FORMATS OF DOCUMENTS TO BE SUBMITTED TOWARDS ANNUAL RETURNS

Annexure 1

AUDITORS REPORT

(To be provided on the Letterhead of the statutory Auditor)

We have audited the attached balance-sheet of M/s. _______________ as at ______________ and the profit and loss account for the year ended on that date thereto and report that:

a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

b. In our opinion, proper books of account and records as specified in Rule 15 of the Securities Contracts (Regulation) Rule, 1957 have been kept so far as appears from our examination of such books.

c. The stock broker has complied with the requirements of the stock exchange so far as they relate to maintenance of accounts and was regular in submitting the required accounting information to the stock exchange.

d. The balance sheet and the profit and loss account referred to in this report are in agreement with the books of account.

e. In our opinion and to the best of our information and according to the explanations given to us, the said balance sheet and the profit and loss account read together with the notes thereon give a true and fair view insofar as it relates to the balance-sheet, of the state of affairs of M/s. _____________, and insofar as it relates to the profit and loss account, of the profit of M/s. ______________ for the year ended on that date.

Place:
Date:
UDIN:

For (Name of Certifying Firm)

Name of Partner/Proprietor
Chartered Accountant
Membership Number

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 Rs. ____________/- (as mentioned in SEBI gazette notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022)

2. Variable Networth is Rs. ____________/-

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.
- 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.

Place: **For (Name of Certifying Firm)**
Date:
UDIN: **Name of Partner/Proprietor**
Chartered Accountant / Company Secretary

Membership Number

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

Annexure – 2

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

Format: C-1

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

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

2. Variable Networth is Rs. ____________/-
   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 Trading 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.

Place:	**For (Name of Certifying Firm)**
Date:	
UDIN:	**Name of Partner/Proprietor** **Chartered Accountants / Company Secretaries** **Membership Number**

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

Format: C-1 (Networth Certificate for members who have availed approval for offering margin trading facility)

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

This is to certify that the Networth of M/s.______________________ (Name of Trading Member) as on _______ as per the statement of computation of even date annexed to this report is Rupees______________ only).

We further certify that:

- M/s._________________ (Name of Trading 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.

We further certify that the member has complied with all the regulatory requirements related to Margin Trading including those listed in NSE Circular ref. no. NSE/COMP/35125 dated June 15, 2017, NSE Circular ref. no. NSE/COMP/35260 dated June 30, 2017, NSE Circular ref. no. NSE/COMP/35521 dated August 03, 2017 and NSE Circular ref. no. NSE/COMP/36350 dated November 22, 2017.

Place: **For (Name of Certifying Firm)**

Date:

UDIN: **Name of Partner/Proprietor**

Chartered Accountant

Membership Number

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

Annexure – 3

(To be provided on the Letterhead of the Member)

Format: C-2
Details of Membership on other Stock Exchanges & Details of Listing

PART I
Details of other stock exchange memberships held by trading member entity, holding company, subsidiary company, promoters, directors & partners as on 31/03/2024

Sr. No	Name	Relation@	Stock Exchange	Since (specify the date)	Membership No.	Segment	Remarks
1							
2							
3							

PART II
Details of listing on stock exchanges*

Sr. No.	Name of the Stock Exchange(s) on which company is listed	Listed since (date)	Delisted on (date)
1			
2			
3			

Date: **Signature of Compliance Officer / Partner**
Place: **Name of Person Signing**

NOTES:
@:

		Please Indicate:
Where company is member of other stock exchange	-	Self
Where director of company is member of other stock exchange	-	Director
Where partnership firm is member of other stock exchange	-	Partner
Where sole proprietor is member of other stock exchange	-	Self

* Please strike off if the entity is not listed on any stock exchange.

CERTIFICATE

This is to certify that the details given in Annexure 3 above, based on my/our scrutiny of the books of accounts, records and documents are true and correct to the best of my/our knowledge and as per information provided to my /our satisfaction.

Place:	**For (Name of Certifying Firm)**
Date:	**Name of Partner/Proprietor**
UDIN:	**Chartered Accountant / Company Secretary**
	Membership Number

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:

Capital + Free Reserves

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

CLARIFICATION ON NETWORTH COMPUTATION

A) Share Capital + Free Reserves

S.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

S. No.	Components of Net worth	Remarks
3	**Fixed Assets**	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
4	**Pledged Securities**	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:

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 Networth	
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/-**

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 intermediary 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.*

<table>
<tr><td>7</td><td>Prepaid Expenses, losses</td><td>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</td></tr>
<tr><td>8</td><td>Intangible Assets</td><td>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</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. 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.
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></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 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).