



# \*NEST UPDATE

Demat by NSDL  
Towards a secure future

August 2004

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### NSDL Reduces STeADY Usage Fee by 50%

NSDL launched STeADY (Securities Trading-information easy Access and DeliverY), the Straight Through Processing (STP) facility, in November 2002. At present, eight Custodians, 17 Mutual Funds and 82 Stock brokers have subscribed and are availing the services of STeADY. Since its launch, STeADY has witnessed a gradual growth and with the introduction of market-wide use of STP, the volumes are expected to grow further.

NSDL has always been following the policy of sharing the benefit of growth in volumes with its customers by reducing the charges. In line with this, NSDL has reduced the usage charge from the current level of Rs. 10/- per contract note/instruction to Rs. 5/- per contract note/instruction i.e. a reduction of 50% w.e.f. July 1, 2004. The other charges remain unchanged.

### SEBI directive on printing the Grievances Redressal Mechanism on Delivery Instruction Form Book

Securities and Exchange Board of India (SEBI) vide its circular no. SEBI/MRD/DOP/Cir-22/2004 dated July 13, 2004 has intimated to NSDL that w.e.f. October 1, 2004, the Grievances Redressal Mechanism should be printed on the inside back cover of the Delivery Instruction Form (DIF) Book issued by all Depository Participants (DPs). However, in case where DIF Books have already been printed but are yet to be issued to the Clients, the DPs shall at the time of issuance of such books to the Clients, provide a printed copy of the aforesaid information along with the DIF Book.

### Order of moratorium against Global Trust Bank Limited

On an application by the Reserve Bank of India (RBI), the Central Government had passed an order of moratorium in respect of Global Trust Bank Limited (GTB). RBI had further notified that GTB would be merged with Oriental Bank of Commerce (OBC). In view of these developments, NSDL advised GTB, a Depository Participant (DP) of NSDL, the following:

- 1) To appoint a concurrent auditor to oversee DP operations of GTB, for a period of six months.
- 2) Not to charge any transaction fees to the clients in case they decide to shift their accounts to another DP subject to the condition that the account with the new DP is opened in the same name or order of names and type. This facility will be available for a period of three months. NSDL would also waive its fees for effecting transfer of securities from such accounts, for three months.

NSDL issued a press release informing the clients about the above.

For  
private circulation only

\* National Electronic Settlement and Transfer

### Public notice regarding closure of operations of Mukesh Babu Securities Limited

NSDL, on behalf of Mukesh Babu Securities Limited (MBSL), issued a public notice in newspapers on May 26, 2004 informing public about closure of depository operations of MBSL as a DP of NSDL and advising clients of MBSL to initiate steps to transfer their securities to any other account opened with another DP.

Subsequently, another notice was published on July 28, 2004 in the newspapers advising those clients who continued to hold securities with MBSL to take immediate steps to open new accounts and get their securities transferred to that account held with any other DP **latest by August 7, 2004**. Accordingly, the depository system of MBSL was disconnected on August 7, 2004.

### Footnote in the transaction statements sent to Clients

DPs have been advised to insert a footnote in the transaction statements stating that if there is any discrepancy, clients should bring it to the notice of the DP within one month from the date of the statement.

This was intimated to DPs vide Circular No. NSDL/PI/2004/1104 dated June 21, 2004.

## Performance Summary

### *Investors :*

Table 1

Month - Year	Client Accounts
	No. of Accounts (lakhs)
Jul-02	37.86
Jul-03	39.10
Jul-04	54.43

As on July 31, 2004, there are 54,43,252 Investor accounts from within the country and abroad. 2,100 clearing member accounts have been opened to facilitate trading and settlement of demat shares in the stock exchanges connected to NSDL. Table 1 shows the growth in investor accounts over a period of three years.

### *Dematerialisation :*

As on July 31, 2004, 8,977 cr. securities having a value of Rs. 9,89,627 cr. were dematerialised. Table 2 shows the dematerialisation figures over the last three years.

Table 2

Month - Year	Demat Quantity (Cr.)	Demat Value (Rs. Cr.)
Jul-02	6,061	464,704
Jul-03	7,020	668,626
Jul-04	8,977	989,627

### *Settlement :*

Table 3

Month - Year	Settlement Quantity (Cr.)	Settlement Value (Rs. Cr.)
Jul-02	209	12,402
Jul-03	289	23,225
Jul-04	209	24,107

In July 2004, a total quantity of 209 cr. shares having a value of Rs. 24,107 cr. were settled in demat form in the stock exchanges connected to NSDL. Table 3 shows the settlement figures over the past three years.

## Companies :

### EQUITY

As on July 31, 2004, 5,382 companies are available for demat. Table 4 indicates the increase in the number of companies joined NSDL over a period of three years.

Table 4

Month - Year	No. of Companies Operational
Jul-02	4,437
Jul-03	4,925
Jul-04	5,382

## DEBENTURES / BONDS

Table 4A

Month - Year	No. of Issuers	No. of active Instruments	Demat Value (Rs. Cr.)
May-04	580	7,054	256,418
Jun-04	581	7,155	257,203
Jul-04	588	7,165	260,534

In July 2004, 588 issuers have issued 13,449 debentures/bonds in demat form. 6,284 instruments have been redeemed and 7,165 instruments are available for dematerialisation. Table 4A shows the growth over a period of last three months.

## COMMERCIAL PAPER

In July 2004, 360 issuers have issued 5,432 commercial papers in demat form. 4,953 instruments have been redeemed and 479 commercial papers are available for dematerialisation. Table 4B shows the growth over a period of last three months.

Table 4B

Month - Year	No. of Issuers	No. of active Instruments
May-04	359	454
Jun-04	360	454
Jul-04	360	479

## Depository Participants :

Table 5

Month - Year	No. of DPs
Jul-02	213
Jul-03	212
Jul-04	217

As on July 31, 2004, 217 Depository Participants are offering depository services. DP services are provided from 1722 locations across the length and breadth of the country.

## Corporate Action Statistics

Sr. No.	Description	During July 2004		For the F.Y. 2004-2005 (upto July 2004)	
		No. of Allottees	No. of Securities	No. of Allottees	No. of Securities
1	Equity Shares	288,775	1,348,392,212	1,848,175	4,840,989,045
2	Preference Shares	9,040	36,762,094	21,862	144,809,498
3	Bonds	932	7,351,312	17,771	42,138,611
4	Commercial Papers	140	48,934	446	169,998
5	Certificate of Deposits	21	46,718	63	155,561
6	Securitized Instruments	59	4,829	297	144,821
7	Mutual Fund Units	233	238,908	1,136	1,700,547
8	Warrants	0	0	3	7,366,400
9	Postal Savings Certificates	268	127,970,300*	1,516	317,129,400*
10	Commodities	2	45	3	66
<b>Total</b>		<b>299,470</b>	<b>1,520,815,352</b>	<b>1,891,272</b>	<b>5,354,603,947</b>

\*Value in Rupees

## List of Companies that have changed Names

(During July 2004)

Sr. No.	Old Name	New Name
1	Seajuli Property & Viniyog Private Limited	Juniper Hotels Private Limited
2	NCS Gayatri Sugars Limited	Gayatri Sugars Limited
3	Hi-Tech Plast Containers (India) Limited	Hitech Plast Limited
4	Premier Instruments and Controls Limited	Pricol Limited
5	Southern Online Services Limited	Southern Online Bio Technologies Limited
6	Linear Polymers Limited	Linear Industries Limited
7	Hifunda.Com Limited	Hifunda Limited
8	RPG Cellular Services Limited	Aircel Cellular Limited
9	North North-West Delhi Distribution Company Limited	North Delhi Power Limited
10	Overseas Capital Limited	Zyden Gentec Limited

## Securities admitted for Dematerialisation during July 2004

COMPANY	ISIN
BHW Birla Home Finance Limited	INE564G01014
Brindavan Infrastructure Co. Ltd.	INE556G01010
Claris Lifesciences Limited	INE562G01018
Dabur Pharma Ltd	INE575G01010
Deccanet Designs Limited	INE585G01019
Fitzroy Exports Pvt. Ltd.	INE566G01019
Granada Services Ltd	INE565G01011
Himco Financial Management Pvt. Ltd	INE577G04010
Hyva (India) Private Limited	INE559G01014
Indian Charge Chrome Limited	INE801B01011
Kamats Eateries Private Ltd	INE578G04018
Kamats Super Snacks Private Ltd	INE576G04012
Kamburger Foods Pvt. Ltd.	INE579G04016
Karaoke Amusements Private Ltd	INE580G04014
LKP Forex Ltd	INE557G01018
Netkraft Pvt. Ltd.	INE573G01015
Punj Lloyd Limited	INE701B01013
Sah Petroleums Limited	INE586G01017
Shiv Om Investment & Consultancy Limited	INE074G01014
Steel Corporation of Gujarat Ltd	INE571G01019
Tribhuvan Housing Limited	INE884D01013

## Topic of Interest

### Safety features in NSDL Depository System

Safety of data, efficient processing of instructions given by account holders (transactions) and continuity of operations are of utmost importance in depository operations. Safety and efficiency of operations are a function of the system design / discipline and also of accountholders' vigilance.

NSDL has always endeavored to provide efficient, safe and uninterrupted services to its clients by implementing various measures. These include:

- **Central Database:** The financial assets reflected as security balances in the accounts of accountholders are kept in the form of data in the central computer system of NSDL. In case of any abrupt stoppage of services by Depository Participant (DP) due to reasons such as floods, earthquakes or any other reason, the central database helps in ensuring continuity of service to account holders. NSDL has enabled DPs to hold the database of its clients, to enable them to give up-to-date information as and when desired by the clients. The system driven mandatory reconciliation between DPs database and central database at NSDL on a daily basis ensures integrity of data.
- **Data Transmission:** Data communication between NSDL and DPs is carried on through secured V-Sat/ leased line network and is protected by standard protection measures such as encryption. The network of communications between NSDL and its business partners is allowed only through predetermined communication lines and by using software supplied by NSDL.
- **Data backup:** NSDL has prescribed a system of data backup whereby DPs are required to copy data to an external media on daily basis and keep it safely. A copy of the data is kept in the premises. Another copy is kept at an offsite location as a backup, in case premises from which DP operates is inaccessible.
- **In built redundancy:** The IBM mainframe which is used for data processing is a multi-CPU processor system featuring processor sparring (hot standby spare processor). In case of a failure of one of the active CPU, the processing is switched to the standby CPU without interruption. The mainframe disk storage features RAID (Redundant Array of Independent Disk) implementation. This ensures that a single disk failure does not result in loss of data but just the redundancy. The storage also features disk sparring (hot standby spare disk) and upon detection of the first disk failure the data is automatically copied onto spare disk to restore the redundancy in background while the data processing continues without interruption.

All network components like routers, communication controllers etc. also feature redundancy and/or full standby to ensure continuity of operations.



- **Disaster back up site:** In addition, NSDL has a disaster back up site at a remote location away from Mumbai which is equipped with the system identical to its transaction processing facility set up in Mumbai. The facilities at remote location are actually put to use at frequent intervals to check the operational aspects of the remote site.
- **Periodic Inspections:** NSDL has prescribed operational procedures and system guideline for DPs. NSDL conducts periodic inspections to check compliance of these procedures and guidelines. Inspection teams verify whether the DP set ups are in line with the prescribed standards. If any deviations are observed, the DP is required to rectify and report compliance.
- **Periodic Review:** NSDL hardware, software and communication systems are continuously reviewed in order to make them more secure. These reviews are part of an ongoing exercise.
- **Quarterly Internal Audit by DPs:** All DPs are required to have their operations audited on a quarterly basis by a Chartered Accountant / Company Secretary holding certificate of practice. The objective of the audit is to pinpoint the deviation in the system maintained at DP set-up vis-à-vis the prescribed procedures and practices by NSDL and to facilitate the DP to undertake corrective measures, if necessary.
- **Qualified Personnel:** NSDL has mandated all its DPs to appoint atleast one person qualified in NSE's Certification in Financial Markets – Depository Operations Module at all the service centres. This ensures that each centre has atleast one person who has indepth knowledge of the depository system.
- **Freeze Facility:** A depository account holder may freeze securities lying in the account for as long as he wants it. By freezing the account, account holder can prevent unexpected debits or credits or both, creeping into its account. The following types of freeze facility available in the NSDL system may be availed of by submitting freeze instruction to the DP in the prescribed form:
  - Freeze for debits only;
  - Freeze for debits as well as credits;
  - Freeze a particular ISIN in the account; &
  - Freeze a specific number of securities held under an ISIN in an account.
- **Investor Awareness:** Awareness of the accountholders is a very powerful safety mechanism. NSDL conducts “Investor Depository Meets” (IDMs) for the investors to draw the attention of accountholders towards precautions they should take while managing their demat accounts.

These measures/guidelines are also communicated to accountholders by way of advertisements, posters and NSDL website [www.nsdl.co.in](http://www.nsdl.co.in).

## NSDL Calendar of Events

### Investor Depository Meets

August 13, 2004	Raipur	August 27, 2004	Bijnor
August 14, 2004	Durg	August 28, 2004	Kanjirapally
August 27, 2004	Changacherry	August 28, 2004	Rampur

### Business Partner Training

August 17-19, 2004	DP Training
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## NSDL Offices

Head Office	Branch Offices		
<b><u>Mumbai</u></b>	<b><u>Chennai</u></b>	<b><u>Kolkata</u></b>	<b><u>New Delhi</u></b>
Trade World, A Wing, 4 <sup>th</sup> & 5 <sup>th</sup> Floors, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400013. Phone: 022-24994200 (60 lines) Fax: 022-24972993; 24976351 Email: <a href="mailto:info@nsdl.co.in">info@nsdl.co.in</a>	6A, 6th Floor, Kences Towers #1 Ramkrishna Street, North Usman Road, T. Nagar, Chennai -17 Tel: (044) 28143917/18 Fax: (044) 28144593 Email: <a href="mailto:bandams@nsdl.co.in">bandams@nsdl.co.in</a>	5 <sup>th</sup> Floor, The Millenium Flat No. 5W, 235/2A, Acharya Jagdish Chandra Bose Road, Kolkata - 700 020 Tel: (033) 22814661/22814662 Fax: (033) 22873706 Email: <a href="mailto:anshumanc@nsdl.co.in">anshumanc@nsdl.co.in</a>	409/410, Ashoka Estate Building, 4 <sup>th</sup> floor, Barakhamba Road, Connaught Place, New Delhi 110 001. Tel: (011) 23353815/23353817 Fax: (011) 23353756 Email: <a href="mailto:harpinders@nsdl.co.in">harpinders@nsdl.co.in</a>

### Investor Relationship Cell

Officer-In-Charge,  
**National Securities Depository Ltd.**  
Trade World, A Wing, 5<sup>th</sup> floor,  
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Senapati Bapat Marg, Lower Parel,  
Mumbai -400013  
**Phone:** 022-24994200  
**Fax:** 022-24976351  
**Email:** [relations@nsdl.co.in](mailto:relations@nsdl.co.in)

### NSDL Certification Program

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