



Demat by NSDL

Towards a secure future

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For private circulation only

September 2002

NSDL reduces Custody Fee by 33%

NSDL introduced a flat fee structure with effect from May 1, 2002. Under this fee structure, a custody fee of 75 paise per ISIN position per month (Rs. 9/- per ISIN position per annum) is being levied. The number of ISIN positions in NSDL have been steadily on the increase which clearly signals the investors' enthusiasm towards the demat process. Investors have continued to dematerialize their securities at the same pace as in the past. Keeping in line with NSDL's policy of passing on the benefit of increased volumes to the market, NSDL has decided to reduce the custody fee to 50 paise per ISIN position per month (Rs. 6/- per ISIN position per annum) with effect from October 1, 2002. There are no other changes in the fees charged to the Depository Participants. The fee structure after the reduction in custody fee is as given below:

Fee Type	Charge
Custody fee	Rs. 6 per ISIN p.a.
Settlement Fee	Rs. 10 per debit instruction
Pledge Creation	Rs.25 per instruction
Pledge Closure	Nil
Pledge Invocation	Nil
Securities Borrowing	Rs.25 per instruction
Rematerialisation	Rs.10 per certificate

Directive by Employees' Provident Fund Organisation on opening of demat accounts by Exempted Provident Fund Trusts.

As per RBI Circular IDMC.PDRS No. 5039/03.64.00/2001-02 all entities regulated by RBI [including financial institutions (FIs), primary dealers (PDs), cooperative banks, RRBs, local area banks (LABs), non banking financial companies (NBFCs)] are required to hold their investments in Government securities portfolio in either SGL (with RBI) or CSGIL or in dematerialised form in a depository account. As a result of this, the entities like Provident Funds holding securities in physical form may be faced with the problem of liquidity on account of unwillingness of counter parties to transact securities in physical securities.

Therefore, Employees' Provident fund Organisation has allowed Board of Trustees of establishments exempt under relevant provisions of Employees' Provident Fund & Miscellaneous Provisions Act, 1952 to keep the securities in demat accounts with Scheduled bank under the credit control of Reserve Bank of India. This direction paves way for the exempted trusts to open demat account and avail of the benefits of holding and dealing in securities in demat form.

* National Electronic Settlement and Transfer

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Closure of HUF Accounts with Joint Holdings

NSDL has vide its Circular No. NSDL/PI/2002/1346 dated August 12, 2002 advised its DPs to inform all Clients who hold HUF accounts with joint holdings to open new accounts in the name of Karta of the HUF, transfer the securities to such new accounts and close the HUF accounts with joint holdings on or before October 31, 2002. DPs have further been advised to note that if such accounts are not closed by October 31, 2002, then the standing instructions to receive credits should be removed and DPs should not accept any fresh dematerialisation requests, receipt instructions, new issue applications and any other instruction which may result in credit to such accounts and inform all such Clients suitably.

Procedure for account opening and change of address for Corporate Clients

NSDL has vide its Circular No. NSDL/PI/2002/1319 dated August 8, 2002 advised DPs about the documents to be obtained from corporate clients at the time of opening of demat accounts as well as the procedure for change of address. The details are as under:

(A) Documents required for Account Opening:

- (1) Memorandum & Articles of Association (MOA & AOA), board resolution and the list of authorised signatories alongwith their specimen signatures and photographs, etc.
- (2) Introduction by an existing account holder or by the applicant's bank.
- (3) Proof of address of the corporate evidenced by the document registered with Registrar of Companies or acknowledged copy of Income Tax Return or Bank Statement or Leave and License agreement/Agreement for sale.

An authorised official of the DP shall verify the proof of address with the original documents and affix his/her signature on the documents submitted by the Client.

(B) Procedure for Change of Address:

- (1) A written application for change of address of the corporate entity, signed by all the authorised signatories should be submitted to the DP.
- (2) Following documents should be submitted alongwith the application:
 - (a) Latest transaction statement of the corporate's account received from the DP.
 - (b) Proof of new address (copies of the aforementioned documents) alongwith the original document of new address, for verification by the DP.
- (3) Atleast one of the authorised signatories should visit the office of the DP in person to submit its application for change of address alongwith necessary documents and sign the application once again in the presence of the officials of the DP.
- (4) An authorised official of the DP shall verify the application and the above-mentioned documents with the original and put his/her signature on the application with remarks "verified" and thereafter record the change of address in the DPM system.
- (5) The DP should write a letter to the Client at the old address as well as the new address to confirm the change of address.

Performance Summary

Investors :

Table 1

Month - Year	Client Accounts
	No. of Accounts (lakhs)
Aug-00	28.49
Aug-01	35.86
Aug-02	38.02

As on August 31, 2002, there are 38,02,475 Investor accounts from within the country and abroad. 3,541 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 August 31, 2002, 6,169 cr. securities having a value of Rs. 4,93,098 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.)
Aug-00	2,108	3,94,181
Aug-01	4,284	3,26,104
Aug-02	6,169	4,93,098

Settlement :

Table 3

Month - Year	Settlement Quantity (Cr.)	Settlement Value (Rs. Cr.)
Aug-00	51	15,558
Aug-01	52	6,014
Aug-02	86	7,717

In August 2002, a total quantity of 86 cr. shares having a value of Rs. 7,717 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 August 31, 2002, 4,500 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
Aug-00	1,404
Aug-01	3,425
Aug-02	4,500

DEBENTURES / BONDS

Table 4A

Month - Year	No. of Issuers	No. of active Instruments	Demat Value (Rs. Cr.)
Jun-02	338	4,188	1,09,780
Jul-02	369	4,577	1,26,803
Aug-02	409	4,865	1,39,023

As on August 31, 2002, 409 issuers have issued 6,077 debentures bonds in demat form. 1,212 instruments have been redeemed and 4,865 instruments are available for dematerialisation. Table 4 A shows the growth over a period of last three months.

COMMERCIAL PAPER

As on August 31, 2002, 280 issuers have issued 2,660 commercial papers in demat form. 2,023 instruments have been redeemed and 637 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
Jun-02	270	586
Jul-02	275	608
Aug-02	280	637

Depository Participants :

Table 5

Month - Year	No. of DPs
Aug-00	149
Aug-01	204
Aug-02	213

As on August 31, 2002, 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 August 2002		For FY 2002-2003 (upto August, 2002)	
		No. of Allottees	No. of Securities	No. of Allottees	No. of Securities
1.	Equity Shares	6,578	19,51,97,447	7,14,082	3,50,66,59,131
2.	Preference Shares	1	4,43,700	27	11,71,30,090
3.	Bonds & Debentures	28,974	11,87,25,465	61,213	35,18,12,192
4.	Commercial Papers	170	58,468	930	3,29,216
5.	Certificates of Deposit	74	13,583	115	27,082
6.	Pass Through Certificates	67	1,62,01,426	172	3,23,43,641
7.	Mutual Fund Units	7	5,556	102	3,09,30,065
8.	Government Securities	–	–	724	5,99,217
9.	Warrants	–	–	765	2,94,259
		35,871	33,06,45,645	7,78,130	4,04,01,24,893

List of Companies That Have Changed Names

(During August 2002)

Sr. No.	Old Name	New Name
1.	Carbon Everflow Ltd.	Graphite India Ltd.
2.	KFA Corporation Ltd.	Informed Technologies India Ltd.
3.	Wipro e-peripherals Ltd.	WeP Peripherals Ltd.

Equity shares admitted for Dematerialisation during July - August 2002

COMPANY	ISIN	COMPANY	ISIN
Aditya Info-Soft Limited	INE524F01010	Clarisis Organics Limited	INE654F01015
Aesculapius Remedies Limited	INE965E01018	CMYK Printech Limited	INE565F01013
Alang Ship Breakers Limited	INE585F01011	Country Club (India) Limited	
Alankit Assignments Limited	INE606F01015	(Formerly known as Amrutha Inns Limited)	INE652F01019
Amardeep Traders & Investors Limited	INE564F01016	Cranes Software International Limited	
Aparant Iron & Steel Private Limited	INE592F01017	(formerly known as Eider Commercials Limited)	INE234B01015
Apollo Earthmovers Limited	INE593F01015	Datum Securities Limited	INE792D01018
Apollo Industries & Projects Limited	INE594F01013	Discount And Finance House of India Limited	INE669F01013
Artelligence Bio-Innovations Limited	INE576F01010	Dynamic Archistructures Limited	INE874E01012
Ashok Magnetics Limited	INE577F01018	E Office Planet.com India Private Limited (Formerly known as Eoffice World.Com India Pvt. Ltd)	INE664F01014
Ashok Paper Mills Limited	INE662F01018	Escorts Claas Limited	INE625F01015
Bafna Spinning Mills & Exports Ltd.	INE657F01018	Escorts Mahle Limited	INE626F01013
Best Eastern Hotels Limited	INE553F01019	Fairdeal Filaments Limited	INE719D01011
Bhagyashree Leasing & Finance Limited	INE655F01012	Ficom Industries Limited	INE160F01013
Bharat Overseas Bank Limited	INE467A01013	First Overseas Capital Limited	INE672F01017
Bhavari Starch Limited	INE595F01010	Gayatrishakti Paper & Boards Limited	INE612F01013
Brilliant Portfolios Limited	INE661F01010	Gee Gee Granites Limited	INE164F01015
Cenlub Industries Limited	INE627F01011	GMR Power Corporation Private Limited	INE586F01019
Chartered Carriers Limited	INE558F01018		



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COMPANY	ISIN	COMPANY	ISIN
Greaves Morganite Crucible Limited	INE599F01012	Pasari Spinning Mills Limited	INE604F01010
GSAL (India) Limited	INE653F01017	Patni Computer Systems Private Limited (Formerly known as Patni Computer Systems Limited)	INE660F01012
Gujarat Foils Limited	INE587F01017	PFL Infotech Limited	INE600F01018
Gujarat Inject Kerala Limited	INE659F01014	Primeast Investments Limited	INE190F01010
Gujarat Intrux Limited	INE877E01015	Privy Financial Services Limited	INE531D01010
GVK Industries Limited	INE007E01019	PTC Industries Limited	INE596F01018
Hazoor Hotel Properties Limited	INE550F01015	Robinson Worldwide Trade Limited	INE560F01014
Hulta Pharmaceutical Exports Limited	INE601F01016	RSD Finance Limited	INE616F01014
Indergiri Finance Limited	INE628F01019	Sangeo Services Limited	INE617F01012
Indo Asian Housing Corporation Limited	INE559F01016	Sarang Chemicals Limited	INE003E01018
Info Edge (India) Pvt. Ltd	INE663F01016	SEAX Leather Exports Limited	INE590F01011
International Ferrites Limited	INE588F01015	Sequel e-Routers Limited (formerly known as Perfect Weavers Ltd)	INE893C01016
Jord Engineers India Ltd	INE666F01019	Sharda Capsec Limited	INE480F01015
Jyothy Laboratories Limited	INE668F01015	Shree Rajasthan Texchem Limited	INE578F01016
Kallam Spinning Mills Limited	INE629F01017	SJK Steel Corporation Limited	INE602F01014
Krishna Vinyls Limited	INE614E01012	SKOL Breweries Limited	INE231D01025
Lakshya Securities & Credit Holdings Limited	INE301F01013	Smart Sensors & Transducers Limited	INE665F01011
Logic Infotech Limited	INE566F01011	SNL Bearings Limited	INE568F01017
Mangalam Drugs and Organics Limited	INE584F01014	Southern Electric Supply Company of Orissa Limited	INE945D01012
Minbimbangal Productions Private Limited	INE613F01011	Sree Jayalakshmi Autospin Limited	INE618F01010
Moonhouse Trading & Financing Limited	INE567F01019	Swastik Roofing Ltd. (Formerly, Swastik Asbestos Products Ltd.)	INE656F01010
Muskan Ferro Silicons Limited	INE614F01019	Tamilnadu Water Investment Company Limited	INE671F01019
N. R. International Limited	INE605F01017	Tanir Bavi Power Company Private Limited	INE597F01016
Nagarjuna Oil Corporation Limited	INE589F01013	TGF Media Systems Limited	INE611F01015
Narendra Properties Limited	INE603F01012	Union Bank of India	INE692A01016
Neogem India Limited	INE552E01014	Union Bearings (India) Limited	INE670F01011
North Eastern Electric Supply Company of Orissa Limited	INE944D01015	Universal Credit & Securities Limited	INE607F01013
Novelty Traders Limited	INE615F01016	Western Electric Supply Company of Orissa Limited	INE942D01019
Orind Exports Limited	INE165E01015		

Publicly issued Debentures/Bonds admitted for Dematerialisation during August 2002

DESCRIPTION	ISIN	DESCRIPTION	ISIN
Industrial Development Bank of India		9.40% Felxibonds-14 Unsecured Regular	
9.50% Felxibonds-14 Unsecured Regular Income Bonds Option-A (issued in the form of Promissory Notes).	INE008A09349	Income Bonds Option-E (issued in the form of Promissory Notes).	INE008A09380
9.15% Felxibonds-14 Unsecured Regular Income Bonds Option-B (issued in the form of Promissory Notes).	INE008A09356	9.25% Felxibonds-14 Unsecured Regular Income Bonds Option-F (issued in the form of Promissory Notes).	INE008A09398
9.00% Felxibonds-14 Unsecured Regular Income Bonds Option-C (issued in the form of Promissory Notes).	INE008A09364	Felxibonds-14 Unsecured Growing Interest Bonds (issued in the form of Promissory Notes)	INE008A09406
9.75% Felxibonds-14 Unsecured Regular Income Bonds Option-D (issued in the form of Promissory Notes).	INE008A09372	Felxibonds-14 Unsecured Retirement Bonds. Option-A (issued in the form of Promissory Notes).	INE008A09414
		Felxibonds-14 Unsecured Retirement Bonds. Option-B (issued in the form of Promissory Notes).	INE008A09422
		Felxibonds-14 Unsecured Money Multiplier Bonds Option-A (issued in the form of Promissory Notes)	INE008A09430



DESCRIPTION	ISIN	DESCRIPTION	ISIN
Felxibonds-14 Unsecured Money Multiplier Bonds Option-B (issued in the form of Promissory Notes)	INE008A09448	Sterlite Industries (India) Limited 10.00% Secured NCD. Face Value Rs. 10/- (As per Scheme of Arrangement). Letter of Allotment. Date of Final Redemption:05/08/2008	INE268A08143
Felxibonds-14 Unsecured Money Multiplier Bonds Option-C (issued in the form of Promissory Notes)	INE008A09455		

Please visit <http://www.nSDL.co.in/downloadables/list-debt.html> for details of following :

- ☞ Debentures/Bonds
- ☞ Commercial Papers

Topic of Interest

Safety features in NSDL Depository System

Safety of data, efficiency in processing 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 account holders' vigilance.

It has been NSDL's endeavour to provide safe, efficient and uninterrupted services by implementing various measures as described below:

Central Database: The financial assets reflected as security balances in the accounts of account holders are kept in the form of data in the central computer system of NSDL. The central database helps in providing service to the account holders, if the Depository Participant (DP) had to abruptly stop services due to reasons like earthquake, flood or for legal/regulatory reasons. In order to help DPs to give prompt service to the account holders, NSDL has enabled DPs to hold the database of their 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 in a closed system. The network of communications between NSDL and its business partners is allowed only through predetermined communication lines and by using the software supplied by NSDL. The data interchange between NSDL and its business partners is encrypted which can be deciphered only by the software supplied by NSDL.

Data Back up: NSDL has prescribed a system of data back up whereby DPs are required to copy data to an external media on a daily basis and keep it safely. A copy of the data is kept in the premises. Another copy is kept away from the premises (off-site backup) which can be used if the premises from which DP operates is not accessible. A similar practice is adopted by NSDL for the data stored in its computer systems. Therefore in an unlikely event of failure of main systems, operations can be carried-out from the stand-by system.

Principle of redundancy to avoid single point of failure: NSDL has analysed the business processes to identify single points of failure. In all those cases, the facility is duplicated/replicated so that the alternative facility will take over the activity if the first facility fails. For example, DG power set or UPS (Uninterrupted Power Supply) is established to ensure continuity of power; telephone lines are set up to take over communication if V-Sat link fails; RAID (redundant disk) system is prescribed to prevent failure of disk in DPs computer; back up machine is set up if the main computer fails, etc.

Disaster back up site: In addition, NSDL has established a disaster back up site at a remote location away from Mumbai which is equipped with facilities that are identical to the transaction processing facility set up in Mumbai. The facilities are actually put to use at frequent intervals to check the ability to operate from the facility.





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Periodic Review: NSDL hardware, software and communication systems are continuously reviewed in order to make them more secure. These reviews are a part of an ongoing exercise.

Periodic Inspections: NSDL has prescribed operational procedures and system guidelines for DPs. NSDL conducts periodic inspections to check compliance of these procedures and guidelines. The inspection teams verify whether the facilities set up by the DP are consistent with the prescribed guidelines. If any deviations are found, DP is required to rectify and report compliance.

Quarterly Internal audit: All the DPs are required to have a quarterly audit of their operations from a practising Chartered Accountant or Company Secretary. The objective of the audit is to identify gaps between prescribed procedures and practices, weaknesses in control systems and bring them to the notice of the DP's management.

Qualified Personnel: Role of qualified and informed personnel in ensuring safe operations can never be over-emphasized. 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 centers. More than 2,000 qualified persons are employed in about 1,700 DP branches.

Investor Awareness: Awareness of the accountholders in itself is a very powerful safety mechanism. Accountholders need to be vigilant and cautious in operation of their accounts particularly as regards their delivery instructions, transaction statement etc. NSDL conducts "Investor Depository Meets" (IDMs) for the investors. During the year 2001-2002, 93 IDMs were organised in which 10,935 persons participated. In these IDMs NSDL draws the attention of accountholders towards precautions they should take in managing their demat account. Following precautions are generally suggested:

- Deface the share certificates by writing "Surrendered for Dematerialisation" before submitting them to DP for dematerialisation.
- Keep the Delivery Instructions book (DI book) safely just like a cheque book.
- Accept DI book from the DP only if it has a pre-printed serial number and account number [Client Id] is stamped on each form like in a cheque book.
- When writing an instruction on DI slip, strike out the empty space.
- Do not sign DI slip unless it is completely filled up.
- DP should provide Transaction Statement every fifteen days if there are any transaction(s) and once a quarter, if there is no transaction.
- Insist on a Transaction Statement and not a holding statement. A Transaction Statement will show an opening balance, debit(s)/credit(s) and closing balance for each security held by the accountholder.
- Transaction Statement should be verified to ensure that all the debits were authorised by the accountholder and all credits belong to it. If there is any unauthorised debits or credits in the account, accountholder should report the matter to the DP. It can be referred to NSDL if accountholder is not satisfied with the response from the DP.
- If the DP offers facility to check the account over Internet, check it frequently. Change the login password regularly.
- In case of any change in address or bank account details immediately inform the DP so that these changes are electronically communicated to all the companies in which securities are held in demat form.

These guidelines are also communicated to accountholders by way of posters, advertisements and NSDL website www.nsdl.co.in.



NSDL Calendar of Events

Investor Depository Meets

September 26, 2002	Akola	October 5, 2002	Agra
September 27, 2002	Bhilai	October 10, 2002	Thrissur
September 28, 2002	Nagpur	October 11, 2002	Alappuzha
October 3, 2002	Moradabad	October 12, 2002	Kochi
October 4, 2002	Ghaziabad		

Business Partner Training

September 24-25, 2002	SHR Training	October 8-10, 2002	DP Training
October 5, 2002	Compliance Training, Ahmedabad		

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