

**Review of disclosures in respect of analyst/ institutional investor meets
by listed entity**

1. Objective

1.1 This memorandum seeks to review the disclosures in respect of analyst/investor meets by the listed entities and accordingly amend SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. Background:

2.1. Usually the listed companies, immediately after dissemination of quarterly results, arrange for post-earning calls or meetings with analysts/institutional investors to discuss the company's goals, milestones, challenges and the financial results of the company for that quarter. Such meetings or calls are often referred to as post-earning/ conference calls or analysts/investor/institutional investor meets.

2.2. As per the existing provisions of LODR regulations, listed entities are required to disseminate a schedule of analyst/institutional investors meets and the presentations made by them in such meets, to the stock exchange(s) as well as on their websites.

2.3. While the listed entities, in line with the regulatory mandate, disclose the presentations made by them in such meetings to the stock exchange and also on their respective websites, it is often observed that the entities confine themselves to merely disclosing the PowerPoint slides only, through which such presentations were made but those slides do not elaborate upon the discussion points of the meeting with clarity and details. Minority shareholders, not being attendees to these meetings, are not privy to such information shared by the listed entity with only a select group of analysts/investors. The presentations made and discussions held in such meets and the subsequent disseminations made by the listed entities in the form of power-point slides, potentially create an information asymmetry amongst different classes of shareholders.

2.4. The concerns relating to such information asymmetry was discussed by Primary Markets Advisory Committee ('PMAC') and a sub-group under the chairmanship of Mr. Keki Mistry, Vice-Chairman and CEO of HDFC Ltd, was formed to further deliberate on the matter and provide its recommendations.

3. Report by PMAC sub-group

3.1. The sub-group deliberated on various aspects with respect to disclosures in this regard and the information asymmetry noticed amongst various classes of stakeholders, keeping in mind the regulatory regimes in various overseas jurisdictions and also the good practices observed by the listed entities in the Indian securities market. The report is placed at **Annexure A**.

3.2. In order to get a wider perspective, it was decided to place the recommendations of the sub-group for public consultation. These recommendations mainly dealt with disclosures (a) of audio/video recordings and written transcripts related to analyst/investor meets and (b) pertaining to one-to-one meetings with select investors.

4. Analysis of public comments

4.1. Comments (including suggestions) were received from 38 entities/ persons, which included Mutual Funds, Insurance companies, merchant bankers, consultants, listed entities, trade associations, law firms, stock exchanges and individuals. Analysis of the same along with the rationale for acceptance/ non-acceptance and final recommendations are placed at **Annexure B**.

4.2. The proposals warranting changes in LODR Regulations are discussed in the following paras:

5. Dissemination of audio/video recordings and transcripts of earnings/post-earnings calls

5.1. Proposal in the consultation paper

- 5.1.1.** Audio or video recordings shall be made available on the website of the listed entity and respective stock exchanges immediately after the post-earnings conference call/quarterly calls or investors/analysts meets, before the next trading day or within twenty-four hours from the occurrence of event or information, as required under the Reg. 30 of SEBI (LODR) Regulations, 2015, whichever is earlier.
- 5.1.2.** Written transcripts of such calls or investors/analysts meets should be made available on the website of the listed entity and respective stock exchanges within five working days after the earning call.
- 5.1.3.** Listed company shall make available audio/video recordings and the written transcripts on their websites for a period of at least eight years in addition to the details disseminated on respective stock exchanges.

5.2. Rationale

- 5.2.1.** As discussed in para 2.3 of the memo, there is a need to ensure uniform accessibility of information to retail investors as the current disclosures are not sufficient. Post earnings conference calls/ investor meets/ analyst meets after the release of quarterly financial information can have material information benefitting the investors to take informed decisions. It is therefore felt necessary that audio/video recordings and transcripts pertaining to such calls or meets be disclosed to the stock exchange(s) and disseminated on the listed entity's website as well.
- 5.2.2.** Further, the requirement to maintain the above details for a period of 8 years, was proposed in the consultation paper as per Regulation 9 (b) of LODR Regulations 2015, where a listed entity is mandated to

frame a policy for preservation of documents, for not less than 8 years.

5.3. Comments/ suggestions received and our views

- 5.3.1.** Majority of the public comments received are in favor of the proposal. However, concerns have been raised regarding excess server space and bandwidth to host the audio/ video recordings on the websites. Comments have also been received stating that the requirement should be done away with, in case of conference calls being open to all stakeholders.
- 5.3.2.** Suggestions have been received to reduce the timeframe of 8 years to 3-5 years considering that the disclosures are data heavy, may be expensive for entities to host or alternatively may be made available in archive mode.
- 5.3.3.** Having regard to the suggestions received, there is a merit in reviewing the time period proposed for hosting of the recordings and transcripts. The time period for hosting the aforementioned data may therefore be reduced to 5 years and thereafter as per archival policy of the listed entity. This would be in line with the time period specified in the LODR Regulations for hosting the disclosures in respect of material events.

5.4. Proposal

- 5.4.1.** Audio/video recordings shall be made available on the website of the listed entity and respective stock exchanges promptly. In any case, the audio/video recordings should be disclosed to the stock exchange(s) and disseminated on the listed entity's website before the next trading day or within twenty-four hours from the conclusion of analyst/investor meets or calls, whichever is earlier.

5.4.2. Written transcripts of such meets/calls shall be made available on the website of the listed entity and respective stock exchanges within five working days of the meet/ calls.

5.4.3. Listed company shall make available audio/video recordings and the written transcripts on their websites for a period of at least five years and thereafter as per archival policy of the listed entity, as disclosed on its website.

6. Applicability

6.1. The aforementioned requirements shall be applicable in a phased manner.

The requirements shall be voluntary for a period of one year and mandatory thereafter for all the listed entities.

7. Proposal for the consideration of the Board

7.1. The above proposals may be incorporated by amending Reg. 46 and Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as placed at **Annexure C**

7.2. The Board is also requested to authorize the Chairman to take consequential and incidental steps to give effect to the decision of the Board

ANNEXURE A

The Consultation paper is available on www.sebi.gov.in

ANNEXURE B

This has been excised for reasons of confidentiality

ANNEXURE C

This shall be notified at a later date