ANNEXURE – I

- **Base Networth Requirement**

Trading members of the Exchange are required to maintain Networth as prescribed by the Exchange at all points of time. Networth 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	Membership Type	Base Networth (Rs. in Crores)
Capital Market	TM	1.00
Futures & Options	TM	1.00
Currency Derivatives	TM	1.00
Debt Market	TM	1.00

- Networth requirement for members shall be Base Networth or Variable Networth, whichever is higher.

- Please note that reason should be provided in case where the Variable Networth is submitted as “Nil”**.**

- Please refer Exchange Circular Ref. No. MSE/MEM/12988/2023 dated February 3, 2023 for clarification on ascertaining Variable Networth as per SEBI gazette notification.

- All Activated Members of the Exchange as on September 30, 2025 in any one or multiple segments of the Exchange are required to submit the Networth certificate and computation of Networth as per the respective annexures as applicable.

    - A Member is treated as activated member even though he has not traded for a single day during the financial year 2025-26 and its trading terminals are active as on September 30, 2025. Hence submission of Networth certificate & computation of Networth as on September 30, 2025 applicable to all activated members.

- A member is treated as an inactive member as on September 30, 2025 only if he has voluntarily closed the business and informed the Exchange about the voluntary closure or non-commencement of business.

Annexure III

CLARIFICATION - METHOD OF COMPUTATION OF NETWORTH AS PER DR. LC GUPTA FORMULA

A) Share Capital + Free Reserves

Sr. No.	Components of Net worth	Remarks
1	**Share Capital**	This element shall include: - • 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 / Loans from partners / directors / promoters will not be considered as share capital.
2	**Free Reserves**	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: Provided that— (i) any amount representing unrealised gains, notional gains or revaluation of assets, whether shown as a reserve or otherwise, or (ii) any change in carrying amount of an asset or of a liability recognised 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. 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. Free Reserves should not include reserves such as Revaluation Reserve, Capital Reserve, Amalgamation Reserve, Debenture Redemption Reserve and other like reserves.

B) Non-Allowable Assets

<table>
<tr><th>S. No.</th><th>Components of Net worth</th><th>Remarks</th></tr>
<tr><td>3</td><td>Fixed Assets</td><td>This shall include: -
• 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.
Assets under lease or taken on rent need not be deducted from the Net worth</td></tr>
<tr><td>4</td><td>Pledged Securities</td><td>Total value of own securities (as recorded in the books of accounts) pledged with the Banks / NBFC or any Financial Institution for raising funds.
Own shares pledged to clearing corporations/clearing members are not required to be deducted from Networth.
Illustration:
<table>
<tr><th>Particulars</th><th>Amount</th></tr>
<tr><td>Total Value of own securities as per books of accounts (all Marketable)</td><td>Rs. 1000/-</td></tr>
</table>
</td></tr>
</table>

		Total Value of own securities pledged (Included above) — Rs. 700/- **Amount to be deducted from Networth** Value of pledged securities (100% of Rs. 700/-) — Rs. 700/- 30 % of the balance marketable shares (see point no.9) (30% of (Rs. 1000-Rs. 700)) — Rs. 90/- **TOTAL AMOUNT TO BE DEDUCTED — Rs. 790/-**
5	**Non-allowable securities**	This shall include: - • 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. 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)
6	**Any Debts and advances**	This shall include: - • 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 *"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 intermediaries or where such intermediary is a body corporate, its group companies or companies under the same management.* *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.* *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.*
7	**Prepaid Expenses, losses**	This shall include: • 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**	Net book value of intangible assets such as goodwill, patents, copyrights,

<table>
<tr><td></td><td>Assets</td><td>trademarks, computer software, investment in artwork and other antique items etc. as per Balance Sheet / Trial Balance.</td></tr>
<tr><td>9</td><td>30% of Marketable Securities</td><td>This shall include:

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 Networth.

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.

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.

Illustration:
<table>
<tr><th>Particulars</th><th></th><th>Amount (Rs.)</th></tr>
<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
30% of Listed Shares – (30% of Rs. 200) - Rs. 60/-
10% of G Sec – 10% of Rs. 100 - Rs. 10</td><td></td><td>Rs. 70</td></tr>
</table>

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.

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 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).</td></tr>
</table>

METROPOLITAN STOCK EXCHANGE

Department: Membership	Segment: All
Circular No: MSE/MEM/17996/2025	**Date : October 17, 2025**

Subject: Submission of Half Yearly Networth Certificate as on September 30, 2025

In terms of the provisions of Rules, Bye-Laws, Regulations of the Metropolitan Stock Exchange of India Ltd. (MSE) and as per SEBI circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016, and as per the continuing membership norms of the Exchange, all Members are required to submit Net worth details on a half yearly basis.

Accordingly, Members are advised to submit their Net worth Certificate and Computation of net worth as on September 30, 2025 strictly in the prescribed format to MSE on or before November 30, 2025.

Details of the documents to be submitted are mentioned below:

Base Networth Requirement	**Refer Annexure-I**
Format of Net worth Certificate and Computation of Networth: • For Corporate, Individual, Partnership - • For Bank-	 **Refer Annexure-II (A)** **Refer Annexure-II (B)**
Clarification for computation of Networth	**Refer Annexure-III**

- Computation of Networth should be strictly as per prescribed format.
- Following additional details are required to be provided along with the Networth certificate for those members whose:
  - Reported Networth is less than the minimum required Networth: Members are required to submit a write up mentioning as to how they plan to raise their Networth.
  - Reported Networth has a variation of 25% or more (Reduction) as compared to the last reported net worth: Members are required to provide an explanation regarding the same.
- All Members are required to submit half yearly Networth certificate as per timelines mentioned above. In case of any shortfall in Networth as on September 30, 2025, Members should submit a revised Networth certificate as on a subsequent date meeting the minimum required Networth along with the original Networth certificate as on September 30, 2025, before the due date.
- In case of non-submission of Networth certificate within the due date or in case of any shortfall, non submission of a revised Networth certificate along with the original Networth certificate as on September 30, 2025, disciplinary actions shall be initiated by the Exchange as stipulated in circular Ref no. MSE/INSP/17961/2025 dated October 10, 2025.

Members are advised to take note of the above and ensure compliance.

In case of any query kindly contact Membership department on (022) 6112 9000 or mail on membership@msei.in

For and on behalf of
Metropolitan Stock Exchange of India Limited

Chirag Sodawaterwalla
AVP –Membership
Encl.: As above