Central Depository Services (India) Limited

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COMMUNIQUÉ TO REGISTRAR AND TRANSFER AGENTS

CDSL/OPS/RTA/POLCY/2023/135 **July 20, 2023**

RECONCILIATION OF SHARE CAPITAL AUDIT REPORT

RTAs may note that as per SEBI directive, depositories are required to provide updated status of the share reconciliation of the listed Companies in respect of the list of Companies provided by BSE/ NSE/MSEI wherein difference in the issued and listed capital is identified by the exchanges.

As per the process, depositories compare the total holdings of the company i.e. equity shares held in demat as well as physical with the Issued capital of the company and identify companies wherein total holdings of the company is in excess of issued capital of the company.

The details of the number of equity shares held in physical form and the issued capital of the company are derived from the Reconciliation of Share Capital Audit report as of the end of respective quarter submitted to stock exchanges by the companies. The electronic balances are considered based on the actual balances in investor accounts with both the depositories as on the said date.

In respect of companies identified with such difference, clarification is sought from the RTA/Issuer. During such reconciliation process , in respect of one issuer , the reason for excess holdings as informed by the RTA was that a demat request was erroneously confirmed instead of being rejected.

As instructed by SEBI vide letter SEBI/HO/MRD/MRD-SEC-2/P/OW/2023/27704/2 dated July 11, 2023 , **the RTAs are required to put in place appropriate mechanism to ensure non-recurrence of such errors in future. RTAs are also advised to have a suitable SOP in this regard.**

RTAs are advised to take note of the same and ensure compliance.

Sd/-

Ashish Bhatt
Vice President – Operations