



Central Depository Services (India) Limited

Convenient ⊕ Dependable ⊕ Secure

COMMUNIQUE TO DEPOSITORY PARTICIPANTS

CDSL/A,I&C/DP/POLCY/2023/276

May 04, 2023

SUBMISSION OF NET WORTH CERTIFICATE & AUDITED FINANCIAL STATEMENTS

In terms of CDSL Bye-law no. 5.3.5.1 and Operating Instruction 17.1, every depository participant (DP) is required to submit net worth certificate to CDSL every year in the manner prescribed in the Operating Instructions, duly certified by the Statutory Auditors or Practicing Chartered Accountant based on the annual audited accounts, within six months from the last date of its financial year. Further, in terms of Bye-law no. 16.2.1, every DP is required to furnish a copy of the Audited Financial Statements (AFS) and Auditor's Report not later than six months after the end of the DP's financial year. Accordingly, all DPs with financial year ending on 31st March 2023 should submit net worth certificate along with AFS on or before 30th September 2023.

The DPs, seeking extension from Registrar of Companies for holding Annual General Meeting for approval of their annual accounts, are required to submit the copy of approval received from Registrar of Companies to CDSL.

The Stock Broker / NBFC / RTA DPs should submit to CDSL the net worth computed in the manner specified in annexure 17.1 (Copy enclosed) of the DP operating instructions (Copy enclosed). Please note that the net worth certificate should be certified by the Statutory Auditors or Practicing Chartered Accountant. In case the DP belongs to the category other than those mentioned above, the statement of net worth computed in the manner prescribed by the concerned regulatory authority of that entity should be submitted.

In the past, we have observed some common deficiencies in net worth certificates/AFS submitted by Stock Broker/ NBFC / RTA Depository participants. DPs are advised to avoid the following deficiencies while submitting the net worth certificate and AFS.

- Net worth certificate is not as per the format prescribed under Operating Instruction 17.1.
- Net worth certificate is not submitted in original in case of physical copies being forwarded
- Net worth certificate submitted is based on provisional financial statements instead of audited financial statements.
- Incomplete submission of AFS. The following documents should be part of AFS:
 - a. Auditor's report
 - b. Annexure to the Auditor's reports (CARO)
 - c. Schedules to financial statements
 - d. Accounting Policies & Notes to Accounts



Central Depository Services (India) Limited

Convenient ⊕ Dependable ⊕ Secure

COMMUNIQUE TO DEPOSITORY PARTICIPANTS

- The copy of AFS is not attested by the Director of the Company/ statutory auditors.
- Deferred tax asset, Computer software etc. are not deducted as intangible assets for net worth computation.
- Statutory Contingent Liabilities are not deducted or partially deducted (50% to be deducted) for net worth computation.
- If preference shares form part of the 'Share Capital', type of preference shares and the date of redemption is not specified. In case of redemption of preference shares fully during the financial year succeeding 31st March 2023, the same should not be considered for net worth computation. However, in case of partial redemption, the remaining portion of Preference shares which is not being redeemed only can be considered for net worth computation.
- Bifurcation of computer hardware and software is not provided under the schedule of fixed assets.
- Nature and value of security against which the loan is secured is not provided under the balance sheet/ schedules to the balance sheet.
- Related party disclosure is not given under notes to accounts. The Receivables from Group companies, Investment in Group companies/ associated company, Receivables from Directors, Loans & advances to Group companies/Directors of the company etc. should be included and considered for deductions. For such receivables, the full amount is not deducted for computation of net worth portion.
- In case of related party transactions disclosure made by the auditors, the outstanding balance as on 31st March is not mentioned in the financial report.
- Bifurcation of sundry debtors into more than and less than six months is not given under the schedule of current assets.
- 50% of statutory contingent liability is not deducted from the net worth. The statutory contingent liability includes liability pertaining to GST, income tax, other statutory dues etc. which is under dispute.
- The following items though not required to be deducted, are deducted for net worth computation:
 - a. Deposits with the exchanges
 - b. Bank Guarantee



Central Depository Services (India) Limited

Convenient + Dependable + Secure

COMMUNIQUE TO DEPOSITORY PARTICIPANTS

Clarifications on certain items in the net worth certificate is given below:

Sr. No.	Particulars of net worth computation.	Clarifications
1	Paid-up Capital + Free Reserves – Share Application Money (Total Reserves less Revaluation Reserves and Specified Reserves)	<p>a) If the preference share capital is redeemable by end of the next financial year, it should be deducted from the net worth, unless the sufficient Capital Redemption reserve is created for redemption purpose.</p> <p>b) If the redeemable preference shares are part of the paid-up capital, the auditors should specifically provide the terms of redemptions e.g. Date of redemption, amount of redemption, no. of shares redeemable etc.</p> <p>c) Capital reserve, revaluation reserve, statutory reserve or any other specific reserve should not be considered as free reserve.</p>
2	Receivable from / Investments in / Loans and advances to group Companies	<p>a) Group companies include partnership firm, affiliates, associates, related entities including directors and their relatives.</p> <p>b) Investments by the company (DP) as Share application/allotment money in the group companies should be deducted.</p>

Further, the Stock broker DPs are advised to refer SEBI notification dated 23rd February 2022, (Copy enclosed) and ensure compliance with the net worth requirement specified as under:

“Provided that the stock broker shall have a net worth of rupees three crores {within one year of the date of notification of the Securities and Exchange Board of India (Depositories and Participants) (Amendment) Regulations, 2022}, which shall be increased to rupees five crores {within two years of the date of notification of the Securities and Exchange Board of India (Depositories and Participants) (Amendment) Regulations, 2022}.”

Please note that the due date for submission of Net worth certificate and Audited Financial Statements for the financial year ended 31st March 2023 is 30th September 2023.

DPs who are having net worth below ₹5 crore as on 31st March 2023 are required to increase their net worth and submit to CDSL, the net worth certificate indicating net worth above ₹5 crore along with the audited financial statements as on any date after 31st March 2023 and on or before 24th February 2024.



Central Depository Services (India) Limited

Convenient ⊕ Dependable ⊕ Secure

COMMUNIQUE TO DEPOSITORY PARTICIPANTS

DPs are requested to submit the Scanned / digitally signed copies of Net worth certificate and AFS as of 31st March 2023 through email on NWAFS@cdslindia.com

Queries, if any, regarding this communiqué may be addressed to CDSL-Audit on (022) 2305 8520 / 2305 8519 / 2305 8679 / 2305 8678 / 2305 8515.

sd/-

Ajit Prabhu
Sr. Manager – Audit, Inspection & Compliance



Central Depository Services (India) Limited

Convenient ⊕ Dependable ⊕ Secure

COMMUNIQUE TO DEPOSITORY PARTICIPANTS

Certificate from Statutory Auditors

This is to certify that the net worth of (DP Name) as on (Date/Month/Year) as per the statement of computation of even date annexed to this report is Rupees _____ only.

It is further certified that the computation of net worth based on my / our scrutiny of the audited books of accounts, records and documents is true and correct to the best of my/our knowledge and as per information provided to my/our satisfaction.

Place: _____

Date: _____

for (Name of Auditor's Firm)

Name of Partner

Chartered Accountant

Membership Number

Note: This certificate shall be given on the letterhead of the Statutory Auditors or Practicing Chartered Accountant.



Central Depository Services (India) Limited

Convenient + Dependable + Secure

COMMUNIQUE TO DEPOSITORY PARTICIPANTS

FORMAT OF COMPUTATION OF NET WORTH

Sr. No		Particulars	Current Year (Rs.)	Previous Year (Rs.)
1.		Paid-up Capital + Free Reserves – Share Application Money (Total Reserves less Revaluation Reserves and Specified Reserves)		
	Less:			
	A	Accumulated Losses		
	B	Receivable (more than 6 months old)		
	C	Receivable from Group Companies		
	D	Intangible Assets		
	E	Preliminary and Pre-operative expenses not written off		
	F	Loan in excess of value of Pledged Securities		
	G	Loan in excess of value of Pledged Assets		
	H	Investment in Group Companies		
	I	Loans and advances to group Companies		
	J	Statutory Contingent Liabilities		
2.		Sub-Total (A+B+C+D+E+F+G+H+I+J+K)		
		Available Net Worth (1-2)		

Notes:

- Details of item mentioned under Sr. No. C, F, G, H, I and J shall be provided as annexure to the certificate.
- In case of statutory contingent liabilities, only 50% of the liabilities shall be deducted.
- Security-wise details of all investments (quoted as well as unquoted securities) shall be provided as annexure to the certificate.



भारत का राजपत्र The Gazette of India

सी.जी.-एम.एच.-अ.-23022022-233692
CG-MH-E-23022022-233692

असाधारण
EXTRAORDINARY

भाग III—खण्ड 4
PART III—Section 4

प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं. 105]

नई दिल्ली, बुधवार, फरवरी 23, 2022/फाल्गुन 4, 1943

No. 105]

NEW DELHI, WEDNESDAY, FEBRUARY 23, 2022/PHALGUNA 4, 1943

भारतीय प्रतिभूति और विनियम बोर्ड

अधिसूचना

मुम्बई, 23 फरवरी, 2022

भारतीय प्रतिभूति और विनियम बोर्ड
(निक्षेपागार और सहभागी) (संशोधन) विनियम, 2022

सं. सेबी/एलएडी-एनआरओ/जीएन/2022/74.—बोर्ड, निक्षेपागार अधिनियम, 1996 की धारा 25 के साथ पठित भारतीय प्रतिभूति और विनियम बोर्ड अधिनियम, 1992 की धारा 30 द्वारा प्रदान की गई शक्तियों का प्रयोग करते हुए एतद्वारा भारतीय प्रतिभूति और विनियम बोर्ड (निक्षेपागार और सहभागी) विनियम, 2018 का और संशोधन करने के लिए निम्नलिखित विनियम बनाता है, अर्थात्:-

- इन विनियमों को भारतीय प्रतिभूति और विनियम बोर्ड (निक्षेपागार और सहभागी) (संशोधन) विनियम, 2022 कहा जा सकेगा।
- ये विनियम राजपत्र में इनके प्रकाशन की तारीख को लागू होंगे।
- भारतीय प्रतिभूति और विनियम बोर्ड (निक्षेपागार और सहभागी) विनियम, 2018 में-
 - विनियम 35 में, खंड (क) में, उप-खंड (viii) में, पहले, दूसरे और तीसरे परंतुकों के स्थान पर निम्नलिखित परंतुक आ जाएंगे, अर्थात्,-

“परंतु यह कि स्टॉक दलाल (स्टॉक ब्रोकर) की शुद्ध-मालियत (नेटवर्थ) तीन करोड़ रुपये की होगी [भारतीय प्रतिभूति और विनियम बोर्ड (निक्षेपागार और सहभागी) (संशोधन) विनियम, 2022 के अधिसूचित होने की तारीख से एक वर्ष के भीतर], जिसे बढ़ाकर पाँच करोड़ रुपये करना होगा [भारतीय प्रतिभूति और विनियम बोर्ड (निक्षेपागार और सहभागी) (संशोधन) विनियम, 2022 के अधिसूचित होने की तारीख से दो वर्षों के भीतर]:

परंतु यह और कि भारतीय प्रतिभूति और विनियम बोर्ड (स्टॉक दलाल) विनियम, 1992 के तहत दी हुई शुद्ध-मालियत (नेटवर्थ) संबंधी अपेक्षाएँ पूरी करने वाला स्व-समाशोधन सदस्य (सेल्फ-क्लीयरिंग मेम्बर) भी निक्षेपागार सहभागी (डिपॉजिटरी पार्टिसिपेंट) के रूप में रजिस्ट्रीकृत (रजिस्टर) होने के लिए पात्र होगा।”

अजय त्यागी, अध्यक्ष

[विज्ञापन-III/4/असा./660/2021-22]

पाद टिप्पण :

1. भारतीय प्रतिभूति और विनियम बोर्ड (निक्षेपागार और सहभागी) विनियम, 2018, सं. सेबी/एल.ए.डी.-एन.आर.ओ./जी.एन./2018/40, 3 अक्तूबर, 2018 को भारत के राजपत्र में प्रकाशित हुए थे।
2. भारतीय प्रतिभूति और विनियम बोर्ड (निक्षेपागार और सहभागी) विनियम, 2018 तत्पश्चात् –
 - क. 4 जून 2019 को भारतीय प्रतिभूति और विनियम बोर्ड (निक्षेपागार और सहभागी) (संशोधन) विनियम, 2019, सं. सेबी/एल.ए.डी.-एन.आर.ओ./जी.एन./2019/20, द्वारा
 - ख. 21 फरवरी, 2020 को भारतीय प्रतिभूति और विनियम बोर्ड (निक्षेपागार और सहभागी) (संशोधन) विनियम, 2020, सं. सेबी/एल.ए.डी.-एन.आर.ओ./जी.एन./2020/04, द्वारा
 - ग. 17 अप्रैल, 2020 को भारतीय प्रतिभूति और विनियम बोर्ड (रेग्युलेटरी सैंडबॉक्स) (संशोधन) विनियम, 2020, सं. सेबी/एल.ए.डी.-एन.आर.ओ./जी.एन./2020/10, द्वारा
 - घ. 5 मई, 2021 को भारतीय प्रतिभूति और विनियम बोर्ड (फीस का भुगतान और भुगतान का माध्यम) (संशोधन) विनियम, 2021, सं. सेबी/एल.ए.डी.-एन.आर.ओ./जी.एन./2021/23, द्वारा
 - ङ. 3 अगस्त, 2021 को भारतीय प्रतिभूति और विनियम बोर्ड (रेग्युलेटरी सैंडबॉक्स) (संशोधन) विनियम, 2021, सं. सेबी/एल.ए.डी.-एन.आर.ओ./जी.एन./2021/30, द्वारा
 - च. 13 अगस्त, 2021 को भारतीय प्रतिभूति और विनियम बोर्ड (निक्षेपागार और सहभागी) (संशोधन) विनियम, 2021, सं. सेबी/एल.ए.डी.-एन.आर.ओ./जी.एन./2021/43, द्वारा
 - छ. 26 अक्तूबर, 2021 को भारतीय प्रतिभूति और विनियम बोर्ड (निक्षेपागार और सहभागी) (दूसरा संशोधन) विनियम, 2021, सं. सेबी/एल.ए.डी.-एन.आर.ओ./जी.एन./2021/53, द्वारा
 - ज. 31 दिसम्बर, 2021 को भारतीय प्रतिभूति और विनियम बोर्ड (वॉल्ट प्रबंधक) विनियम, 2021, सं. सेबी/एल.ए.डी.-एन.आर.ओ./जी.एन./2021-61, द्वारा संशोधित हुए थे।

SECURITIES AND EXCHANGE BOARD OF INDIA**NOTIFICATION**

Mumbai, the 23rd February, 2022

**Securities and Exchange Board of India (Depositories and Participations)
(Amendment) Regulations, 2022**

No. SEBI/LAD-NRO/GN/2022/74.—In exercise of the powers conferred by Section 30 of the Securities and Exchange Board of India Act, 1992 read with Section 25 of the Depositories Act, 1996, the Board hereby makes the following Regulations to further amend the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 namely:—

1. These Regulations may be called the Securities and Exchange Board of India (Depositories and Participants) (Amendment) Regulations, 2022.
2. They shall come into force on the date of their publication in the Official Gazette.
3. In the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018-

I. in regulation 35, in clause (a), in sub-clause (viii), the first, second and third provisos shall be substituted with the following, namely, -

“Provided that the stock broker shall have a networth of rupees three crores {within one year of the date of notification of the Securities and Exchange Board of India (Depositories and Participants) (Amendment) Regulations, 2022}, which shall be increased to rupees five crores {within two years of the date of notification of the Securities and Exchange Board of India (Depositories and Participants) (Amendment) Regulations, 2022}:

Provided further that a self-clearing member fulfilling the networth requirements as provided under the Securities and Exchange Board of India (Stock Brokers) Regulations, 1992 shall also be eligible to register as a depository participant.”

AJAY TYAGI, Chairman

[ADVT./III/4/Etxy./660/2021-22]

Footnote:

1. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 were published in the Gazette of India on October 3, 2018 vide No. No. SEBI/LAD-NRO/GN/2018/40.
2. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 were subsequently amended—
 - a. June 4, 2019, by The Securities and Exchange Board of India (Depositories and Participants) (Amendment) Regulations, 2019, vide No. SEBI/LAD-NRO/GN/2019/20.
 - b. February 21, 2020, by the Securities and Exchange Board of India (Depositories and Participants) (Amendment) Regulations, 2020, vide No. SEBI/LAD-NRO/GN/2020/04.
 - c. April 17, 2020, by the Securities and Exchange Board of India (Regulatory Sandbox) (Amendment) Regulations, 2020, vide No. SEBI/LAD-NRO/GN/2020/10.

- d. May 05, 2021, by the Securities and Exchange Board of India (Payment of Fees and Mode of Payment) (Amendment) Regulations 2021, vide No. SEBI/LAD-NRO/GN/2021/23.
- e. August 03, 2021, by the Securities and Exchange Board of India (Regulatory Sandbox) (Amendment) Regulations, 2021, vide No. SEBI/LAD-NRO/GN/2021/30.
- f. August 13, 2021 by the Securities and Exchange Board of India (Depositories and Participants) (Amendment) Regulations, 2021, vide No. SEBI/LAD-NRO/GN/2021/43.
- g. October 26, 2021, by the Securities and Exchange Board of India (Depositories and Participants) (Second Amendment) Regulations, 2021, vide No. SEBI/LAD-NRO/GN/2021/53.
- h. December 31, 2021, by the Securities and Exchange Board of India (Vault Managers) Regulations, 2021, vide No. SEBI/LAD-NRO/GN/2021/61.