



Demat by NSDL
Towards a secure future

* NEST UPDATE

September 2005

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68,05,471
- ⇒ Demat Custody -
Rs. 17,71,445 Cr.
- ⇒ Settlement -
Rs. 50,687 Cr.
- ⇒ Companies available
for demat - 5,722
- ⇒ Instruments
 - ❖ Debentures/
Bonds - 6,950
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Paper- 461
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centres - 2,870

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Subscription to SPEED-e

The following Depository Participants (DPs) have subscribed to the SPEED-e facility of NSDL in the month of August 2005:

- Dalmia Securities Private Limited
- ICICI Bank Limited

Clients of the above mentioned DPs can now avail of the facility of submitting various instructions through SPEED-e facility.

This takes the total number of DPs who have subscribed to SPEED-e to 54.

Subscription to IDeAS

The following DP has subscribed to the IDeAS facility of NSDL in the month of August 2005:

- Daulat Securities Limited

This takes the total number of DPs who have subscribed to IDeAS to 107.

This is inclusive of 54 DPs who have subscribed to SPEED-e.

NSDL reduces charges by 25%

NSDL has decided to reduce the settlement fee charged to the Depository Participants from Rs.8/- to Rs.6/- per debit instruction and the corporate action fee charged to Issuers from Rs.8/- per record to Rs.6/- per record. This means a reduction by 25% of the existing charges. This reduction will be effective from October 1, 2005.

*For
private circulation only*

* National Electronic Settlement and Transfer

It has always been the policy of NSDL to reduce charges with the growth in volumes and share the benefit of increased volumes with users of the Depository system. It is NSDL's continued commitment to deliver cost effective services. NSDL had in the past reduced the settlement fee from Rs.10/- to Rs.8/- from January 1, 2004. Further, no settlement fee for credits and no custody fee is payable by the investors.

SEBI Directive on reduction in charges

Securities and Exchange Board of India has vide its letter no. MRD/DOP/NSDL/VM/46618/05 dated August 10, 2005 advised NSDL to intimate the DPs to pass on the benefits of the reduction in charges for debit instructions, to the beneficial owners.

NSDL has advised its DPs to ensure compliance of the above vide Circular No. NSDL/PI/2005/1478 dated August 12, 2005.

Activation of Multi Commodity Exchange of India Limited

Multi Commodity Exchange of India Ltd. (MCX) has been made operational as an Exchange. MCX has provided a list of DPs empanelled for the purpose of providing depository services for warehouse receipts. Only these DPs can open Pool Accounts of CMs of MCX.

As legal status of warehouse receipts is different from that of securities, it is necessary for DPs to enter into a separate agreement with persons seeking to open a depository account for the purpose of holding and dealing in electronic warehouse receipts of MCX.

The following charges will be levied by NSDL on the DPs towards demat services for warehouse receipts:

Details	Charges Payable
Transaction Charges	Rs. 8/- [per debit] *
Remat request [delivery for commodities]	Rs. 50/- [per request]
Pledge charges - Pledge Creation	Rs. 25/- [per request]
Pledge closure & Invocation	NIL

This has been intimated to the DPs vide Circular No. NSDL/PI/2005/1441 dated August 9, 2005.

[* Will be reduced to Rs. 6 w.e.f. October 1, 2005]

Procedure for servicing blind persons

DPs have been seeking clarification from NSDL regarding the procedure to be followed for opening an account and processing instructions received from a person who is blind.

NSDL has advised its DPs the aforesaid procedure vide its Circular No. NSDL/PI/2005/1584 dated August 26, 2005.

Performance Summary

Investors :

Table 1

Month - Year	Client Accounts
	No. of Accounts (lakhs)
Aug-03	39.96
Aug-04	56.10
Aug-05	68.05

As on August 31, 2005, there are 68,05,471 Investor accounts from within the country and abroad. 2,034 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, 2005, 14,708 cr. securities having a value of Rs. 17,71,445 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-03	7,199	747,313
Aug-04	9,148	1,066,008
Aug-05	14,708	1,771,445

Settlement :

Table 3

Month - Year	Settlement Quantity (Cr.)	Settlement Value (Rs. Cr.)
Aug-03	328	23,662
Aug-04	210	22,903
Aug-05	479	50,687

In August 2005, a total quantity of 479 cr. shares having a value of Rs. 50,687 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, 2005, 5,722 companies are available for demat. Table 4 indicates the increase in the number of companies that have joined NSDL over a period of three years.

Table 4

Month - Year	No. of Companies Operational
Aug-03	4,937
Aug-04	5,402
Aug-05	5,722

DEBENTURES / BONDS

Table 4A

Month - Year	No. of Issuers	No. of active Instruments	Demat Value (Rs. Cr.)
Jun-05	605	6,980	291,479
Jul-05	607	6,956	294,186
Aug-05	607	6,950	295,879

As on August 27, 2005, 607 issuers have issued 16,036 debentures/bonds in demat form. 9,086 instruments have been redeemed and 6,950 instruments are available for dematerialisation. Table 4A shows the growth over a period of last three months.

COMMERCIAL PAPER

As on August 27, 2005, 368 issuers have issued 6,781 commercial papers in demat form. 6,320 instruments have been redeemed and 461 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
Jun-05	367	482
Jul-05	368	449
Aug-05	368	461

Depository Participants :

Table 5

Month - Year	No. of DPs
Aug-03	212
Aug-04	217
Aug-05	217

As on August 31, 2005, 217 Depository Participants are offering depository services. DP services are provided from 2,870 locations across the length and breadth of the country.

Corporate Action Statistics

Sr. No.	Description	During August 2005		For the F.Y. 2005-2006 (upto August 2005)	
		No. of Allottees	No. of Securities	No. of Allottees	No. of Securities
1.	Equity Shares	792,367	6,312,721,318	2,974,692	12,907,748,850
2.	Preference Shares	10	5,950,700	179,224	546,736,513
3.	Bonds	635	251,403,332	43,934	304,247,021
4.	Commercial Papers	97	79,150	560	332,354
5.	Certificate Of Deposits	67	417,515	418	1,888,615
6.	Securitized Instruments	87	1,650,956	342	201,537,513
7.	Mutual Fund Units	1,588	11,143,393	3,175	32,685,353
8.	Government Securities	1	2,730	1	2,730
9.	Warrants	0	0	11,018	2,880,984
10.	Postal Savings Certificates	872	298,092,600*	5,979	2,966,758,600*
11.	Commodities	332	8,637	1,483	57,425
Total		796,056	6,881,470,330	3,220,826	16,964,875,958

* Value in Rupees

List of Companies that have changed Names

(During August 2005)

Sr. No.	Old Name	New Name
1	My Fellow Fashions (Exports) Limited	Koffee Break Pictures Limited
2	Matsushita Lakhanpal Battery India Limited	Panasonic Battery India Company Limited
3	Asian Paints (India) Limited	Asian Paints Limited
4	Emerald Investments Private Limited	GMR Estates & Properties Private Limited
5	Spice Net Limited	Spice Limited
6	Ashok Magnetics Limited	AML Steel Limited
7	Platy Metallurgicals Limited	Deepjyoti Textiles Limited
8	Royal Infosys Limited	KGN Info-Tech Limited
9	Grivs Hotels Limited	Kedia Infotech Limited
10	Sumeru Leasing & Finance Limited	Sumeru Industries Limited
11	Mirza Tanners Limited	Mirza International Limited
12	KTL Infosys Limited	KTL Industries Limited
13	Indo National Limited	Nippo Batteries Co. Limited
14	The Tata Iron And Steel Company Limited	Tata Steel Limited
15	Raigarh Paper And Board Mills Limited	Chhattisgarh Industries Limited

Securities admitted for Dematerialisation during August 2005

COMPANY	ISIN	COMPANY	ISIN
AB Corp Limited	INE130H01012	International Recreation Parks Private Limited	INE105H01014
Aurionpro Solutions Limited	INE132H01018	Kaizen Commercial Private Limited	INE128H01016
Binani Metals Limited	INE129H01014	Medreich Limited	INE136H01019
Central India Industries Limited	INE476E01016	Nonstop Plantation Limited	INE803E01011
Chamatkar.Net (India) Limited	INE135H01011	Sanyei Corporation Limited	INE131H01010
Chandamama India Limited	INE918G01012	SBI Capital Markets Limited	INE134H01014
CKAR Systems Private Limited	INE127H01018	SBI Commercial and International Bank Limited	INE119H01015
Cordys R & D (India) Private Limited	INE103H01019	Shree Hanuman Sugar & Industries Limited	INE101H01013
Development Credit Bank Ltd	INE503A01015	Shree Renuka Sugars Limited	INE087H01014
Golden Carpets Limited	INE595D01015	Shubham Granites Limited	INE096H01015
HDFC Venture Capital Limited	INE115H01013	Sir Shadi Lal Enterprises Limited	INE117H01019
Henkel India Limited	INE099H01019	Sudsun Housing Development (I) Limited	INE098H01011
HSBC Asset Management (India) Private Limited	INE116H01011	Swen Television Limited	INE102H01011
IL & FS Energy Development Company Limited	INE097H01013	Tulip IT Services Limited	INE122H01019
IL & FS Finvest Limited	INE121H01011	Unitech Amusement Parks Limited	INE104H01017

Topic of Interest

Safety Features in NSDL Depository System

Safety of data, efficient processing of instructions given by accountholders (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 implemented various measures in the depository system to ensure safety of the investor holdings. These can be classified under following three categories:

1. System-related measures
2. Operational measures
3. Other measures

System-related measures

- **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. 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.
- **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 CPUs, the processing is automatically 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. 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:** A disaster back-up site equipped with a computer and computing resources identical to the computer & computing resources deployed in the main office has been set up at a remote location away from Mumbai. The depository operations are switched between the computing resources at Mumbai office and disaster back-up site at regular interval to check the operational capability of the remote site.
- **Data back-up:** NSDL has prescribed a system of data back-up 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 back-up, in case premises from which DP operates is inaccessible.

Operational measures

- **Periodic Inspections:** NSDL has prescribed operational procedures and system guidelines 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 get their operations audited on a quarterly basis by a Chartered Accountant / Company Secretary holding certificate of practice. The objective of the audit is to point out any 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 introduced a Certification Programme in Depository Operations and it has been made compulsory for all DPs to appoint a person qualified in this certification at each of its branches. This way, NSDL ensures that each branch of a DP that services investors has atleast one person who has thorough knowledge about depository system.
- **Periodic statements :** All DPs are required to provide transaction statements to their clients on a monthly basis. However, if there is no transaction in the account, then the DP is required to provide such statement to the accountholder atleast once a quarter. In addition, NSDL generates statement of holdings from its own system, for clients selected on random basis every month and forwards the same to the clients with a request to intimate to NSDL in case of any discrepancy.
- **Freeze Facility:** A depository accountholder may freeze securities lying in the account for as long as he wants it. By freezing the account, accountholder can prevent unexpected debits or credits or both, creeping into his/her account. The following types of freeze facilities 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.

The client himself/herself can initiate aforesaid freeze instructions in case he/she has subscribed to NSDL's internet-based SPEED-e facility.

Other measures

- **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. Till date, NSDL has conducted about 550 IDMs across the country with more than 73,000 investors participating in these seminars. Apart from the IDMs, NSDL also carries out the following programmes for spreading investor awareness:
 - Annual advertisement campaign in leading national and regional news papers in English, Hindi and several other regional languages.
 - Poster campaigns to sensitise the investors on the safety aspects of depository. NSDL provides such posters to the DPs and advises them to display the same at their offices.

These measures/guidelines are also disseminated at NSDL website www.nsd.co.in.

NSDL Calendar of Events

Investor Depository Meets

September 15, 2005
September 16, 2005

Khammam
Warangal

September 17, 2005

Hyderabad

Business Partner Training

September 22-23, 2005

September 27-29, 2005

SHR Training

DP Training

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NSDL Certification Program

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