

National Stock Exchange of India

Circular

Department: SURVEILLANCE	
Download Ref No: NSE/SURV/74254	Date: May 15, 2026
Circular Ref. No: 368/2026	

To All NSE Members

Sub: Graded Surveillance Measure Framework - Update

This is in reference to Exchange Circular(s) NSE/SURV/34262, NSE/SURV/38389, NSE/SURV/38638, NSE/SURV/42790, NSE/SURV/59425 and NSE/SURV/64066 dated February 23, 2017, July 20, 2018, August 17, 2018, November 29, 2019, November 17, 2023 and September 20, 2024 respectively.

Securities and Exchange Board of India (SEBI) and Exchanges in order to enhance market integrity and safeguard interest of investors, have been introducing various enhanced pre-emptive surveillance measures from time to time.

Pursuant to the Joint Surveillance Meeting of Exchanges and SEBI held on May 15, 2026, it has been decided to modify/remove following exclusions from the process of shortlisting of securities under GSM Framework, as detailed below:

A Modification in Exclusion

Existing Exclusion	New Exclusion
Securities that are part of any Index (NSE or BSE)	Securities that are part of (Nifty 500 / BSE 500) Index

B Removal of Exclusions

- Securities with Institutional holding greater than 10% only if the following conditions are met:
 - If the promoter entity has not offloaded any share in the last 5 years;AND
 - The current trading price of the security is within the range of High & Low price in last 3 years of the respective security.

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2. Securities which have paid a dividend for each of the last three preceding years.
3. Securities listed through Scheme of Arrangement involving Merger / Demerger during last 1 year:
 - a. In case of demerger, the following condition shall be applicable:
 - i. If the parent company is under purview of GSM, the resultant demerged companies shall also attract GSM.
 - ii. If the parent company is not under purview of GSM, the resultant demerged companies shall not be part of GSM at the time of demerger and shall be considered during the subsequent quarterly review.
 - b. In case of merger of companies, if any of the securities at time of merger are under the purview of GSM, then the same shall be continued on the resultant entity.

Accordingly, the revised GSM framework is provided as **Annexure** below. This revised framework shall be applicable from the next quarterly review scheduled on June 19, 2026 (w.r.t 'Quarter ended March 2026').

Market participants may note that GSM framework shall be in conjunction with all other prevailing surveillance measures being imposed by the Exchanges from time to time.

In case of any further queries, you may write to us at surveillance@nse.co.in.

For National Stock Exchange of India Limited

Binoy Yohannan
Vice President
Surveillance

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Annexure

Graded Surveillance Measure (GSM) Framework

For Mainboard:

Criteria I

Securities with latest available Net worth (Share Capital + Reserves & Surplus – debit balance in P&L) less than or equal to Rs. 10 crores;

AND

Securities with latest available Net Fixed Assets (Tangible Assets + Capital Work in Progress) less than or equal to Rs. 25 crores;

AND

Securities with PE greater than 2 times PE of Benchmark Index (Nifty 500) **OR** negative PE.

Criteria II

Securities with full market capitalization* less than Rs. 25 crores;

AND

Securities with PE greater than 2 times PE of Benchmark Index (Nifty 500);

OR

Securities with negative PE, the following should be considered:

- P/B (Price to Book) value of scrip greater than 2 times the P/B value of Benchmark Index (Nifty 500)

OR

- P/B value is negative.

*Average Full Market Capitalization

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For SME:

Criteria I

Securities with latest available Net worth (Share Capital + Reserves & Surplus – debit balance in P&L) less than or equal to Rs. 5 crores;

AND

Securities with latest available Net Fixed Assets (Tangible Assets + Capital Work in Progress) less than or equal to Rs. 10 crores;

AND

Securities with PE greater than PE of Nifty 500 OR PE = < 0.

Criteria II

Securities with full market capitalization* less than Rs. 10 crores;

AND

Securities with PE greater than PE of Nifty 500;

OR

Securities with negative PE, the following should be considered:

- P/B (Price to Book) value of scrip greater than P/B value of Nifty 500

OR

- P/B value is negative.

*Average Full Market Capitalization

Exclusions for GSM Quarterly Review

The following securities shall be excluded from the process of shortlisting of securities under GSM:

1. Securities where the price discovery is yet to take place as per the provision of SEBI circulars CIR/MRD/DP/01/2012 and CIR/MRD/DP/02/2012 dated January 20, 2012.
2. Securities already under suspension.
3. Securities on which derivative products are available.
4. Securities as a part of Index (Nifty 500 / BSE 500) and
5. Securities listed during last 1 year through Initial Public Offering (IPO).

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The review shall be carried out based on latest available quarterly (in case of mainboard) or half yearly (in case of SME) consolidated / standalone results filed by the companies as per preference opted by companies under the SEBI (LODR) Regulations, 2015, which are submitted within 45 days from end of quarter and in case of annual results, within 60 days from end of their financial year.

Action on the shortlisted stocks

It may be noted that these securities shall be monitored for the price movement and based on the pre-determined objective criteria shall attract following additional Graded Surveillance Measures:

Stage	Surveillance Actions
I	Applicable margin rate shall be 100% and price band of 5% or lower as applicable
II	Trade for Trade with price band of 5% or lower as applicable and Additional Surveillance Deposit (ASD) of 50% of trade value to be deposited by the Buyers
III	Trade for Trade with price band of 5% or lower as applicable and Trading permitted once a week (Every Monday / 1st trading day of the week) and ASD (100% of trade value) to be deposited by the Buyers
IV	Trade for Trade with price band of 5% or lower as applicable and Trading permitted once a week (Every Monday / 1st trading day of the week) and ASD (100% of trade value) to be deposited by the Buyers with no upward movement.

Note: - The list of securities shortlisted under any criteria shall be placed in Stage 0 upon shortlisting and shall be monitored for Stage movement based on framework.
