

Measures to be taken in case of reduction in Net Worth of WSPs

These measures relating to the existing goods handled by WSP in case of reduction in net worth, are laid down by ICCL as per norms outlined by SEBI circular No. 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”.

- 1) 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."

- 2) An accredited WSP should meet the following net-worth criteria: -

Table 1: Net worth Requirement

	Type of Goods	Number of Goods	Minimum net worth
A	Agricultural / Agri-processed	1	₹ 10 crores
		More than 1	₹ 25 crores
B	Base / Industrial Metals	1	₹ 10 crores
		More than 1	₹ 25 crores
C	Composite*	NA	₹ 50 crores
<i>*Composite means combination of A and B</i>			

Following measure are followed in case of reduction in net worth of WSPs:

In case of reduction in net worth of WSPs below the stipulated requirement, a time period of six months may be allowed to the WSPs to augment the net worth.

- a) In the event the WSP is unable to augment the net worth to the requisite level within the allowed time frame, ICCL will instruct the WSP that it should not carry out any new business related to commodity derivatives market.
- b) With respect to the existing goods handled by such WSP, adequate notice by way of circular issued by ICCL will be given market participants for removal of goods from the concerned warehouse.