



**Demat by NSDL**

*Towards a secure future*

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**March 2003**

### Change in Simultaneous Transfer cum Demat Scheme

Securities and Exchange Board of India (SEBI) vide its letter No. D&CC/NSDL-CDSL/3524/2003 dated February 12, 2003 has informed that, in the meeting of the Working Group on Dematerialisation, it has been decided that simultaneous transfer cum demat scheme shall henceforth be applicable for shares upto 500 (in number) only. This has been communicated to all Depository Participants (DPs) vide NSDL Circular No. NSDL/PI/2003/0268 dated February 17, 2003. This has also been communicated to all Issuers/R & T Agents vide NSDL Circular No. NSDL/JS/005/2003 dated February 17, 2003.

### Time Extension For Appointment Of Common Agency For Registry Work

SEBI, vide its Circular No. D&CC/FITTC/CIR-15/2002 dated December 27, 2002, had directed that all the work relating to share registry in terms of both physical and electronic should be maintained at a single point i.e. either in-house by the company or by a SEBI registered R & T Agent. These instructions were required to be implemented latest by February 1, 2003.

SEBI vide its Circular No. D&CC/FITTC/CIR-18/2003 dated February 12, 2003 has extended the above time upto March 31, 2003 for compliance. Further, SEBI has advised the companies to furnish a copy of compliance certificate latest by April 7, 2003 to the stock exchanges and depositories. SEBI has also stated that this extension of time is being granted as a one-time relief measure and any non-compliance of the circular would invite appropriate penal action under the provisions of the relevant Acts and Regulations. This has been communicated to all Issuers/R & T Agents vide NSDL Circular No. NSDL/JS/008/2003 dated February 18, 2003.

### DPs to provide transaction statements to their banking clients as of every Friday

Reserve Bank of India (RBI) has, vide its letter no. IDMC No. 3212/10.26.65 / 2002-03 dated February 6, 2003 has informed NSDL that the Department of Banking Operations and Development (DBOD) vide its circular dated January 16, 2003 has enabled banks to trade in government securities on the stock exchanges. RBI has further informed that the government securities maintained by the banks with the depositories will be included for Statutory Liquidity Ratio (SLR)

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purposes and SLR is required to be maintained on a daily basis. In view of this, Transaction Statements should be provided by DPs to their banking Clients as of every Friday giving details of the securities held by them on each day of the week. NSDL vide its Circular No. NSDL/PI/2003/0308 dated February 22, 2003 has advised DPs to provide Transaction Statements to their bank Clients, so as to enable them to comply with the requirements of RBI.

### **Closure of accounts with pending demat**

DPs have been representing to NSDL that they are not in a position to process the requests received from their Clients to close their accounts due to request(s) for dematerialisation pending disposal for a long time by the concerned Issuer company and/or its R & T Agent. In order to help such Clients to close their accounts, DPs can advise their Clients as under:

- Write a letter to the Issuer (with a copy marked to its DP and respective R & T Agent), requesting for rejection of the pending dematerialisation request(s) and send fresh physical security certificate(s) to the Client directly.
- Enclose a copy of the dematerialisation request generated from DPM system, duly signed & stamped by the DP, alongwith the aforesaid letter to the Issuer.
- On receipt of copy of the letter from the Client, the DP may also take up the matter with the concerned Issuer and/or its R & T Agent for rejecting the instruction expeditiously. After the pending dematerialisation request(s) is/are rejected by the Issuer and/or its R & T Agent, the DP can close the account of such Client.

This has been communicated to all DPs vide NSDL Circular No. NSDL/PI/2003/0309 dated February 22, 2003.

## **Performance Summary**

### **Investors :**

**Table 1**

Month - Year	Client Accounts
	No. of Accounts (lakhs)
Feb-01	33.34
Feb-02	37.03
Feb-03	38.20

As on February 28, 2003, there are 38,20,465 Investor accounts from within the country and abroad. 3,555 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 February 28, 2003, 6,761 cr. securities having a value of Rs. 5,65,986 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.)
Feb-01	3,461	411,015
Feb-02	4,969	422,908
Feb-03	6,761	565,986

**Settlement :**

**Table 3**

Month - Year	Settlement Quantity (Cr.)	Settlement Value (Rs. Cr.)
Feb-01	112	19,389
Feb-02	112	12,768
Feb-03	87	8,915

In February, 2003, a total quantity of 87 cr. shares having a value of Rs. 8,915 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 February 28, 2003, 4,705 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
Feb-01	2,634
Feb-02	4,088
Feb-03	4,705

**DEBENTURES / BONDS**

**Table 4A**

Month - Year	No. of Issuers	No. of active Instruments	Demat Value (Rs. Cr.)
Dec-02	469	5,894	176,783
Jan-03	478	6,175	187,522
Feb-03	484	6,311	189,249

As on February 28, 2003, 484 issuers have issued 8,941 debentures/bonds in demat form. 2,630 instruments have been redeemed and 6,311 instruments are available for dematerialisation. Table 4 A shows the growth over A period of last three months.

**COMMERCIAL PAPER**

As on February 28, 2003, 316 issuers have issued 3,519 commercial papers in demat form. 3,040 instruments have been redeemed and 479 commercial papers are available for dematerialisation. Table 4 B shows the growth over a period of last three months

**Table 4B**

Month - Year	No. of Issuers	No. of active Instruments
Dec-02	309	607
Jan-03	314	569
Feb-03	316	479

**Depository Participants :**

**Table 5**

Month - Year	No. of DPs
Feb-01	186
Feb-02	212
Feb-03	213

As on February 28, 2003, 213 Depository Participants are offering depository services. DP services are provided from 1718 locations across the length and breadth of the country. Table 5 shows the steady increase in the number of DPs.

## Corporate Action Statistics

Sr. No.	Security Type	During February 2003		For the FY 2002-2003 (upto February 2003)	
		No. of Allottees	No. of Securities	No. of Allottees	No. of Securities
1.	Equity Shares	47,865	3,80,98,68,528	20,00,646	8,91,12,06,615
2.	Preference Shares	4	3,49,68,000	21,307	26,85,03,858
3.	Bonds & Debentures	44,246	14,01,92,301	1,11,915	55,37,24,694
4.	Commercial Papers	73	19,666	1,271	4,11,642
5.	Certificates Of Deposit	33	1,088	389	78,659
6.	Pass Through Certificates	5	313	362	3,28,23,046
7.	Mutual Fund Units	8,705	1,46,73,010	36,722	1,09,55,24,655
8.	Government Securities	14	87,800	1,965	4,02,26,742
9.	Warrants	0	0	765	2,94,259
	<b>Grand Total</b>	<b>1,00,945</b>	<b>3,99,98,10,706</b>	<b>21,75,342</b>	<b>10,90,27,94,169</b>

## List of Companies That Have Changed Names

*(During February 2003)*

Sr. No.	Old Name	New Name
1.	Escorts Claas Limited	Claas India Limited
2.	Parichay Education Limited (formerly Supan Syntech Limited)	Javelin Technologies Limited
3.	Q-Flex Cables and Software Limited (formerly Q-Flex Cables Limited)	Q-flex Cables Limited

## Securities admitted for Dematerialisation during February 2003

COMPANY	ISIN	COMPANY	ISIN
Abhinav Homes & Resorts Limited	INE516F01016	Neelkanth Motels And Hotels Limited	INE822F01018
BSES Infrastructure Finance Limited	INE138F01019	New Tirupur Area Development Corporation Limited	INE680F01010
Crossword Bookstores Limited	INE892F01011	Power Trading Corporation of India Limited	INE877F01012
Devaki Hospital Limited	INE889F01017	Rao Investments Private Limited	INE905F01011
E R Textiles Limited	INE890F01015	Schoolnet India Limited	INE896F01012
Escorts JCB Limited	INE847F01015	Shrine Finance & Investments Private Limited	INE906F01019
Hindustan Newsprint Limited	INE893F01019	Simpark Infrastructure Pvt Ltd	INE897F01010
Indiabulls Financial Services Private Limited	INE894F01017	Simplex Projects Limited	INE898F01018
International Paper Food Services Packaging Limited	INE901F01010	Solaris Chemtech Limited	INE907F01017
Madurai Power Corporation Private Limited	INE895F01014	Sri Varalakshmi Jute Twine Mills Private Limited	INE899F01016
Mask Investments Limited	INE885F01015	Vysya Bank Housing Finance Limited	INE883F01010
Mcorp Limited	INE902F01018	Zuari Cement Limited	INE051F01014
Medvin Finance Private Limited	INE903F01016		
Natwest Constructions Limited	INE904F01014		

## Topic of Interest

### Internet Initiatives of NSDL

NSDL's first internet initiative was to set up a corporate website [www.nsdl.co.in](http://www.nsdl.co.in). This initiative served the purpose of providing information to the users of the depository system. NSDL extended this initiative by introducing *SPEED*, *SPEED-e* and *STeADY*.

### SPEED

*SPEED* (Securities Position Easy Electronic Dissemination) offers a secured Internet based service for clearing members to view details of their Clearing Member (CM) Pool accounts directly on the Internet. Data available on *SPEED* website includes:

- Balance lying in CM Pool account - Settlement number wise
- Details of transactions related to securities delivered by the clients (for Pay-in).
- Details of securities delivered by CM to Clearing Corporation (Pay-in) and Inter-Settlement transfers.

- Details of securities delivered by Clearing Corporation to CM. (Pay-out)
- Details of securities delivered by CM to clients (after Pay-out).

Details of all settlements for which pay-in had taken place in the last 10 days and for which pay-in is scheduled in the next 10 days is available on the *SPEED* website. Data is updated 4 times a day and thus CMs get fairly recent information.

### **Benefits**

- CMs do not have to approach the Depository Participant (DP) for the latest position of their Pay-in and Pay-Out. This enables CMs to follow-up with clients to receive securities well before deadline time for pay-ins or arrange for securities from alternate sources to avoid shortages.
- *SPEED* benefits the DPs as inquiries from brokers reduce substantially.
- All the above data can be downloaded and utilized for updation in CM's back office for further use. This facility is of immense help to the CMs as the downloaded data can be applied in their back-office systems to automatically identify the clients who are yet to deliver securities for pay-in and to update the pay-out records in the back-office.
- In T+3 / T+2 settlement regime, this facility is particularly useful.

### **SPEED-e**

NSDL launched its second Internet based initiative for investors viz; *SPEED-e* (<http://speed-e.nSDL.com>) in September 2001. The *SPEED-e* facility enables depository account holders to issue instructions using the Internet and view the status of their instructions on the Internet and eliminates the need to issue delivery instructions in paper form.

Investors have a choice of using either a smart card based authentication using digital signature or password based authentication to access *SPEED-e*. By using password-based authentication, they can move securities to any three pre-notified broker accounts whereas a smart card user can transfer securities to any account without any restriction. A depository account holder who intends to use smart card facility on *SPEED-e* is given a smart card reader alongwith a smart card. The smart card reader has to be installed on the computer system that the account holder intends to use for *SPEED-e*.

### **Benefits**

Rolling settlements (T+3/ T+2) have reduced the time period between the trade day & pay-in day, available for investors to give delivery instructions to their DPs in paper form. This time period becomes more critical if the branch of the DP where the account is held acts merely as a collection center. *SPEED-e* bridges the time and place gap conveniently and will be of immense help in T+2 settlement environment.

It is necessary for a DP desirous of offering this facility to its clients to register with NSDL for offering *SPEED-e* services. Only the account-holders of such DPs can avail of *SPEED-e* facility by registering themselves with their DPs.

### **STeADY**

Securities & Exchange Board of India appointed a committee to assess the feasibility and suitability of introducing Straight Through Processing (STP) in Indian capital market. STP enables trade orders to be confirmed between brokers, fund managers and custodians, more cost effectively, with fewer errors since human intervention in the course of processing and communication of the trade orders is minimized. The purpose of implementing STP is to facilitate the introduction of shorter settlement cycles in the capital market.

*STeADY* is NSDL's initiative towards implementing STP in the capital market. *STeADY* is a facility which enables the brokers to deliver/submit contract notes to custodians/ fund managers electronically by transmitting digitally signed trade information with encryption. It further enables fund managers to enrich the contract note and convert it into instructions for the custodian. Through this system, custodians / fund managers can also confirm the contract notes to the brokers electronically or communicate rejections.

In order to use *STeADY* facility, brokers, custodians and fund managers have to access *STeADY* with smart card, bearing digital signature certificate issued by licensed Certifying Authority (CA), approved by NSDL. *STeADY* can be used for FII Trades and Domestic Institutional Trades.

### **Benefits**

- It facilitates timely receipt of information from brokers, thereby enabling custodians to confirm trades to Clearing Corporation in environment of reduced settlement cycles.
- It eliminates manual intervention (preparation of contract notes & dispatching the same), thereby increasing operational efficiency.
- It enables transmission of digitally signed Contract Notes with encryption across market participants through Internet thereby reducing the the cost and effort in physically delivering contract notes.

So far, 8 Custodians, 16 Mutual Funds and 44 Brokers have registered with NSDL for availing *STeADY* facility.

## NSDL Calendar of Events

### Investor Depository Meets

March 20, 2003	Udaipur	March 22, 2003	Meerut
March 21, 2003	Faridabad	March 23, 2003	Srinagar
March 21, 2003	Jammu	March 29, 2003	Mumbai (Suburb)

### Business Partner Training

March 4 - 6, 2003	Depository Participant Training
March 11 -12, 2003	Share Registrar Training

## NSDL offices

### Head Office

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### NSDL Certification Program

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