



CIRCULAR

CIR/CFD/CMD1/120/2019

October 31,2019

To

All banks which have listed specified securities
All the Recognized Stock Exchanges

Madam / Sir,

Sub: Disclosure of divergence in the asset classification and provisioning by banks

1. Under regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('**SEBI LODR Regulations**') a listed entity shall disclose to stock exchange(s) all events or information, which are material, as soon as reasonably possible and not later than twenty four hours from the occurrence of event or information.
2. Further, SEBI (Prohibition of Insider Trading) Regulations, 2015 ('**SEBI PIT Regulations**'), mandates prompt disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being.
3. RBI vide Notification No RBI/2016-17/283; DBR.BP.BC.No. 63/21.04.018/2016-17 dated April 18, 2017 and amended Notification No. RBI/2018-19/157;DBR.BP.BC.No.32/21.04.018 /2018-19 dated April 1, 2019 mandated banks to disclose certain cases of divergence in the asset classification and provisioning in the Notes to Accounts in the ensuing Annual Financial Statements published immediately following communication of such divergence by RBI to the bank.
4. Accordingly, SEBI vide its Circular No. CIR/CFD/CMD/80/2017 dated July 18, 2017 and amended Circular no. CIR/CFD/CMD1/79/2019 dated July 17, 2019 also specified the said disclosure requirements to all banks, which have listed specified securities.
5. These disclosures in respect of divergence and provisioning are in the nature of material events / information and hence, necessitate immediate disclosure. Further, this information is also price sensitive, requiring prompt disclosure.



6. Accordingly, in consultation with RBI, it has been decided that the listed banks shall make disclosures of divergences and provisioning beyond specified threshold, as mentioned in aforesaid RBI notifications, as soon as reasonably possible and not later than 24 hours upon receipt of the Reserve Bank's Final Risk Assessment Report ('RAR'), rather than waiting to publish them as part of annual financial statements. The disclosures are to be made in either or both of the following cases:
- the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period, and*
 - the additional gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period.*
- The format in which such disclosures are to be made has also been prescribed by RBI (**Annex A**).
7. SEBI's circular CIR/CFD/CMD/80/2017 dated July 18, 2017 and amended circular CIR/CFD/CMD1/79/2019 dated July 17, 2019 are withdrawn.
8. The Stock Exchanges are advised to bring the provisions of this circular to notice of all banks which have listed specified securities and also to disseminate it on their websites.
9. This circular shall come into force with immediate effect.
10. The circular is issued under Regulation 30 and 101 of SEBI LODR Regulations.
11. The circular is available on SEBI website at www.sebi.gov.in under the category 'Legal→Circulars'.

Yours faithfully,

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Divergence in Asset Classification and Provisioning for NPAs

| (Rs in thousands) | | |
|-------------------|---|---------------|
| Sr. | Particulars | Amount |
| 1. | Gross NPAs as on March 31, 20XX* as reported by the bank | |
| 2. | Gross NPAs as on March 31, 20XX as assessed by RBI | |
| 3. | Divergence in Gross NPAs (2-1) | |
| 4. | Net NPAs as on March 31, 20XX as reported by the bank | |
| 5. | Net NPAs as on March 31, 20XX as assessed by RBI | |
| 6. | Divergence in Net NPAs (5-4) | |
| 7. | Provisions for NPAs as on March 31, 20XX as reported by the bank | |
| 8. | Provisions for NPAs as on March 31, 20XX as assessed by RBI | |
| 9. | Divergence in provisioning (8-7) | |
| 10. | Reported Net Profit after Tax (PAT) for the year ended March 31, 20XX | |
| 11. | Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 20XX after taking into account the divergence in provisioning | |

* March 31, 20XX is the close of the reference period in respect of which divergences were assessed