

Annexure I

(A) Base Networth Requirement & Method of Computation

Clearing members of the NCL are required to maintain Net worth as prescribed by the NCL at all points of time as per the continuing membership norms of the NCL. Base Net worth for various classes of members as per SEBI Gazette Notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022, is as under:

| Segment | Type of Membership | Base Networth - Applicable from 23.02.2024 | |
|-----------------------|--------------------|--------------------------------------------|-------------------|
| | | Corporate/LLP | Firm / Individual |
| Capital Market | SCM | 5 Crore | 5 Crore |
| | CM | 15 Crore | 15 Crore |
| | PCM | 50 Crore | NA |
| Futures & Options | SCM | 5 Crore | 5 Crore |
| | CM | 15 Crores | 15 Crores |
| | PCM | 50 Crores | NA |
| Currency Derivatives | SCM | 5 Crore | 5 Crores |
| | CM | 15 Crore | 15 Crore |
| | PCM | 50 Crore | NA |
| Commodity Derivatives | SCM | 5 Crore | 5 Crore |
| | CM | 15 Crore | 15 Crore |
| | PCM | 50 Crore | NA |
| Debt Segment | SCM | 5 Crore | 5 Crore |
| | CM | 15 Crore | 15 Crore |
| | PCM | 50 Crore | NA |

SCM = Registered Self Clearing Membership.

CM = Registered Clearing Membership.

PCM = Registered Professional Clearing Membership.

Method of computation applicable is as prescribed by Schedule VI of Securities and Exchange Board of India (Stock Brokers) (Amendment) Regulations, 2022.

(B) Formats of Net worth Certificate

Format: C-1 (Networth Certificate for Corporates, Firms & Individuals)

(To be provided on the Letterhead of the certifying Chartered Accountant/ Company Secretary)

CERTIFICATE

Member Name: _____

Member Applicable Net worth* (**Higher of 'Base Net worth' or 'Variable Net worth'**):

1. Base Net worth is (in Rs.) _____/- (as mentioned in SEBI gazette notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022)
2. Variable Net worth in (in Rs.) _____/-

*(Reason in case Variable Network is "Nil / Not Applicable"): _____

This is to certify that the Networth of M/s./Mr./Ms. _____ (Name of Member) as on _____ as per the statement of computation of even date annexed to this report is Rs. _____ only).

We further certify that:

- M/s./Mr./Ms. _____ (Name of Member) is not engaged in any fund-based activities or business other than that of securities or commodity derivatives. Existing fund based assets, if any, have been divested from the books of account and have not been included for the purpose of calculation of Networth.
- The computation of Networth based on my / our scrutiny of the 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.
- The computation of Networth is in accordance with method of computation prescribed by Schedule VI of SEBI (Stock Brokers) (Amendment) Regulations, 2022.
- The computation of Variable Networth is in accordance with the method of computation prescribed by SEBI as per SEBI Gazette Notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022 on revised Networth requirement or as amended from time to time*.
- We hereby confirm that we are not the related party to the aforesaid entity.
- The computation of Networth is based on company's standalone financial statements and based on audited /unaudited financial statements.

Place:

For (Name of Certifying Firm) Date:

PAN no. of CA/CS Firm

UDIN:

Name of Partner/Proprietor

Chartered Accountants / Company Secretaries

PAN no. of Partner/Proprietor

Membership Number

Name and PAN of all Directors/Partners of certifying Chartered Accountant/Company Secretary firm

| Sr no | Name of Director/Partner | PAN of Director/Partner |
|--------------|---------------------------------|--------------------------------|
| | | |

*Shall be read with amendments, circular, notification issued in this regard till date.

Format: C-1 (Networth Certificate for Professional Clearing Members)

(To be provided on the Letterhead of the certifying Chartered Accountant/ Company Secretary)

CERTIFICATE

Member Name: _____

Member Applicable Networth* (*Higher of 'Base Networth' or 'Variable Networth'*):

1. Base Networth is (in Rs.) _____/- (as mentioned in SEBI gazette notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022)

2. Variable Networth is (in Rs.) _____/-

*(Reason in case Variable Networth is "Nil / Not Applicable"): _____

This is to certify that the Networth of M/s. _____ (**Name of Member**) as on _____ as per the statement of computation of even date annexed to this report is Rs. _____ only.

We further certify that:

- The computation of Networth based on my / our scrutiny of the 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.
- The computation of Networth is in accordance with method of computation prescribed by Schedule VI of SEBI (Stock Brokers) (Amendment) Regulations, 2022.
- The computation of Variable Networth is in accordance with the method of computation prescribed by SEBI as per SEBI Gazette Notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022 on revised Networth requirement or as amended from time to time*.
- We hereby confirm that we are not the related party to the aforesaid entity.
- The computation of Networth is based on company's standalone financial statements and based on audited /unaudited financial statements.

Place:

For (Name of Certifying Firm)

Date:

PAN no. of CA/CS Firm

UDIN:

**Name of Partner/Proprietor Chartered
Accountants / Company Secretaries**

**PAN no. of Partner/Proprietor
Membership Number**

**Name and PAN of all Directors/Partners of certifying Chartered Accountant/Company
Secretary firm**

| Sr no | Name of Director/Partner | PAN of Director/Partner |
|--------------|-------------------------------------|--------------------------------|
| | | |

*Shall be read with amendments, circular, notification issued in this regard till date.

Format: C-1 (Networth Certificate for Banks)

(To be provided on the Letterhead of the certifying Chartered Accountant/ Company Secretary)

CERTIFICATE

Member Name: _____

Member Applicable Networth* (*Higher of 'Base Networth' or 'Variable Networth'*):

1. Base Networth is (in Rs.) _____/- (as mentioned in SEBI gazette notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022)

2. Variable Networth is (in Rs.) _____/-

*(Reason in case Variable Networth is "Nil / Not Applicable"): _____

This is to certify that the Net worth of M/s. _____ (Name of the Member) as on _____ as per RBI guidelines is Rs. _____ only.

We further certify that:

- The computation of Networth based on my / our scrutiny of the 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.
- The computation of Networth is in accordance with method of computation prescribed by Schedule VI of SEBI (Stock Brokers) (Amendment) Regulations, 2022/RBI Guidelines.
- The computation of Variable Networth is in accordance with the method of computation prescribed by SEBI as per SEBI Gazette Notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022 on revised Networth requirement or as amended from time to time*.
- We hereby confirm that we are not the related party to the aforesaid entity.
- The computation of Networth is based on company's standalone financial statements and based on audited /unaudited financial statements.

Place:

For (Name of Certifying Firm)

Date:

PAN no. of CA/CS Firm

UDIN:

**Name of Partner/Proprietor Chartered
Accountants / Company Secretaries**

**PAN no. of Partner/Proprietor Membership
Number**

**Name and PAN of all Directors/Partners of certifying Chartered Accountant/Company
Secretary firm**

| Sr no | Name of Director/Partner | PAN of Director/Partner |
|--------------|-------------------------------------|--------------------------------|
| | | |

*Shall be read with amendments, circular, notification issued in this regard till date.

Format C-1

Method of computation of Networth as per Schedule VI of SEBI (Stock Brokers) (Amendment) Regulations, 2022

The method of computation of Networth as prescribed by Schedule VI of SEBI (Stock Brokers) (Amendment) Regulations, 2022 is as follows:

| Sr. No. | Particulars | Amount in Rs. |
|----------------|-------------------------------------------------------------------------|----------------------|
| A. | Capital | |
| B. | Free Reserves | |
| C. | Less: Non-allowable assets viz., | |
| | (a) Fixed Assets | |
| | (b) Pledged Securities | |
| | (c) Member's card | |
| | (d) Non-allowable securities (unlisted securities) | |
| | (e) Bad deliveries | |
| | (f) Any Debts and Advances (except trade debtors of less than 3 months) | |
| | (g) Prepaid expenses, losses | |
| | (h) Intangible Assets | |
| | (i) 30% of Marketable securities | |
| D. | Total Amount (A + B - C) | |

Place:

**For (Name of Certifying Firm)
PAN no. of CA/CS Firm**

Date:

UDIN:

**Name of Partner/Proprietor Chartered Accountants /
Company Secretaries**

**PAN no. of Partner/Proprietor
Membership Number**

CLARIFICATION ON NETWORTH COMPUTATION

A) Share Capital + Free Reserves

| Sr No. | Components of Net worth | Remarks |
|--------|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Share Capital | <p>This element shall include:-</p> <ul style="list-style-type: none"> • Paid-up equity share capital of the member. • Paid-up Preference share capital of the member. • Fully, compulsorily & mandatorily convertible debentures/ Bonds/ warrants which are convertible within a period of 5 years from the date of issue • Share application money <p>Loans from partners / directors / promoters will not be considered as share capital</p> |
| 2 | Free Reserves | <p>As per Sec. 2(43) of the Companies Act, 2013, free reserves mean such reserves which, as per the latest audited balance sheet of a company, are available for distribution as dividend:</p> <p>Provided that—</p> <p>(i) any amount representing unrealized gains, notional gains or revaluation of assets, whether shown as a reserve or otherwise, or</p> <p>(ii) any change in carrying amount of an asset or of a liability recognized in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value, shall not be treated as free reserves.</p> <p>Free Reserves shall include Profit & Loss, General Reserve, Securities Premium, Preference Share Redemption Reserve, Capital Redemption Reserve etc. balance of which represents surplus arising out of sale proceeds of assets but will not include reserves created by revaluation of assets.</p> <p>Free Reserves should not include reserves such as Revaluation Reserve, Capital Reserve, Amalgamation Reserve, Debenture Redemption Reserve and other like reserves.</p> |

B) Non-Allowable Assets

| Sr. No. | Components of Net worth | Remarks | | | | | | | | | | | | | | | | | | | | | |
|---------|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-------------|--------|--|-------------------------------------------------------------------------|------------|--|--------------------------------------------------------|-----------|--|-------------------------------------------|--|--|-----------------------------------------------------------------------------------|-----------|--|-------------------------------------------------------------------------------------|----------|--|------------------------------------|------------------|
| 3 | Fixed Assets | <p>This shall include: -</p> <ul style="list-style-type: none">• Net book value of all the Tangible Assets as per Balance Sheet / Trial Balance.• Advances given for acquisition of fixed assets• Capital work in progress. <p>Assets under lease or taken on rent need not be deducted from the Net worth</p> | | | | | | | | | | | | | | | | | | | | | |
| 4 | Pledged Securities | <p>Total value of own securities (as recorded in the books of accounts) pledged with the Banks / NBFC or any Financial Institution for raising funds.</p> <p>Own shares pledged to clearing corporations/clearing members are not required to be deducted from Network.</p> <p>Illustration:</p> <table><tr><th></th><th>Particulars</th><th>Amount</th></tr><tr><td></td><td>Total Value of own securities as per books of accounts (all Marketable)</td><td>Rs. 1000/-</td></tr><tr><td></td><td>Total Value of own securities pledged (Included above)</td><td>Rs. 700/-</td></tr><tr><td></td><td colspan="2">Amount to be deducted from Network</td></tr><tr><td></td><td>Value of pledged securities (100% of Rs. 700/-) (To be deducted under this point)</td><td>Rs. 700/-</td></tr><tr><td></td><td>30 % of the balance marketable shares (see point 9) (30% of (Rs. 1000-Rs. 700))</td><td>Rs. 90/-</td></tr><tr><td></td><td>TOTAL AMOUNT TO BE DEDUCTED</td><td>Rs. 790/-</td></tr></table> | | Particulars | Amount | | Total Value of own securities as per books of accounts (all Marketable) | Rs. 1000/- | | Total Value of own securities pledged (Included above) | Rs. 700/- | | Amount to be deducted from Network | | | Value of pledged securities (100% of Rs. 700/-) (To be deducted under this point) | Rs. 700/- | | 30 % of the balance marketable shares (see point 9) (30% of (Rs. 1000-Rs. 700)) | Rs. 90/- | | TOTAL AMOUNT TO BE DEDUCTED | Rs. 790/- |
| | Particulars | Amount | | | | | | | | | | | | | | | | | | | | | |
| | Total Value of own securities as per books of accounts (all Marketable) | Rs. 1000/- | | | | | | | | | | | | | | | | | | | | | |
| | Total Value of own securities pledged (Included above) | Rs. 700/- | | | | | | | | | | | | | | | | | | | | | |
| | Amount to be deducted from Network | | | | | | | | | | | | | | | | | | | | | | |
| | Value of pledged securities (100% of Rs. 700/-) (To be deducted under this point) | Rs. 700/- | | | | | | | | | | | | | | | | | | | | | |
| | 30 % of the balance marketable shares (see point 9) (30% of (Rs. 1000-Rs. 700)) | Rs. 90/- | | | | | | | | | | | | | | | | | | | | | |
| | TOTAL AMOUNT TO BE DEDUCTED | Rs. 790/- | | | | | | | | | | | | | | | | | | | | | |

| Sr. No. | Components of Net worth | Remarks |
|---------|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5 | Non-allowable securities | <p>This shall include: -</p> <ul style="list-style-type: none"> • Value of all unlisted securities as recorded in the balance sheet including available under 'non-current investments'. • Investments done in unlisted securities of associate / subsidiary / group companies. <p>Liquid & Debt Mutual Funds, G-Sec, non-government debt securities, corporate bonds shall not form part of Non-allowable securities and the same shall be covered under 30% of marketable securities (See point no..9).</p> |
| 6 | Any Debts and advances | <p>This shall include: -</p> <ul style="list-style-type: none"> • Any debts and advances (except trade debtors of less than 3 months) • Wherever, a provision is created for Doubtful / Bad Debts, net amount i.e. after reducing provision made for Doubtful / Bad Debts shall be considered. • Any amount given in the nature of Loans, advances, inter corporate deposits given to associates including subsidiaries / group companies of the member. • Loans given to Directors/Partners or any related party of the Member or its Directors or its partners or to the entities in which such director /partners or their relatives have control, irrespective of time period, shall also be deducted. • 'Associate' shall have the meaning as per the SEBI (Intermediaries) Regulations, 2008 <p><i>"associate" means and includes any person controlled, directly or indirectly, by the intermediary, any person who controls, directly or indirectly, the intermediary, or any entity or person under common control with such intermediary, or where such intermediary is a natural person any relative as defined under the Companies Act, 1956 (1 of 1956) of such intermediary or where such intermediary is a body corporate its group companies or companies under the same management;</i></p> <p><i>The expression 'control' shall have the same meaning as defined under clause (c) of Regulation 2 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.</i></p> |

| | | <p><i>The term related party shall have the same meaning as given in clause 76 & 77 of Section 2 of Companies Act 2013 to be read with Rule 4 of the Companies (Specification and definition details) Rules, 2014.</i></p> | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------------------------|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--|--------------|---------------|---|---------|----------------------------|---|---------|------------------------------------|------------|----------------|--------------------------------|--|---------------|-----------------------------------------|--|--|------------|--|--|----------------------------------------|--|--|
| 7 | Prepaid Expenses, losses | <p>This shall include:</p> <ul style="list-style-type: none"> • Prepaid expenses and losses as per Balance Sheet / Trial Balance. • Preliminary / Deferred revenue / Pre-operative expenses / Deferred Tax Asset/ MAT credit not written-off as per Balance Sheet • GST credit not required to be deducted | | | | | | | | | | | | | | | | | | | | | | | | |
| 8 | Intangible Assets | <p>Net book value of intangible assets such as goodwill, patents, copyrights, trademarks, computer software, investment in artwork and other antique items etc. as per Balance Sheet / Trial Balance</p> | | | | | | | | | | | | | | | | | | | | | | | | |
| 9 | 30% of Marketable Securities | <p>This shall include:</p> <table border="1"> <thead> <tr> <th>Particulars</th><th></th><th>Amount (Rs.)</th></tr> </thead> <tbody> <tr> <td>Listed Shares</td><td>A</td><td>Rs. 200</td></tr> <tr> <td>G-Sec (having 10% haircut)</td><td>B</td><td>Rs. 100</td></tr> <tr> <td>TOTAL MARKETABLE SECURITIES</td><td>A+B</td><td>Rs. 300</td></tr> <tr> <td>Deduction from Networth</td><td></td><td>Rs. 70</td></tr> <tr> <td>30% of Listed Shares – (30% of Rs. 200)</td><td></td><td></td></tr> <tr> <td>- Rs. 60/-</td><td></td><td></td></tr> <tr> <td>10% of G Sec – 10% of Rs. 100 - Rs. 10</td><td></td><td></td></tr> </tbody> </table> <ul style="list-style-type: none"> • Listed securities held either as investment or Stock-in-Trade / Inventories shall be referred as marketable securities. • Value of these Securities to be considered for calculating this element shall be the value as recorded in the books of accounts, on the date of the computation of the Net worth. <p>It is observed that Clearing Corporations applies different hair cut for less riskier securities (Liquid and Debt Mutual Funds, G-Sec, non-government debt securities, corporate bonds, T-bills & Sovereign Gold bonds) for the purpose of collecting collaterals from members.</p> | Particulars | | Amount (Rs.) | Listed Shares | A | Rs. 200 | G-Sec (having 10% haircut) | B | Rs. 100 | TOTAL MARKETABLE SECURITIES | A+B | Rs. 300 | Deduction from Networth | | Rs. 70 | 30% of Listed Shares – (30% of Rs. 200) | | | - Rs. 60/- | | | 10% of G Sec – 10% of Rs. 100 - Rs. 10 | | |
| Particulars | | Amount (Rs.) | | | | | | | | | | | | | | | | | | | | | | | | |
| Listed Shares | A | Rs. 200 | | | | | | | | | | | | | | | | | | | | | | | | |
| G-Sec (having 10% haircut) | B | Rs. 100 | | | | | | | | | | | | | | | | | | | | | | | | |
| TOTAL MARKETABLE SECURITIES | A+B | Rs. 300 | | | | | | | | | | | | | | | | | | | | | | | | |
| Deduction from Networth | | Rs. 70 | | | | | | | | | | | | | | | | | | | | | | | | |
| 30% of Listed Shares – (30% of Rs. 200) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| - Rs. 60/- | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10% of G Sec – 10% of Rs. 100 - Rs. 10 | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | |
|--|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | <p>NCL vide its circular no. NCL/CMPT/48346 dated May 21, 2021 stipulated different hair cut on different type of approved securities. Based on this, instead of deducting 30% value, such approved securities (Liquid and Debt Mutual Funds, G- Sec, non-government debt securities, corporate bonds, T-bills & Sovereign Gold bonds) can be aligned with the percentage hair cut applied by the clearing corporation on such collaterals.</p> <p>In case Liquid and Debt Mutual Funds, G-secs, T-bills, Sovereign Gold bonds, non-government debt securities, corporate bonds does not form part of aforementioned Exchange circular, Members are advised to refer SEBI circular dated Feb 21, 2019 for the haircut.</p> <p>Illustration:</p> <p>In this process, for those securities / other type of mutual funds wherever hair cut applied by Clearing Corporation is higher than 30%, maximum ceiling percentage of 30% shall be applicable.</p> <p>Further, whenever member is dealing with more than one Exchanges / Clearing Corporations then for the purpose of haircut, maximum applicable haircut / VAR by any of the Clearing Corporations with shall be taken for valuation of such securities (Liquid and Debt Mutual Funds, G-Sec, non- government debt securities, corporate bonds, T-bills & Sovereign Gold bonds).</p> |
|--|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|