

## Measures incase of reduction in Net Worth

- 1. These measures relating to the existing goods handled by WSP incase of reduction in networth of warehouses are laid down by NCL as per norms outlined by SEBI circular SEBI/HO/CDMRD/DMP/P/CIR/2021/551 dated April 16, 2021 under the heading "Guidelines for warehousing norms for agricultural/agri-processed goods and non-agricultural goods (only base/industrial metals) underlying a commodity derivatives contract having the feature of physical delivery".
- 2. With respect to Base Metals, an accredited WSP should have minimum net worth of Rs. 10 crores for 1 commodity and Rs.25 crores for more than 1 commodity.
- 3. The net worth of the WSP is calculated in the following manner:
  - "the aggregate value of paid up equity share capital plus free reserves (excluding statutory funds, benefit funds and reserves created out of revaluation) reduced by the investments in businesses, whether related or unrelated, aggregate value of accumulated losses and deferred expenditure not written off, including miscellaneous expenses not written off."
- 4. The value of the goods stored in the accredited storage facilities of WSP should not, at any point of time, exceed 33 times the net worth of the WSP, irrespective of the number of Clearing Corporations being served by the WSP. NCL obtains suitable information from the WSPs in this regard.
- 5. If net worth goes below defined level a time period of six month may be allowed to the WSP to augment its net worth. In the event the WSP is unable to augment the net worth to the requisite level within the allowed time frame, the WSP shall not carry out any new business i.e. can not include any new warehouse for new contracts/commodity/location.
- 6. In such scenario if there are goods in the warehouse, then the Clearing Corporation shall initiate following measures:
  - 1. Approval from Membership Selection Committee to remove the accreditation of the WSP
  - 2. Issue circular to clearing members informing
    - a. Removal of accreditation of WSP
    - b. Require members to shift goods to another accredited warehouse of another WSP within a period of 1 week