally important is fostering alignment among investor relations, legal, compliance, and corporate communications teams to enable swift and accurate responses to market developments. Entities should also consider investing in monitoring tools to leverage technology to track news, social media, and price movements in real time, enabling faster identification of events that may warrant disclosure.

By taking these steps, entities can ensure compliance and reinforce their reputation for transparency and governance - key pillars of long-term investor confidence.