

PN-ACC-005

**Development of Operating Procedures
Manuals for National Securities
Depository Limited (NSDL)
Departments of Surveillance,
Compliance and Finance/accounts**

**Financial Institutions Reform and
Expansion (FIRE) Project**

December 1997

**Financial Institutions Reform and Expansion
(FIRE) Project
US Agency for International Development
(USAID/India)
Contract #386-0531-C-00-5010-00
Project #386-0531-3-30069**

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Price Waterhouse LLP



December 21, 1997

Mr. C. B. Bhave
Managing Director,
National Securities Depository Limited
Trade Towers, 4th floor
Kamla Mills Compound
Senapati Bapat Marg
Mumbai 400 025.

Dear Mr. Bhave,

Re: Development of Operating Procedure Manuals for National Securities Depository Limited (NSDL)

At your request and as a part of our contract with the USAID, Ms. Susan Hertel, Former Vice President with the Midwest Clearing Corporation/ Midwest Securities Trust Company of the US and a consultant to Price Waterhouse Capital Markets (PW), has completed the next part of our activity towards assisting the NSDL organizational setup.

Purpose of Activity

The primary purpose of this trip was to continue management training at National Securities Depository Limited (NSDL) through internal procedure documentation as established under the work plan published in April, 1997 (agreed to by NSDL in March, 1997).

Approach to Work

This assistance is the continuation of PW's assistance to the organizational development of NSDL that is based on the Organizational Structure Plan submitted by Price Waterhouse to NSDL in July, 1996.

PW has been assisting NSDL in training their management team and staff in various aspects of the securities depository environment. To provide a foundation for such training, in January, 1997, Price Waterhouse performed a review of the



development of each department to date. The recommendations made on the basis of this review were published by Price Waterhouse under the title of Review of Organizational Development for the National Securities Depository Limited, March 1997.

A work plan was developed to systematically address each task over the next several months. Price Waterhouse will continue to follow the work plan developed for ongoing assistance to NSDL as published in April, 1997. The plan will be updated periodically to report progress in this and other identified tasks to NSDL's senior management. A copy of the updated work plan can be found in Appendix E.

Continuing PW's assistance with the development of the organizational structure for NSDL, PW is contributing to the creation of procedure manuals. This process is continuing as called for under the Work Plan for NSDL through the actual documentation of basic procedures to be developed into individual departmental procedure manuals. The Operating procedures for the departments of Participant Interface, Issuer Interface - Marketing, Issuer Interface - Operations, Business Partner Inspection Departments, Clearing Corporation Interface, Corporate Communications - Marketing and Corporate Planning and Risk Management have already been presented to NSDL.

Procedure documentation for the next group of departments was addressed during Ms. Hertel's last visit. These departments are Surveillance, Compliance and Finance/ Accounts.

Creation of Operating Procedure Manuals

Under the guidance and direction of PW Consultant Ms. Sue Hertel, the PW consultant specializing in the depository environment who has been working with NSDL over the last year, the technical writer for FIRE Project has conducted detailed interviews with the NSDL staff and management and drafted procedures for the following areas:

- Surveillance,
- Compliance
- Finance/ Accounts.

PW has developed an approach to documenting NSDL's operating procedures that includes identifying functions within each department through meetings with the

C. B. Bhave
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management team, interviewing staff members who actually perform the tasks, drafting procedures based on these interviews, and reviewing drafts with the department heads for additions, deletions, and changes.

The list of individuals involved in this process may be found in Appendix A. Final drafts of procedures for the respective departments of Surveillance, Compliance and Finance/Accounts may be found in Appendices B, C, and D respectively. Actual manuals will be provided to these departments by mid-January in both hard and soft copy form.

The Surveillance and Compliance departments of the depository are still in the functional development stage. A few procedures have been implemented by NSDL which were documented by Ms. Khanna. To supplement these, PW-FIRE offered ideas on responsibilities that could be incorporated into Surveillance and Compliance. Using the tasks recommended and agreed to by the respective department heads for these areas, Ms. Hertel drafted procedures based on her experience in the U.S. The drafts were then reviewed and finalized as described above for all procedures in general.

Please note that the Compliance department's procedures have been developed by Price Waterhouse at the request of NSDL's Compliance department for suggestions based on experience at a US Depository and regulator. Adoption of these procedures or an adaptation of the same is at the discretion of the NSDL management.

Next Steps

Ms. Susan Hertel shall return to India in January 1998, to continue her assistance towards development of procedure manuals for other identified departments.

The next departments to be addressed under this procedure documentation project are in the areas of Information Technology. The function identification process has been completed and the documentation phase will be taking place during December, 1997. The final drafts will be delivered to management in January, 1998, with manuals to the departments shortly thereafter.

Once the fundamental procedures are in place, PW is prepared to continue to work with NSDL's management team to refine/develop management reports, performance standards, and basic work measurement methods.

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C. B. Bhawe
December 21, 1997

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For the success of this project the participation and cooperation of your management and staff is essential. We would like to thank you and your colleagues at NSDL for the time, courtesy and cooperation extended to us during the course of this project.

Please get in touch with us at the FIRE project for any clarifications you may require.

Thanking you,

Yours sincerely,

A handwritten signature in black ink, appearing to read "W. Dennis Grubb".

W. Dennis Grubb
Principal Consultant

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- B. Draft of Procedure Manual: Surveillance**
- C. Draft of Procedure Manual: Compliance**
- D. Draft of Procedure Manual : Finance/ accounts**
- E. Revised Work Plan for NSDL**

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I. EXECUTIVE SUMMARY

Over the last several months, the Price Waterhouse-FIRE Project (PW-FIRE) consulting team has been working with NSDL to create a formal procedure program within the depository. This work has included training on developing such an internal program, formatting of procedures, identifying tasks to be documented, as actually creating procedure manuals. This deliverable is the third group of departments to be addressed in the documentation phase. It also represents the final group for the business operations areas of the depository.

As with the previous procedures deliverables, the technical writer from the PW-FIRE project, Ms. Ferzana Khanna, documented the steps followed based on interviews with the appropriate NSDL staff. Guidance continued to be provided by Ms. Sue Hertel, the PW consultant specializing in the depository environment who has been working with NSDL over the last year. The individual departments reviewed drafts of the procedures, and discussions were held with department heads and/or staff members to incorporate any additions and/or changes into the final drafts. The list of individuals involved in this process may be found in Appendix A. Final drafts of procedures for the respective departments of Surveillance, Compliance and Finance/Accounts may be found in Appendices B, C, and D respectively. Actual manuals will be provided to these departments by mid-January in both hard and soft copy form.

The Surveillance and Compliance departments of the depository are still in the functional development stage. A few procedures have been implemented by NSDL which were documented by Ms. Khanna. To supplement these, PW-FIRE offered ideas on responsibilities that could be incorporated into Surveillance and Compliance. Using the tasks recommended and agreed to by the respective department heads for these areas, Ms. Hertel drafted procedures based on her experience in the U.S. The drafts were then reviewed and finalized as described above for all procedures in general.

The next departments to be addressed under this procedure documentation project are the areas of Information Technology. The function identification process has been completed and the documentation phase will be taking place during November and December, 1997. The final drafts will be delivered to management in January, 1998, with manuals to the departments shortly thereafter.

The complete procedure documentation project has been conducted under a work plan for PW-FIRE and NSDL that was agreed to earlier this year. An updated version of this work plan may be found in Appendix E.

II. BACKGROUND

Prior to this deliverable, Price Waterhouse has published two sets of business operating procedures for NSDL as follows:

- August, 1997
 - ▶ Participant Interface
 - ▶ Issuer Interface - Marketing
 - ▶ Issuer Interface - Operations
 - ▶ Business Partner Inspections

- November, 1997
 - ▶ Clearing Corporation Interface
 - ▶ Corporate Communications - Marketing
 - ▶ Corporate Planning and Risk Management

The respective departments were subsequently provided with hard copy manuals as well as a soft copy of the procedures. NSDL is to use the soft copies for their procedure maintenance program, including periodic additions, deletions, changes, and an annual review of all documented procedures.

The next group of departments that has now been addressed includes:

- Surveillance
- Compliance
- Finance/Accounts

PW has developed an approach to documenting NSDL's operating procedures that includes identifying functions within each department through meetings with the management team, interviewing staff members who actually perform the tasks, drafting procedures based on these interviews, and reviewing drafts with the department heads for additions, deletions, and changes.

Under this process, NSDL requested that PW-FIRE provide some ideas on responsibilities that might be built into the Surveillance and Compliance departments. Based on her experience managing the Surveillance Department of a U.S. depository, Ms. Hertel offered suggestions that might be adapted for NSDL. These were discussed with the respective department heads who agreed with most of the ideas. The results may be found in the procedure packages for Surveillance and Compliance that are included with this deliverable in Appendices B and C

respectively.

Procedures for the Finance/Accounts Department may be found in Appendix D.

Hard and soft copies of all of the above procedure manuals will be provided to the respective departments after review of this deliverable.

III. APPROACH TO PROCEDURE DOCUMENTATION

As with the first two groups of procedures, the steps used for the currently delivered procedures include:

- Function identification by Price Waterhouse with the respective heads of departments.
- Assignment of the appropriate staff members by the departments heads to work with the PW technical writer, Ferzana Khanna, in outlining the procedures.
 - ▶ Staff members described process to Ms. Khanna.
 - ▶ Staff members provided samples of documents, computer screens, forms, etc. where needed for exhibits.
- Ms. Khanna documented the individual steps of each task.
- Drafts were reviewed by Ms. Hertel with Ms. Khanna for completeness and format.
- Additional information was obtained from NSDL as needed for incorporation into updated drafts.
- The respective department heads and/or the appropriate staff members reviewed these drafts for any further comments and/or changes.
- Ongoing guidance to all those involved continued to be provided by Ms. Hertel.

Final drafts included with this deliverable are for:

- Surveillance
- Compliance
- Finance/Accounts

These may be found in Appendices B, C, and D respectively.

Hard copies of the completed manuals will be delivered to NSDL in loose-leaf binders after review of the drafts with this deliverable. Soft copies on floppy diskettes will also be given to the respective NSDL department heads. Having the documentation in these two forms will facilitate the ongoing maintenance of the procedures to be performed by NSDL.

IV. OBSERVATIONS, COMMENTS, AND RECOMMENDATIONS ON COMPLETED PROCEDURES

As with the first group of procedures, the process of performing interviews, gathering exhibits, and actually documenting the steps followed in completing functions was greatly facilitated by the NSDL staff. In general, individuals thoroughly understand the tasks they are performing and were able to clearly communicate what they are doing to the technical writer. Where the procedures occasionally seemed slightly vague due to limited experience by the depository, Price Waterhouse along with the NSDL staff were able to supplement the information with what is anticipated will be done. These instances were few.

Many of the comments given by department below again point to the need to automate certain functions or steps within procedures. This process of continually automating manual functions is normal and should be expected to continue as NSDL activities increase and change. NSDL has recognized this, as determined previously, by establishing a procedure through which management can request enhancements from the Information Technology department.

a. Surveillance

The Surveillance department at NSDL is still in the developmental stage. Functions responsibilities are still being defined. Therefore, the head of Surveillance requested that PW provide ideas on procedures that the depository might implement. Suggestions were provided under the function identification phase by Ms. Hertel based on her experience managing the Surveillance area of a U.S. depository. These were accepted in concept by the Surveillance management, and procedures were then developed by Ms. Hertel. These procedures are submitted with this deliverable and comprise the majority of the procedures for Surveillance. It is now up to NSDL to decide on what and when the recommendations should be implemented.

In discussing surveillance responsibilities with the Surveillance staff, it was observed that they could benefit from training related specifically to the Surveillance area. To a novice in this area, it may appear that work being done is a duplication of tasks performed by other areas of the depository. For example, the Surveillance staff raised questions on why they should perform such functions as reviewing applications from potential business partners and why there is a need for periodic written confirmations of positions held by business partners. The Surveillance staff needs to understand their role in overseeing and double-checking processes to ensure that risk to the depository, its participants, and the individual investors is minimized.

NSDL is in the process of developing an internal training program. PW has made recommendations on this program for the general staff and specific training for certain other areas. When the specific training for Surveillance is established, it should include not only the

general soft skills, but also education in the Indian securities law/regulations as they relate to depository responsibilities. This will provide the Surveillance staff with an understanding of why they need to perform certain tasks. A course to develop auditing skills may also be beneficial to teach the Surveillance how to perform oversight functions.

b. Compliance

Similar to Surveillance, responsibilities of the Compliance area of NSDL are also being defined. Therefore, suggestions from PW on what these responsibilities might include were requested by the Compliance management. Under the function identification phase, the PW team (including David Strandberg, a former U.S. SEC staff member) offered ideas. These were accepted in concept by the head of Surveillance. Ms. Hertel then developed the procedures that are presented with this report. These will be taken into consideration as NSDL continues to expand the functions of Compliance.

Also similar to Surveillance, the internal training program being created at NSDL should include specific courses related to compliance work. Such courses will give the Compliance staff an understanding of why they need to perform the functions assigned to this area. Again, sessions on depository law/regulations and auditing skills would be beneficial here.

c. Finance/Accounts

While this area is also still defining some responsibilities, it has more functional structure than Surveillance or Compliance. It is the understanding of the PW team that this area is currently considering how functions can be more fully automated. The following comments are offered on the existing manual processes and may be helpful in the automation process.

1. Petty Cash

There is currently no ceiling on expenses paid through petty cash. While most payments are Rs. 2000 or less, they can be as high as Rs. 50,000. This means that physical cash on hand in the office must be sufficient to cover such large disbursements. For control purposes, petty cash payments should be limited to small amounts. It is recommended that the Rs. 2000 amount be used as the limit. Other arrangements should be made for expenditures and/or advances in excess of this amount.

The procedure for funding the petty cash "box" seems somewhat vague. This is probably due to the types and amounts of expenditures being paid through petty cash. It seems that the Finance/Accounts staff is trying to anticipate what will be paid through petty cash and then funding it accordingly. This approach does not provide a good basis for controlling and

reconciling the cash. A fixed amount to be held as petty cash should be set for this purpose.

A procedure to reconcile the petty cash on a daily basis also needs to be put into place. There is a procedure to check that the same amount of cash on hand at the close of business is still in the box at the opening of business, but this does not reconcile the payments made and cash on hand back to the original amount held as petty cash. Even the procedure to check the amount and denominations of cash seems informal and not necessarily done on a regular basis.

This process definitely needs review by the head of the department. Additional controls need to be put into place to minimize the risks associated with keeping cash on hand.

2. Authorized Check Signers

It was determined through interviews that all department heads are authorized to sign checks with no amount limitation. This policy was undoubtedly put into place to accommodate the implementation of the depository. Again, for control purposes, the number of check signers within an organization are usually held at a minimum. Amount limits may be controlled here also or through the expenditure approval process.

A procedure to review and update authorized signatures has not yet been developed. This is something that the depository has not had to be concerned with so far, but will be needed in the future. Without such a periodic review, it is easy to overlook who is actually still authorized to sign checks.

3. Depositing Checks and Cash

Checks and cash collected during the day are held overnight and deposited the next morning. Checks are not made non-negotiable through an endorsement stamp, and there was no discussion by the Finance/Accounts staff on reconciling what was held overnight on the following morning. While checks are properly held in a locked cabinet, the risk of loss and theft still exists. Better controls need to be implemented here.

One method of control would be to deposit as much as possible on the date of collection rather than waiting until the next morning. This would minimize the risk to the depository. The Finance/Accounts staff indicated that this is not done because a courier from the bank comes the each morning and it is not the practice of the depository to deliver deposits to the bank. There is a concern that the depository employee will lose the deposit on the way to the bank. However, it was also learned that NSDL does send their own courier when it appears that the bank courier will not arrive in time to ensure that the deposit makes the bank's cut-off time for the clearance of checks.

Meeting these cut-off times will become increasingly important as the receipts processed by the depository become larger in amount. If bank balances are eventually used to offset bank fees and provide investment opportunities, NSDL will want to maximize available funds by making deposits earlier.

The above practice needs further review by the departmental management. As the payments to the depository continue to increase, better controls will be needed. Perhaps, NSDL could arrange for a bank courier to be available twice a day, or simply formalize the use of depository couriers for this purpose.

4. Maintenance of Bank Books

This is definitely an area of duplication of work and a manually intensive process. All activities at NSDL's banks are first recorded in manual books maintained for each bank. The information is then entered to NSDL's current accounting package (Tally System) one or two days later. The Finance/Accounts staff advised that the reason for this duplication and input delay is to be certain that entries do not change between the initial action and input to the automated system.

It is not clear why changing a manual entry should be easier than changing (adjusting) an entry made to the automated system. The staff indicated that adjustments are available in the automated system (later voided checks, for example). Certainly, any accounting package should accommodate adjustments to previous entries.

This duplication of work needs to be reviewed by the departmental management and eliminated.

5. One Time Custody Fees

The Finance/Accounts staff expressed a concern about the control of depository fees as they relate to those issuers who have paid the "one time" custody fee. Under NSDL policy, payment of this fee exempts the issuers from future depository transaction fees. This is a fairly new policy, so it is understandable that operational procedures may have not yet been completely developed.

Currently, Finance/Accounts is not responsible for this process (other than depositing checks received for the one time fee). Participant Interface processes the periodic billing to business partners. It is expected, therefore, that Participant Interface is currently monitoring the accuracy of fee exemptions as generated by NSDL's billing system.

Note: This policy was not yet in place when procedures were documented for the Participant Interface area.

Finance/Accounts should become the centralized control point for this aspect as well as all billing-related processes. A procedure should be put into place to validate the fee waivers as processed by NSDL's billing system. A method to monitor the amount of fees waived vs. the one time custody fee should also be put into place to ensure this policy remains cost-effective. Billing, in general, should be processed by this area. Participant Interface should only be involved if there is a problem in collecting fees and/or a dispute of fees by the participant. Participant Interface then would act as the liaison between Finance/Accounts and the participant.

6. General

Obviously, Finance/Accounts will be a focal point for any financial audit of the depository. All processes should be reviewed by NSDL for efficiency and good controls/ check points that ensure accuracy and minimize financial risk.

**V. FUNCTION IDENTIFICATION FOR FURTHER PROCEDURE
DOCUMENTATION**

The next group of procedures to be completed are for the Information Technology areas. The functions to be documented were identified in October, 1997. The process of interviewing and drafting the related procedures is currently underway.

All procedures for the depository processing areas of the business operations departments have now been completed. The Information Technology procedures will be the last group to be documented. Therefore, there was no need for further work in the area of function identification at this time.

Note: PW-FIRE has made recommendations for procedures needed by the internal training program being developed by NSDL's Human Resources Department. These are documented under another scope of work by the PW-FIRE team entitled "National Securities Depository Limited - Establishment of Training Program within the Human Resources Department", November, 1997.

VI. SUMMARY AND NEXT STEPS

With this deliverable, procedures have now been documented for all of the depository processing areas within the business operations of NSDL. The last areas addressed are Surveillance, Compliance, and Finance/Accounts. The final drafts of the procedures for these areas are included with this deliverable. Hard and soft copies will be provided to the respective departments after NSDL management has the opportunity to review the final drafts with this report.

In conjunction with this project, NSDL requested assistance from Price Waterhouse in developing ideas on responsibilities for Surveillance and Compliance. Ideas were provided by Price Waterhouse and agreed to by the heads of these departments. Procedures were drafted based on the U.S. experience of the consultant and included with this deliverable.

Observations and recommendations have been made for the Finance/Accounts area. Like many areas of the depository, this department is still being defined. It will benefit from continual review by the departmental management in the development of efficient procedures that provide good controls over the financial processes of NSDL.

As established at the beginning of this project, there was no attempt to change procedures as the functions are currently being performed. The objective is to document the steps for further review and/or concurrence on acceptability by NSDL management. However, observations, comments and recommendations on current procedures have been made in this report.

The next group of procedures currently being worked on cover the various areas of Information Technology. Functions to be addressed have been identified, interviews are now being conducted, and initial drafts will be produced during December, 1997. Delivery of the final drafts for this group of procedures is expected in January, 1998, with manuals to the departments shortly thereafter.

Once again this process has moved forward smoothly. The NSDL management team and staff have contributed significantly to the information gathering process. The skills in procedure development and documentation that are being transferred by the Price Waterhouse consulting team will support all areas under the continued growth of the depository.

APPENDICES

- A. List of People Interviewed**
- B. Draft of Procedure Manual: Surveillance**
- C. Draft of Procedure Manual: Compliance**
- D. Draft of Procedure Manual : Finance/ accounts**
- E. Revised Work Plan for NSDL**

APPENDIX A

LIST OF PEOPLE INTERVIEWED

Reviews of Draft Procedures

Surveillance

Jayesh Sule, Assistant Vice President, Operations
Samar Banwat, Officer

Compliance

S. Gopalan, Assistant Vice President, Operations
S. Ganesh, Compliance Officer

Finance/Accounts

S. Gopalan, Assistant Vice President, Operations
Tejas Desai, Assistant Manager
Satyabrata Dash, Officer
Diana Menezes, Officer

APPENDIX B

PROCEDURES FOR SURVEILLANCE

Surveillance Department

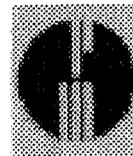
Operating Procedures

National Securities Depository Ltd.



Manual prepared by:

Price Waterhouse LLP/USAID FIRE Project



Disclaimer: This publication has been prepared by Price Waterhouse LLP/FIRE Project sponsored by USAID, for private circulation. While utmost care has been taken in preparing this manual, we claim no responsibility for its completeness and accuracy.

Version: 1.0/Nov 1997

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Ceasing to Act for a Participant	SUR014
Review of Business Partner Inspections	SUR015

Identification Code: SUR001
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Monitoring the custody value of a DP who is a broker

PURPOSE: To monitor the custody value of a DP who is a broker and ensure that it does not exceed the eligible holding.

BACKGROUND: A new module in the DM System checks the custody value of a DP and compares it against his net worth. No DP should have a custody value greater than 25 times his net worth.

Custody value depends on the closing prices therefore each day the value fluctuates. The custody value is calculated daily by the module and shown against the eligible holding. There is an alert built into the system at 80% and an alert report is printed so that corrective action can be initiated.

PROCEDURE:

- Officer**
1. Checks the Alert Report for Custody Position of DP daily. This is an exception report which is printed as part of the production report if the broker exceeds 80% of his limit. (Exhibit I)
 2. Informs the brokers who are listed in the report to exercise caution to ensure Compliance with SEBI regulations.
 3. Informs Management as appropriate.
 4. Accesses screen FE06 - Participant Position Alert for history of the previous days' position as needed. (Exhibit II)

NOTE: This is an enquiry screen which also displays the history of participant positions. The screen displays the BPID, Date, Net Worth, Holding, Custody Value, Limit and Percentage.

5. Maintains file of related documents for future reference.

Procedure Number: SUR001

Title: Alert Report for Custody Position of DP

EXHIBIT I

PAGE : 1
DATE : 21.08.1997
TIME : 19:17

NSDL INTEGRATED
REPORT-ID : RPF020
ALERT REPORT FOR CUSTODY POSITION OF DP AS OF 31.08.1997
(ALL VALUES ARE IN RS. CRORES).

BP ID	BP CATG	NETWORTH	THRSHLD-VAL	FDG-DMT-VAL	CUSTDY-VAL	TOT-HOLDING	% THRSHLD VAL
IN.100'001 FIRST INTEGRATED DP	PUBLIC FI	00.100	01.500	99566.845	88399.251	187066.097	7482643.80%

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Identification Code: SUR002
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Checking financial statements submitted by DPs

PURPOSE: To receive financial statements from all DPs annually and check the reports. This is a Legislative requirement. Any exceptions are reported to Management.

BACKGROUND: Participants submit to NSDL their annual report and net worth certificate once a year. This must be done within six months of the close of the financial year.

PROCEDURE:

1. Receives annual report and net worth certificate from each Participant.

2. Maintains this information on an Excel worksheet.

NOTE: A database of DP information in Access is being developed containing this information.

3. Follows up with Participants if the financial statements are not received.

4. Scrutinises the report.

5. Reports any exceptions which might impact the DP's Operations to the HOD.

6. Inputs Net Worth into DM System for broker DPs. Refer to related procedure SUR003.

7. Maintains a copy of all financial statements and related documents for future reference.

Identification Code: SUR003
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Recording the Participant's Net Worth

PURPOSE: To enter the Participant's Net Worth into the DM system for the purpose of calculating the Custody Value.

BACKGROUND: The DM System checks the custody value of a broker DP and compares it against his net worth. No broker DP should have a custody value greater than 25 times his net worth.

Custody value depends on the closing prices therefore each day the value fluctuates. The custody value is calculated daily by the module and shown against the eligible holding. There is an alert built into the system at 80% and an alert report is printed so that corrective action can be initiated. (Refer to procedure SUR001)

PROCEDURE:

1. Receive from the Participant a Net Worth Certificate annually, as specified in the Business Rules. Refer to related procedure SUR002.
2. Follow up with the Participants from whom this has not been received.
3. Access screen BA01 - BP Primary Details (Exhibit I) and enter the Net Worth in the appropriate field.

NOTE: For a new Participant, the net worth is entered in screen BA01 while activating the Participant.

NOTE: If the Participant's Net Worth changes significantly during the year he may submit the Net Worth Certificate on an ad hoc basis also.

4. Maintains copy of all Net Worth Certificates for future reference.

Procedure Number: SUR002

Title: BP Primary Details (BA01)

EXHIBIT I

BA011E BA01 BUSINESS PARTNER ADMINISTRATION 18.09.1997 17:04
INQUIRE PRIMARY DETAILS - 1 X 05A0 X001

BUSINESS PARTNER _____ +

SHORT NAME _____

ADDITIONAL NAME _____

PLACE _____

CATEGORY _____ +

COMPANY _____ +

COMPANY LONG NAME :

NETWORTH (IN RS.) _____ (CRORES)

HOLDING LIMIT _____

ALERT% _____

Identification Code: SUR004
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Monitoring ongoing audit reports submitted by DPs

PURPOSE: DPs submit internal audit reports of DPM on a quarterly basis. This is made available to the inspection team before their inspection.

PROCEDURE:

1. Receives internal audit reports on DPM from the DP once every quarter.
2. Follows up with Participants if these are not received.
3. Highlights any areas of concern.
4. Forwards the reports to the Inspection team.
5. Receives from the Inspection team their inspection report.
6. Maintains file of related documents for future reference.

NOTE: Currently this procedure is not being followed rigidly.

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Identification Code: SUR005
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Review/Approve Participant Applications (Overview)

PURPOSE: To review applications from potential NSDL participants for acceptability to the depository.

NOTE: THIS PROCEDURE HAS BEEN DEVELOPED BY PRICE WATERHOUSE AT THE REQUEST OF NSDL'S SURVEILLANCE DEPARTMENT FOR SUGGESTIONS BASED ON EXPERIENCE AT A U.S. DEPOSITORY. ADOPTION OF THIS PROCEDURE OR AN ADAPTATION OF THE SAME IS AT THE DISCRETION OF NSDL MANAGEMENT.

BACKGROUND: The NSDL Participant Interface Department currently obtains all the necessary documents and preliminary information from the applicant. From this work, a package (or file) is created and distributed within the depository for final membership approval. The Surveillance Department is included in this distribution/approval process to ensure that the applicant meets all of the depository requirements for participation.

PROCEDURE:

- Surveillance Officer
1. Receives applicant package from Participant Interface Department, including the following documents:
 - a. Annual report for the past three years
 - b. Net worth certificate of Chartered Accountant
 - c. Computation sheet of net worth
 - d. SEBI/RBI Registration Certification of Group Companies
 - e. Memorandum and Articles of Association
 - f. History of applicant as obtained from other stock exchanges
 - g. Other general information about how the participant proposes to use the depository system.
 2. Reviews package for completeness
 - a. All required forms included.
 - b. Forms completed accurately.

3. Reviews information on applicant in detail for:
 - a. Type of business of applicant.
 - b. Anticipated volumes to be processed through the depository.
 - c. Type of accounts to be established (proprietary, customer, clearing, etc.).
 - d. Background of owners and management.
 - e. Financial history.
 - f. Operating practices.
 - g. Experience of staff.
 - h. Technical sophistication.

4. Reviews historical file on potential participants as support for comments and recommendations.

NOTE: This data is accumulated through routine monitoring of publications. Refer to related procedure SUR007.

5. Contacts applicant for further information and/or clarifications as needed.

6. Determines from Steps 3, 4 and 5 if applicant meets NSDL participation requirements.

7. Makes recommendations based on appropriateness of applicant.

- a. Approve/Reject
- b. Comments on reasons for decision.

8. Signs off on application based on Step 7.

9. Forwards package to Head of Surveillance for review.

**Head of
Surveillance**

10. Reviews applicant package as received from Surveillance Officer.

11. Makes final decision from Surveillance perspective on disposition of application.

- a. Approve/Reject
- b. Comments on reasons for decision.

12. Signs off on application based on Step 11.

13. Refers unusual rejected applications to Executive Director for further review and disposition decisions.

14. Notifies Surveillance Officer of actions under Step 13.

15. Returns routine applications to Surveillance Officer.

Surveillance
Officer

16. Photocopies documents received in Step 15.

17. Returns completed package to Participant Interface Department for further processing.

NOTE: Participant Interface will deliver the applicant package to the appropriate committee for final approval/rejection.

18. Maintains records on all accepted and rejected applications for future reference.

Identification Code: SUR006
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Processing Quarterly Audit Confirmation Packages

PURPOSE: To ensure that all participants receive and respond to quarterly audit confirmation requests.

NOTE: Audit confirmations are performed to obtain formal written agreements from participants on positions held at the depository. All differences reported by participants under this confirmation process are researched and resolved by the Surveillance Department. Securing the agreements and resolving any differences reduces risk to the depository that may result from an unreported variance between the participant's in-house records and those reflected in the depository system.

NOTE: THIS PROCEDURE HAS BEEN DEVELOPED BY PRICE WATERHOUSE AT THE REQUEST OF NSDL'S SURVEILLANCE DEPARTMENT FOR SUGGESTIONS BASED ON EXPERIENCE AT A U.S. DEPOSITORY. ADOPTION OF THIS PROCEDURE OR AN ADAPTATION OF THE SAME IS AT THE DISCRETION OF NSDL MANAGEMENT.

PROCEDURE:

- Surveillance Officer
1. Ensures that sufficient supplies of the following are on hand at least two weeks before audit date:
 - a. Mailing envelopes for confirmation packages to participants
 - b. Return envelopes for responses from participants
 - c. Blank labels for address labels
 - d. Cover letters that include explanation of audit, instructions for the participant, and accommodation for acknowledgment/agreement signature of participant. (Exhibit I)

NOTE: Cover letter is in a standard format for all audits. It explains the reason for the audit, how the participant is to proceed to respond to the audit, and sets the due date for responses (usually one month from audit date).

- e. Acknowledgment cards to be returned by participants upon receipt of audit packages. (Exhibit II)
2. Arranges for production of:
 - a. Participant position reports as of audit date. (Exhibit II)
 - b. Address labels (from participant database).
3. Arranges for Participant Interface Dept. to issue a circular to participants informing them of the approaching audit. (Refer to related procedure PID004 in the Participant Interface Dept. Operating Procedures Manual.)
4. Receives items from Step 2 on the morning after the audit.

NOTE: Position reports are created after the close of business on audit date after all positions have been updated through that date.

5. Prepares package for each participant and inserts into mailing envelopes, including the following:
 - a. Position report(s)
 - b. Cover letter
 - c. Acknowledgment card.

NOTE: Acknowledgment card is to be returned by the receivers of packages simply to acknowledge receipt. The card carries the date by which it should be returned to NSDL's Surveillance Department.

6. Seals envelopes to ensure no materials are lost.
7. Verifies that there is an audit package envelope for each participant.
8. Forwards completed envelopes to distribution area for delivery to participants.
9. Receives acknowledgment cards as they are returned by participants.
10. Records acknowledgment cards received against listing of participant accounts on audit confirmation log. (Exhibit IV)
11. Contacts participants who have not returned acknowledgment cards by due date to determine reason for non-response.

- a. Requests that participants return acknowledgment cards where audit packages have been received.
 - b. Prepares and mails replacement packages to those participants where the initial package has not been received.
12. Follows up as necessary to actions taken in Step 11.
13. Receives responses to audit packages as they are returned by participants.
- a. Those with no exceptions reported.
 - b. Those with exceptions reported.
14. Records audit package responses received against listing of participant accounts on audit confirmation log.
15. Researches and resolves exceptions as reported by participants in Step 13.
16. Records resolution of exceptions on audit confirmation log.
17. Periodically reviews log to ensure all open exceptions are being addressed.
18. Contacts participants where packages have not been received by one week before due date to remind them of obligation to provide response.
19. Follows up as necessary from Step 18 until all responses have been received, recorded, and acted upon where needed.
- NOTE: A system of penalties may be imposed on participants by NSDL for non-responses.
20. Distributes periodic reports on status of responses to:
- a. Appropriate management
 - b. Internal Audit.
21. Maintains records of all responses, exceptions researched, and actions taken.

Procedure Number: SUR006

EXHIBIT I (a)

**PROCESSING QUARTERLY AUDIT CONFIRMATION PACKAGES
COVER LETTER ON NSDL LETTERHEAD**

Name of Participant

Address

Address

Address

Dear:

In conjunction with the quarterly confirmation of positions held at the depository, please find the following documents enclosed:

- * Acknowledgment card - To be completed and returned immediately to NSDL, Surveillance Department, acknowledging receipt of this package.
- * Position report(s) as of the close of business on audit date for your account(s).
- * Return envelope for response to audit of positions.

Please confirm the positions reported for your account(s) by NSDL by signing and returning this letter in the envelope provided. All letters must be returned by _____
_____(one month after audit date). Late or non-responses to this audit by participants may be subject to penalties as imposed by NSDL.

Include with this letter the appropriate documentation on any discrepancies found. These items will be researched and resolved through the Surveillance Department at NSDL.

Any questions concerning this matter may be directed to -----, Surveillance Officer, at -----(phone number) or to your Participant Interface Officer.

Sincerely,

Jayesh Sule, Assistant Vice President
Surveillance Department

Procedure Number: SUR006

EXHIBIT I (b)

RESPONSE

The position information as reported by NSDL for -----(date) is correct.

Discrepancies were found in the position information from NSDL for -----(date).
Documentation is attached.

DATE: _____

(NAME OF PARTICIPANT)

BY: _____

TITLE: _____

TEL. NO. _____

Procedure Number: SUR006

EXHIBIT II

PROCESSING QUARTERLY AUDIT CONFIRMATION PACKAGES

ACKNOWLEDGMENT CARD

Print on 3" by 5" card or other appropriate size for mailing the following information:

TO: NSDL SURVEILLANCE DEPARTMENT

FROM: (For participant name and identifier)

The audit confirmation package for the period ending -----has been received by the above participant. All related materials were included in the package.

Response to the audit is to be completed by -----(date)

DATE: _____

**NAME OF PARTICIPANT
BY:** _____

TITLE: _____

TEL. NO. _____

**PRINT ON REVERSE SIDE OF CARD THE ADDRESS FOR THE NSDL
SURVEILLANCE DEPARTMENT.**

Identification Code: SUR007
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Daily Monitoring of News

PURPOSE: To identify potential financial problems for securities and/or participants that may create risk within the Depository.

NOTE: THIS PROCEDURE HAS BEEN DEVELOPED BY PRICE WATERHOUSE AT THE REQUEST OF NSDL'S SURVEILLANCE DEPARTMENT FOR SUGGESTIONS BASED ON EXPERIENCE AT A U.S. DEPOSITORY. ADOPTION OF THIS PROCEDURE OR AN ADAPTATION OF THE SAME IS AT THE DISCRETION OF NSDL MANAGEMENT.

PROCEDURE:

Surveillance Investigator

1. Receives various financial and other publications daily.
2. Reviews publications for articles that may indicate financial problems for participants and/or securities, including but not limited to:
 - a. Financial indicators.
 - b. Internal operational problems.
 - c. Corporate actions.
 - d. Securities in which trading has been suspended or halted.
 - e. Action taken by SEBI.
 - f. Action taken by other exchanges or clearing corporations/houses.
3. Checks the NSDL system for positions in problem securities where proprietary positions may impact participant capital.
4. Reviews watch lists and participant files where participant may be experiencing financial difficulties.
5. Contacts outside sources as appropriate to clarify and confirm information.
 - a. SEBI
 - b. Participant
 - c. Issuer/Agent

- d. Stock Exchanges
- e. RBI

- 6. Alerts Head of Surveillance to potential risk as determined in Step 2, providing background information found in Steps 3 through 5.

- 7. Performs follow-up monitoring as directed by Head of Surveillance.

- 8. Adds participant to Daily Watchlist as necessary. (Refer to related procedure SUR008)

- 9. Maintains records of risk-related news articles in appropriate participant and/or securities files for future reference.

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Identification Code: SUR008
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Prepare Daily Watchlist

PURPOSE: To identify participants creating risk to the depository system and communicate this information to staff and management on a "need to know" basis.

The Daily Watchlist and the information contained within this document should be considered highly confidential. It should be distributed only to alert management within the depository that may interact with the participant. That management should then inform Surveillance of any further information or unusual activity found during such interactions.

NOTE: THIS PROCEDURE HAS BEEN DEVELOPED BY PRICE WATERHOUSE AT THE REQUEST OF NSDL'S SURVEILLANCE DEPARTMENT FOR SUGGESTIONS BASED ON EXPERIENCE AT A U.S. DEPOSITORY. ADOPTION OF THIS PROCEDURE OR AN ADAPTATION OF THE SAME IS AT THE DISCRETION OF NSDL MANAGEMENT.

PROCEDURE:

- Surveillance Officer
1. Identifies participants to be listed on the Daily Watchlist (Exhibit I) from information obtained through one or more of the following:
 - a. Daily monitoring of newspapers. Refer to related procedure SUR007.
 - b. Notification from regulator of problems at participant.
 - c. Notification from an exchange or clearing corporation/house.
 - d. Notification from internal department of problems at participant.
 - e. Review of financial information received from participant. Refer to related procedure SUR002.
 - f. Interview of participant.
 2. Completes Daily Watchlist with:
 - a. Date Participant first listed.
 - b. Participant name
 - c. Participant identifier.

- d. Remarks**
- 3. Enters date of watchlist revision at top of Daily Watchlist.**
- 4. Forwards copies of Daily Watchlist to:**
 - a. Head of Surveillance Department**
 - b. Head of Participant Interface Department**
 - c. Head of Compliance**
 - d. MD**
 - e. ED**
 - f. Legal Department**
- 5. Recommends appropriate actions to be taken against participants on watchlist if exposure to depository increases.**
- 6. Maintains copies of all watchlists for future reference.**

Procedure Number: SUR008

EXHIBIT I

*******SAMPLE*****SAMPLE*****SAMPLE*******

DAILY WATCHLIST

DATE _____

**DISTRIBUTION: MD, ED'S, COMPLIANCE, RISK MANAGEMENT,
PARTICIPANT INTERFACE
(CONFIDENTIAL TO HEADS OF DEPARTMENTS)**

Participant Name	Participant Identifier	Date Added to Watchlist
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Remarks

ABC Brokerage Co.	12345	07/10/97
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News article that brokerage company is in financial and operational difficulty. Follow-up work being done by NSDL Surveillance Department to confirm data. No response as yet received from management of company. Company will remain on watchlist until it is confirmed that brokerage firm continues to meet participation requirements of the depository.

First National Bank of India	78900	28/08/97
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RBI initiated investigation of custodial services of bank. There are indications that operations were not effective. No specific information yet available. Bank will remain on watchlist until investigation is completed and action taken with participant as necessary.

Mumbai Trading Company	65431	01/12/96
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SEBI found evidence of poor trading practices (possibly some illegal activity). Corrections in practices have been made by firm. However, SEBI is still monitoring their trading activity closely. Participant will remain on watchlist until cleared by SEBI and NSDL is confident that there is no negative impact on the depository and its participants.

Identification Code: SUR009
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Collection and Release of Supplemental Participant Funds

PURPOSE: To minimize risk to NSDL and its participants that results from the activity of one or more participants.

Under NSDL Business Rules, deposits may be required where NSDL management feels that certain activity in a participant's account(s) represents increased risk to the depository and the other participants. Usually, this type of activity is of a temporary nature. Supplemental participant fund deposits are, therefore, calculated and collected differently than the standard NSDL participant deposit, and are used to minimize the temporary risk.

NOTE: THIS PROCEDURE HAS BEEN DEVELOPED BY PRICE WATERHOUSE AT THE REQUEST OF NSDL'S SURVEILLANCE DEPARTMENT FOR SUGGESTIONS BASED ON EXPERIENCE AT A U.S. DEPOSITORY. ADOPTION OF THIS PROCEDURE OR AN ADAPTATION OF THE SAME IS AT THE DISCRETION OF NSDL MANAGEMENT.

PROCEDURE:

- Surveillance Officer
1. Determines through routine monitoring of participant activity that unusual potential or real risk has been added to the depository system by one or more participants.
 2. Prepares recommendation to management on amount of supplemental participant fund to be collected from participant based on increased risk.

NOTE: Amount may be a portion of or equal to the calculated amount of the risk. NSDL management sets policies in this area. These policies are then followed by the Surveillance Officer in making recommendations.

3. Forwards recommendation on supplemental participant fund requirement to Head of Surveillance.
- Head of
4. Reviews recommendation on supplemental participant fund as

- Surveillance** received from Surveillance Officer.
5. Approves supplemental requirement within span of authority.
 6. Consults with others as necessary.
 - a. Senior Management
 - b. Compliance Department
 - c. Disciplinary Action Committee
 7. Obtains necessary senior management approval(s) where additional supplemental deposit requirement is outside of span of authority.
 8. Notifies Surveillance Officer of action to be taken on recommendation:
 - a. Supplemental deposit not required and reason(s).
 - b. Supplemental deposit approved.
 9. Monitors ongoing need for supplemental deposit.
- Surveillance Officer**
10. Receives direction from Head of Surveillance on how to proceed on recommendation for supplemental deposit requirement.
 11. Adds participant to Daily Watchlist as necessary. Refer to related procedure SUR008.
 12. Notifies participant of additional deposit required where supplemental amount approved by NSDL management.
 13. Ensures collection of monies from participant within 24 hours of decision on requirement.
 14. Ensures documentation of collection of monies:
 - a. Within Surveillance records.
 - b. Within Finance records.
 15. Re-calculates amount of supplemental deposit needed on a daily basis.
 16. Secures additional funds from participant where Step 15 results in an increase.

17. Arranges for return of supplemental deposit to participant when risk diminishes. Refer to related procedure.

18. Ensures participant records are updated to reflect the return of funds

a. Surveillance records

b. Finance records

19. Retains within participant files recommendations on supplemental participant fund and actions taken.

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Identification Code: SUR010
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Monitoring Participants Experiencing Financial Problems

PURPOSE: To minimize potential risk to NSDL from participants experiencing financial problems.

NOTE: Because this monitoring process may be the basis of a decision to cease to act for a participant, it is critical to keep management informed of the status of the participant.

Refer to all related procedures on monitoring terminating participants and participants with financial problems.

NOTE: THIS PROCEDURE HAS BEEN DEVELOPED BY PRICE WATERHOUSE AT THE REQUEST OF NSDL'S SURVEILLANCE DEPARTMENT FOR SUGGESTIONS BASED ON EXPERIENCE AT A U.S. DEPOSITORY. ADOPTION OF THIS PROCEDURE OR AN ADAPTATION OF THE SAME IS AT THE DISCRETION OF NSDL MANAGEMENT.

PROCEDURE:

Surveillance
Officer

1. Receives information concerning a participant experiencing severe financial difficulty through:
 - a. Daily monitoring of news publications and reports. Refer to related procedure SUR007.
 - b. Notification from exchanges, clearing corporations, and other depositories.
 - c. Notification from regulator.
 - d. Notification from other internal departments.
 - e. Direct contact with participant.
 - f. Any other communication.
2. Completes an Emergency Firm Profile as needed. Refer to related procedure SUR012.
3. Adds participant to Daily Watchlist as necessary. Refer to related procedure SUR008.

**Head of
Surveillance**

4. Notifies the appropriate parties of participant financial problems:

- a. MD
- b. ED
- c. Compliance Department
- d. Head of Participant Interface Dept.

5. Directs further monitoring of the participant by Surveillance Officer, including:

- a. Daily participant activity.
- b. Need to increase participant fund contribution. Refer to related procedure on supplemental participant fund deposits SUR009.

6. Makes recommendations to senior management regarding action to be taken with participant.

Legal Dept.

7. Advises Surveillance and other operations on action that can/should be taken with participant under NSDL rules.

8. Facilitates communication as necessary with regulator.

**Surveillance
Officer**

9. Continues monitoring of participant as directed by Head of Surveillance, Legal Department, and/or Senior Management.

10. Maintains records on

- a. Monitoring of participant
- b. Supplemental participant fund required. Refer to related procedure SUR009
- c. Actions taken.

Identification Code: SUR011
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Monitoring Self-liquidating Participants Having Financial Problems

PURPOSE: To minimize risk to NSDL and all depository participants when one participant is experiencing financial problems and is liquidating its accounts.

NOTE: This procedure specifically addresses participants having financial problems. Many participants may close their accounts without the monitoring described in this procedure.

If the exposure related to the monitored participant is potentially significant, NSDL may elect to cease to act for such participant.

Refer to all related procedures on terminating participants, participants with financial problems, and ceasing to act for a participant.

NOTE: THIS PROCEDURE HAS BEEN DEVELOPED BY PRICE WATERHOUSE AT THE REQUEST OF NSDL'S SURVEILLANCE DEPARTMENT FOR SUGGESTIONS BASED ON EXPERIENCE AT A U.S. DEPOSITORY. ADOPTION OF THIS PROCEDURE OR AN ADAPTATION OF THE SAME IS AT THE DISCRETION OF NSDL MANAGEMENT.

PROCEDURE:

- Head of Surveillance
1. Receives notification that a terminating participant is experiencing financial difficulty from:
 - a. Surveillance Officer
 - b. Exchanges, clearing corporations, and depositories.
 - c. Regulator
 - d. Participant Interface
 - e. Inspections
 - f. Participant
 - g. Other
 2. Determines through consultation with senior management and Compliance if NSDL will continue to allow the orderly self-liquidation of depository account(s) by the participant.

3. Directs the Surveillance Officer in the continued daily monitoring of the participant.

4. Reviews/approves additional participant fund contributions and/or refunds as recommended by the Surveillance Officer.

5. Recommends to Senior Management appropriate action, including ceasing to act for the participant or termination of NSDL services if the following conditions exist:

a. NSDL exposure with the participant approaches an unacceptable level.

b. Supplemental Participant fund deposits or other collateral are insufficient to protect NSDL and its participants in the case of default by the terminating participant.

Surveillance
Officer

6. Adds participant to Daily Watchlist as necessary. Refer to related procedure SUR008.

7. Continues monitoring participant under the direction of the Head of Surveillance, Legal Department, and/or NSDL Senior Management.

8. Interacts with Participant Interface as necessary to ensure complete monitoring of participant activity.

9. Continually updates Head of Surveillance on:

a. Status of liquidation of depository accounts related to participant.

b. Status of financial position of participant.

c. Continued need for supplemental participant fund contribution.

10. Calculates and collects supplemental participant fund from participant as needed. Refer to related procedure SUR009.

11. Arranges for de-activation of participant's terminal when appropriate.

12. Maintains complete records on all actions taken with the participant's account(s).

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Identification Code: SUR012
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Emergency Participant Profile

PURPOSE: To provide a method of initially consolidating and distributing information on a participant with severe financial and/or operational problems.

NOTE: THIS PROCEDURE HAS BEEN DEVELOPED BY PRICE WATERHOUSE AT THE REQUEST OF NSDL'S SURVEILLANCE DEPARTMENT FOR SUGGESTIONS BASED ON EXPERIENCE AT A U.S. DEPOSITORY. ADOPTION OF THIS PROCEDURE OR AN ADAPTATION OF THE SAME IS AT THE DISCRETION OF NSDL MANAGEMENT.

PROCEDURE:

- Surveillance Officer
1. Receives notification of severe financial and/or operational problems at participant. Refer to related procedures.
 2. Enters preliminary information to the Emergency Participant Profile (Exhibit I) immediately, including:
 - a. Current Date
 - b. Participant Name
 - c. Problem identified
 - d. How identified (routine monitoring, contacted by someone, etc.)
 - e. Time of identification/notification
 3. Accesses participant database for the following information required by the profile:
 - a. Participant account identifier(s).
 - b. Participant terminal number.
 - c. Participant address.
 - d. Participant phone number(s).
 - e. Contacts at participant (senior management).
 4. Accesses depository system for information on securities positions held in participant's account(s) as required by profile.

5. Refers to Supplemental Participant Fund records for deposit information as required by profile.
6. Enters all information gathered in steps 3 through 5 to Emergency Participant Profile form.
7. Distributes Emergency Participant Profile to appropriate parties:
 - a. Head of Surveillance
 - b. ED
 - c. MD
 - d. Compliance Department
8. Takes further actions as directed. Refer to related procedures on:
 - a. Participants with financial/operational problems.
 - b. NSDL's decision to cease to act for the participant.
 - c. Disciplinary Action Committee.
9. Adds participant to Daily Watchlist. Refer to related procedure SUR008.
10. Maintains all records related to Emergency Participant Profile and subsequent actions in participant file.

Procedure Number: SUR012

EXHIBIT I (a)

EMERGENCY PARTICIPANT PROFILE

FORM

DATE: _____

PARTICIPANT NAME: _____

PROBLEM IDENTIFIED: _____

NOTIFIED OF PROBLEM BY: _____

TIME CONTACTED: _____

PARTICIPANT IDENTIFIER(S): _____

PARTICIPANT ADDRESS: _____

PARTICIPANT TELEPHONE NUMBER(S): _____

CONTACTS AT PARTICIPANT:

NAME

TITLE

Procedure Number: SUR012

EXHIBIT I (b)

OTHER INFORMATION RECEIVED FROM/CONFIRMED BY CONTACTING PARTICIPANT: _____

NO. OF POSITIONS AT DEPOSITORY: _____ VALUE: _____

SUPPLEMENTAL PARTICIPANT FUND ON DEPOSIT: _____

PENDING TRADE SETTLEMENTS AS REPORTED BY CLEARING HOUSE(S):

TERMINAL NUMBER: _____ STATUS: _____

Prepared By: _____ Telephone No: _____
 Surveillance Officer

n Identification Code: SUR013
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Termination of Participant Accounts

PURPOSE: To ensure the smooth and timely (within 6 months) close out of participant accounts.

NOTE: THIS PROCEDURE HAS BEEN DEVELOPED BY PRICE WATERHOUSE AT THE REQUEST OF NSDL'S SURVEILLANCE DEPARTMENT FOR SUGGESTIONS BASED ON EXPERIENCE AT A U.S. DEPOSITORY. ADOPTION OF THIS PROCEDURE OR AN ADAPTATION OF THE SAME IS AT THE DISCRETION OF NSDL MANAGEMENT.

PROCEDURE:

Surveillance
Officer

1. Receives notification of participant terminating membership from:
 - a. Participant Interface
 - b. Participant
2. Ensures that Participant Interface is aware of planned termination if notification received directly from participant.
3. Ensures receipt of documentation of planned termination by Participant Interface from participant.

NOTE: Participant Interface maintains the records of the termination. Surveillance monitors the close-out of the account.

4. Reviews documentation received from participant for completeness and to ensure that NSDL is protected when acting to close the account(s).
 - a. Statement of voluntary termination by participant
 - b. Effective date of termination
 - c. Last activity date
5. Notifies Participant Interface if additional documentation is needed.

6. **Monitors activity in terminating participant's account(s) to:**
 - a. **Ensure timely removal of securities positions.**
 - b. **Ensure risk to the depository is minimized.**
7. **Assists participant and internal departments as necessary in clearing positions.**
8. **Prepares monthly listing of participants in terminating status and distributes the same to all heads of depository operating departments.**
9. **Monitors account of activity after last activity and effective termination date.**
10. **Takes steps to reverse activity found under Step 9.**
11. **Maintains all records related to closing participant account(s) and actions taken in participant file.**

Identification Code: SUR014
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Ceasing to Act for a Participant

PURPOSE: To minimize risk to NSDL when a participant has such severe financial problems that the depository can no longer act on behalf of that participant.

NOTE: THIS PROCEDURE HAS BEEN DEVELOPED BY PRICE WATERHOUSE AT THE REQUEST OF NSDL'S SURVEILLANCE DEPARTMENT FOR SUGGESTIONS BASED ON EXPERIENCE AT A U.S. DEPOSITORY. ADOPTION OF THIS PROCEDURE OR AN ADAPTATION OF THE SAME IS AT THE DISCRETION OF NSDL MANAGEMENT.

PROCEDURE:

Head of Surveillance

1. Receives notification from senior management and/or the Disciplinary Action Committee (DAC) of a decision to cease to act for a participant.

NOTE: All subsequent steps are taken immediately upon receiving this notification.

2. Notifies all NSDL department heads and other management of the decision to cease to act for a participant.

3. Instructs distribution area to hold all material going to the participant until Surveillance reviews it.

4. Directs the continued monitoring of the close out of the participant's account.

- a. Routine actions.
- b. As instructed by senior management and/or the DAC.

5. Works with Legal Department in preparing notification of action to:

- a. SEBI
- b. Exchanges, Clearing Corporations/Houses, etc.

- c. Press and other information services
 - d. Participants through circular.
6. Ensures all notifications are completed within the required time frame.

NOTE: Typically, this is prior to the opening of trading on the effective date of the cease-to-act action.

**Surveillance
Officer**

- 7. Monitors activity in participant's account(s).
- 8. Adds participant to Daily Watchlist as necessary. Refer to related procedure SUR008.
- 9. Reverses unacceptable entries as directed by management on and after the effective date of the cease-to-act action.

NOTE: The NSDL system currently does not have a way to automatically suspend transactions by participant.

- 10. Calculates and collects supplemental participant fund deposits as directed by management. Refer to related procedure SUR009.
- 11. Continues to provide management with daily status reports on the progress of closing out the account(s).
- 12. Ensures all billing of charges due to NSDL is collected prior to the return of supplemental participant fund deposits.
- 13. Maintains complete records on all actions taken with the participant's account(s).

Identification Code: SUR015
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Review of Business Partner Inspections

PURPOSE: To ensure participants continue to meet NSDL requirements.

The inspection report as generated by the Business Partner Inspections area is one tool available to Surveillance for this purpose. Refer to all other procedures as related to monitoring of participants.

NOTE: THIS PROCEDURE HAS BEEN DEVELOPED BY PRICE WATERHOUSE AT THE REQUEST OF NSDL'S SURVEILLANCE DEPARTMENT FOR SUGGESTIONS BASED ON EXPERIENCE AT A U.S. DEPOSITORY. ADOPTION OF THIS PROCEDURE OR AN ADAPTATION OF THE SAME IS AT THE DISCRETION OF NSDL MANAGEMENT.

PROCEDURE:

Surveillance
Officer

1. Receives copy of final inspection report from Inspection Officer.
 - a. For Issuers (Exhibit I)
 - b. For Participants (Exhibit II)
2. Reviews content of report for:
 - a. Any abnormalities in Business Partner financial data and/or business operations.
 - b. Correction of problems identified through previous inspections.
3. Incorporate findings as appropriate in:
 - a. Daily Watchlist (Refer to related procedure SUR008)
 - b. Emergency Participant Profile (Refer to related procedure SUR012)
4. Alerts Head of Surveillance immediately of any critical findings having immediate and/or major impact on depository processing.
5. Maintains records of inspections and resulting actions taken in participant file.

Procedure Number: SUR015

Title: Theme Paper for Inspections for Share Registrars/Issuers

EXHIBIT I (a)

NATIONAL SECURITIES DEPOSITORY LIMITED
(BP INSPECTION DEPARTMENT)

Sub : Report on visit to _____

_____ (Share Registrar/ Issuer) was visited by the
undersigned officers on _____.

The following are the salient observations :

Submitted.

O () :

O () :

VP (VRN) :

M (AS)

55

Procedure Number: SUR015

Title: Theme Paper for Inspections for Share Registrars/Issuers
EXHIBIT I (b)

Preparatory points for visit to _____ (Share registrar/ Issuer)

1. Name of the Registrar/ Issuer :
2. Officers proposed to visit :
3. Date of proposed visit :
4. Date of last visit :

General information

1. Address where records are kept :
2. Contact person :
3. Compliance officer :
4. Investor relations officer :
5. Name of the persons trained at NSDL :

Client information

1. Number of clients :
2. Number of clients to whom full service is given :
3. Number of clients to whom only connectivity is provided :
4. Total no. of beneficiary owners attached to the SHR/ Issuer:

Performance related information

1. Connectivity record during the last three months : (if there have been frequent failures, a detailed discussion should be held during the visit and a report given under the head "connectivity")

Procedure Number: SUR015

Title: Theme Paper for Inspections for Share Registrars/Issuers

EXHIBIT I (c)

2. General queries as observed from help desk register
3. Are there any specific complaints about delay in despatch of share certificates for demat :
4. Check the file for pending correspondence :
5. Complaints
6. Whether Issuer provides timely information to the Depository about book closure, record dates, etc.
7. Whether the grievances of the Beneficial Owners are resolved by the Issuer or its Registrar & Transfer Agent within a period of twenty-one days, from the date of receipt of the complaint concerning NSDL and/or its agents:
8. Number of demat / remat requests received.

<u>Time to confirmation</u>	<u>No. of days</u>	<u>DRE No.</u>	<u>ISIN name</u>	<u>DP</u>
Maximum time				
Minimum time				
Average time		NA	NA	NA

Observations follow up on the last visit

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Procedure Number: SUR015

Title: Theme Paper for Inspections for Share Registrars/Issuers
EXHIBIT I (d)

Report on visit to _____ (Share Registrar/ Issuer)

Chief Executive :

Operations In charge :

No. of officers/ staff

at Mumbai :

branchwise :

Total folios handled :

ISINs handled outside Bombay: SHR location :

Arrangements for each ISIN

Organisation chart

DEMATERIALISATION

- Whether all certificates received are duly defaced with words "Submitted For Dematerialisation" and have holes punched into them. If not so defaced, has the DP who has forwarded the certificates been notified and the same reported to NSDL.
- Whether temporary or final receipt is given by the Issuer or its R & T Agent for each DRE. If so, what kind of seal or stamp is used? How much time is taken to give final receipt?
- On confirmation of dematerialisation request, what does the Issuer or its R & T Agent do with the certificates.
 - Scan and destroy
 - Destroy
 - Store at the co.
 - Store at the registrar

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Procedure Number: SUR015

Title: Theme Paper for Inspections for Share Registrars/Issuers
EXHIBIT I (e)

- Does the Issuer or its R & T Agent process the dematerialisation requests within 15 days from the date of receipt of the request. Check point should be the inward register maintained by the Registrar

<u>Time to confirmation</u>	<u>No. of days</u>	<u>DRF No.</u>	<u>no. of shares</u>	<u>no. of certificates</u>	<u>DP</u>
Maximum time					
Minimum time					
Average time		NA	NA		NA

Time elapsed between receiving Demat request on the system and physical receipt of paper

<u>Time gap</u>	<u>No. of days</u>	<u>DRF No.</u>	<u>no. of certificates</u>	<u>DP</u>	<u>Mode of sending</u>
Maximum time					
Minimum time					
Average time		NA	NA		NA

- What is the method of custody and safe keeping of DRFs ?
- What is the control over DNRs (distinctive number ranges) ?
- Whether the demat requests are being taken to share transfer committee or being done directly without reference to the committee/issuer?

Procedure Number: SUR015

Title: Theme Paper for Inspections for Share Registrars/Issuers

EXHIBIT I (f)

- Observations on the scrutiny of the certificates:
 - what additional checks/ precautions are being taken?
 - whether a register is opened for the control of distinctive numbers dematerialised?

- Whether any demat request was rejected. If yes, details of rejection:

DRF no./ no. of shares/ DP/ Client/ Reason for rejection

- Verification of Demat request and Release of credit - same person or different?

Procedure when only electronic connectivity is given (enclose formats used - within same city/ outside) :

RECONCILIATION

- Whether the Issuer reconciles the records in respect of balances of eligible securities
- What records are kept in case of mismatch and action taken thereafter ?
- Whether there is a check with ROM for NSDL balance.

RECORDS MAINTAINED BY THE REGISTRAR AND TRANSFER AGENT

- How are the following records maintained :

DRF received from the DP:

Certificate details of securities received for dematerialisation:

Objection memo and certificate details of the rejected securities against the DRN:

RRF submitted by the client:

Proof of delivery of share certificates which have been sent to the client after rematerialisation:

Procedure Number: SUR015

Title: Theme Paper for Inspections for Share Registrars/Issuers

EXHIBIT I (g)

HARDWARE

Connectivity :

Period for which system is kept powered on ?

Whether router is powered off at night ?

Problems encountered in achieving 100 % connectivity if any

- Whether any other workstation, computer system or hardware has been connected to the User Hardware System.
- Physical location of the hardware and whether access restricted or not ?
- Measures taken to prevent break ins, hacking etc.
- Whether disk space is adequate for the no. of folios (show calculations) :

SOFTWARE

- How many people have System Admin access.
- Whether variable access rights given or not ?
- What is the version of Application software ? Has the latest version been updated ?
- What is the Windows NT version ?

BACKUPS

Are there any problems in taking backups:

Whether back-ups are being taken up regularly:

Who ensures back-up is taken :

Who does the backup:

What type of numbering scheme is followed:

Where are the old backup tapes kept:

When do they do the back up:

Where do they store remote backup:

Availability of UPS and capacity :

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Procedure Number: SUR015

Title: Theme Paper for Inspections for Share Registrars/Issuers
EXHIBIT I (h)

SUPERVISORY PERSONNEL

Whether the Issuer is maintaining an internal record of the names of all persons who are designated as supervisory personnel and dates for which such designation is or was effective.

- Whether NSDL trained persons are there and whether they are working exclusively on the depository system or have been assigned other duties as well?
- What are the working hours prescribed for their staff? What is staffing arrangement now in place -- shift, etc.
- Whether Compliance Officer and Investor Relations Officer have been nominated ?
- Who is the System Administrator
- If they have Windows NT & SQL SERVER trained staff ?

SYSTEM and ACCESS SECURITY

- How many people have access to NT Console (administration password) ?
- Have they implemented Access Authorisation scheme available in DPM Module ?
- Is the system loaded with any other application ?
- Is virus protection being used?

USAGE

Any difficulty faced in using the system :
Is the system user friendly:
Whether additional training for staff is needed:
Where do you desire improvement:
Any bugs discovered:

Suggestions from the Business Partner:

Concluding observations:

Procedure Number: SUR015

Title: Theme Paper for Inspections for Depository Participants

EXHIBIT II (a)

NATIONAL SECURITIES DEPOSITORY LIMITED
(BP INSPECTION DEPARTMENT)

Sub : Report on visit to _____

_____, (Depository Participant) was visited by the
undersigned officers on _____.

The following are the salient observations :

Submitted.

O () :

O () :

M (AS)

Procedure Number: SUR015

Title: Theme Paper for Inspections for Depository Participants

EXHIBIT II (b)

PREPARATORY NOTE

1. Name of the Business Partner :
2. Officers proposed to visit :
3. Date of proposed visit :
4. Date of last visit :

General information

1. Address where records are kept :
2. Contact person :
3. Compliance officer :
4. Investor relations officer :
5. Name of the persons trained at NSDL :

Client information

1. Number of clients :
2. Number of clearing member accounts :
3. Number of ISINs :
4. Major ISINs held in custody :
5. Branches from where service offered :

Procedure Number: SUR015

Title: Theme Paper for Inspections for Depository Participants

EXHIBIT II (c)

Performance related information

1. Connectivity record during the last three months : (if there have been frequent failures, a detailed discussion should be held during the visit and a report given under the head "connectivity") Connectivity "up" time (100 %/ satisfactory/ poor)
2. General queries as observed from help desk register
3. Are there any specific complaints about delay in despatch of share certificates for demat :
4. Net worth as per latest annual report (check that custody value is 25 times) :
5. Are there a major proportion of off market transactions :
6. Whether all pending correspondence is cleared
7. Complaints
8. Take Audit trail report for client A/c (clearing members, NRIs, corporates) and house A/c. use it to check for proper documentation and scrutinise forms of clients and make detailed scrutiny of house A/c transactions at site
9. Whether the Participants have submitted the following returns to the Depository
 - number of complaints received from Clients, their nature, status and manner of redressal once every month;
 - number of transfers effected for off-market settlement of trades once every month.

Observations: follow up on the last visit

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Procedure Number: SUR015

Title: Theme Paper for Inspections for Depository Participants
EXHIBIT II (d)

Report on visit to _____ *(DP)*

Chief Executive :

Operations In charge :

No. of officers working in this activity :

Organisation chart

- What share of the total business is the Depository business and the status given to the Depository part of the business.
- Note office layout and the place where records are kept (with regard to retrieval and safe keeping).

ACCOUNT OPENING

- Whether the application form submitted by the client is verified for
 1. address
 2. photograph
 3. memorandum and articles of association
 4. and authorised signatory (in case of a co.)
 5. NRI status
 6. RBI permission
 7. Tax status
 8. PAN no.
 9. Bank details

Procedure Number: SUR015

Title: Theme Paper for Inspections for Depository Participants
EXHIBIT II (e)

- Whether copy of rules and regulations are easily available to clients.
- What signature verification procedures are in place (scanner, physical record, etc.)
- Random checks to ensure that all relevant details given by investors on the form are identically entered into the system
- Whether proper records for house accounts of DPs are kept

AGREEMENTS

- Observations on agreement between DP and account holder
 1. Agreements have been executed at the time of opening accounts
Y: No
 2. Schedule A (list of charges as per clause 1) is appended to the agreements
Y: No
 3. Copy of agreement given to client
Y: No

DEMATERIALIZATION

- Whether acknowledgement is given by the DP for each DRF.
- Whether all certificates are being defaced with words "Submitted For Dematerialisation"
- Whether holes are being punched into certificates received for demat
- Whether Defacing / mutilation is being done in the presence of the client.
- Has the DP forwarded the DRF received, along with the security certificates, to the Issuer or its Registrar & Transfer Agent not later than 7 days of accepting the same

Procedure Number: SUR015

Title: Theme Paper for Inspections for Depository Participants
EXHIBIT II (f)

from its Client. Log book of receipt and delivery of DRFs should be the check point. Also courier receipts.

<u>DRF despatch</u>	<u>No. of days</u>	<u>DRF No.</u>	<u>ISIN name</u>	<u>No. of certificates</u>
<u>lapse time</u>				
Maximum time				
Minimum time				
Average time		NA	NA	NA

- Are incomplete dematerialisation request forms being accepted by the DP
- How has the DP ensured the safety of the certificates submitted for dematerialisation till the certificates are forwarded to the Issuer or its Registrar and Transfer Agent. What are the means of forwarding ?
- What is the method of custody and safe keeping of DRFs ?
- What is the method of despatching securities to the concerned SHR ?

OPERATING ACCOUNTS/ACCOUNT TRANSFERS

- Whether acknowledgement is given by the DP for each account transfer instruction.
- Whenever DP executes any debit or credit in the account of the Client does it do so after taking authorisation from such Client. Check instruction forms
- Verify whether the forms laid down under the Business Rules are being adhered to by the Participants at the time of operating the accounts of their clients and giving effect to the transactions.
- Check proportion of off - mkt to mkt deliveries
- Check delivery out orders receipt in instructions

Procedure Number: SUR015

Title: Theme Paper for Inspections for Depository Participants
EXHIBIT II (g)

- Check house A c to client A c, client to CML and client to client transfers (two each at random)

What method is adopted to authenticate signatures on client instructions ?

STATEMENT OF ACCOUNT

- Whether the Participant is forwarding periodical statement of accounts to the Clients at least once in fifteen days
- Whether transaction statement is being forwarded to the clients once in fifteen days
- Whether the statements are being authenticated ?
- If so, how ?

RECORDS BEING MAINTAINED BY THE PARTICIPANTS

Check whether following are being kept :

1. Delivery Receipt Instructions given by its clients.
2. Instruction for cancellation of orders by clients.

Whether such instructions are being maintained for house account transactions as well.

Check following records. Check forms used by DP in comparison with prescribed forms. Take sample copies and note deviations :

- i) Dematerialisation request form (DRF) .
- ii) Proof of deliveries of DRF and securities to the Issuer or its Registrar and Transfer Agent.
- iii) Objection memo and certificate details of the rejected securities against the DRN.

HARDWARE

Connectivity :

Period for which system is kept powered on ?

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Title: Theme Paper for Inspections for Depository Participants
EXHIBIT II (h)

Whether router is powered off at night ?

Problems encountered in achieving 100 % connectivity if any

- Whether any other workstation, computer system or hardware has been connected to the User Hardware System.
- Physical location of the hardware and whether access restricted or not ?
- Measures taken to prevent break ins, hacking etc.

SOFTWARE

- How many people have System Admin access.
- Whether variable access rights given or not ?
- What is the version of Application software ? Has the latest version been updated ?
- What is the Windows NT version ?

BACKUPS

- Whether back-ups are being taken up regularly ?
- Who ensures back-up is taken ? Who does the backup?
- Where are the remote back-ups kept?
- Whether sufficient power back-up like UPS is available ? Is UPS cover available for server, router, IDU ?

PERSONNEL

- Whether the Participant is maintaining an internal record of the names of all persons who are designated as supervisory personnel and dates for which such designation is or was effective.
- Whether NSDI trained persons are there and whether they are working exclusively on the depository system or have been assigned other duties as well?

Procedure Number: SUR015

Title: Theme Paper for Inspections for Depository Participants

EXHIBIT II (i)

- Adequate Windows NT & SQL SERVER trained staff?
SYSTEM and ACCESS SECURITY
- How many people have access to NT Console (administration password) ?
- Has Access Authorisation scheme been implemented ?
- Is the system loaded with any other application ?

Suggestions from the Business Partner:

Concluding observations:

APPENDIX C

PROCEDURES FOR COMPLIANCE

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Compliance Department

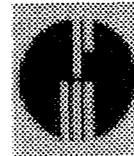
Operating Procedures

National Securities Depository Ltd.



Manual prepared by:

Price Waterhouse LLP/USAID FIRE Project



Disclaimer: This publication has been prepared by Price Waterhouse LLP/FIRE Project sponsored by USAID, for private circulation. While utmost care has been taken in preparing this manual, we claim no responsibility for its completeness and accuracy.

Version: Draft/Nov 1997

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Identification Code: COM001
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Issuing Circulars to Business Partners

PURPOSE: To notify business partners about regulatory and depository compliance issues as they relate to the respective processing of the business partners.

NOTE: THIS PROCEDURE HAS BEEN DEVELOPED BY PRICE WATERHOUSE AT THE REQUEST OF NSDL'S COMPLIANCE DEPARTMENT FOR SUGGESTIONS BASED ON EXPERIENCE AT A U.S. DEPOSITORY AND REGULATOR. ADOPTION OF THIS PROCEDURE OR AN ADAPTATION OF THE SAME IS AT THE DISCRETION OF NSDL MANAGEMENT.

PROCEDURE:

Compliance Officer 1. Determines need to issue circular through:

- a. Notification of change in the Depositories Act and/or regulations related to depository processing.
- b. Notification of change to depository business rules and/or bye-laws that affect business partners.
- c. Need to support Surveillance and Business Partner Inspection activities.

NOTE: Circulars in this case might be in the form of reminders about the need to comply with periodic audits and inspections as conducted by the depository.

d. Instructions received from Head of Compliance.

2. Drafts circular based on information to be distributed.

3. Forwards draft to Head of Compliance for review/approval.

Head of Compliance 4. Reviews circular drafts as received from Compliance Officer.

5. Notes any changes needed.

6. Approves final version of circular.

7. Returns draft to Compliance Officer for further processing.

Compliance Officer 8. Makes changes to circular draft as instructed by Head of Compliance.

9. Secures final approval from Head of Compliance.

10. Forwards draft to circular coordinator for printing and distribution.

NOTE: It is anticipated that actual control and distribution of circulars will be centralized within the depository's business operations.

11. Follows up to ensure that circular is distributed to appropriate business partners on a timely basis.

12. Maintains file of related records for future reference.

Identification Code: COM002
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Interfacing with Regulators

PURPOSE: To facilitate various interactions with regulators including requests for information on depository activity, periodic regulator inspections, reporting of non-compliance issues, etc.

NOTE: All internal operating departments should also forward any requests from regulators for information to the Compliance department for further action.

NOTE: THIS PROCEDURE HAS BEEN DEVELOPED BY PRICE WATERHOUSE AT THE REQUEST OF NSDL'S COMPLIANCE DEPARTMENT FOR SUGGESTIONS BASED ON EXPERIENCE AT A U.S. DEPOSITORY AND REGULATOR. ADOPTION OF THIS PROCEDURE OR AN ADAPTATION OF THE SAME IS AT THE DISCRETION OF NSDL MANAGEMENT.

PROCEDURE:

Request for Information

1. Compliance Officer receives request for information on depository activity from regulator.
2. Consults with Head of Compliance on legal and operational ability to provide information.
3. Proceeds based on step 2.
 - a. Advises regulator that type of information requested requires a court order.
 - b. Advises regulator of operational problems in providing data.
 - c. Accumulates and reports information to regulator without a court order where appropriate.
4. Alerts Surveillance Department where request from regulator indicates problem at business partner.

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NOTE: Surveillance will proceed with a further investigation as appropriate and under their procedures.

5. Responds to any questions that regulator may have about information.
6. Maintains related records in appropriate file. for future reference.

Regulator Inspections

Compliance Officer 7. Receives notification of intended periodic inspection by the regulator.

NOTE: Unless there are unusual circumstances, regulators will normally notify the depository of the date for the inspection.

8. Notifies operating departments (business and systems) of planned inspection.
9. Facilitates regulators inspection through:
 - a. Ensuring preliminary data is available for inspectors as may be requested.
 - b. Acting as liaison between inspectors and internal departments in arranging interviews, securing additional data, etc.
10. Monitors progress of inspection.
11. Keeps Depository Management informed on progress of inspection.
12. Reviews report by regulator on inspection with senior management.
13. Prepares responses to regulator as appropriate.

**Head of
Compliance**

Compliance Officer 14. Assists in accumulating information as necessary to respond to regulator findings.

15. Follows up with internal departments to ensure that accepted regulator recommendations are carried out.
16. Maintains file of related records for future reference.

Notification of Depository Non-Compliance

**Compliance Officer 17. Monitors various depository activities for compliance to regulations.
Refer to related procedures.**

18. Notifies Head of Compliance if it is found that depository is not in compliance in any area.

**Head of
Compliance**

19. Reviews findings of Compliance Officer.

20. Consults with Senior Management as appropriate.

21. Reports non-compliance issue and corrective actions being taken to regulator where appropriate.

Compliance Officer 22. Follows up to ensure that corrective actions are taken.

23. Informs Head of Compliance of status found in step 22.

24. Maintains related records for future reference.

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Identification Code: COM003
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Investor Grievances

PURPOSE: To monitor the processing of investor grievances by the Risk Management department ensuring that the disposition of the grievances complies with all regulations and internal rules/bye-laws.

NOTE: THIS PROCEDURE HAS BEEN DEVELOPED BY PRICE WATERHOUSE AT THE REQUEST OF NSDL'S COMPLIANCE DEPARTMENT FOR SUGGESTIONS BASED ON EXPERIENCE AT A U.S. DEPOSITORY AND REGULATOR. ADOPTION OF THIS PROCEDURE OR AN ADAPTATION OF THE SAME IS AT THE DISCRETION OF NSDL MANAGEMENT.

PROCEDURE:

Compliance Officer 1. Receives copy of investor grievances and related research from Risk Management department.

2. Performs any research as appropriate for Compliance department.

3. Provides Head of Compliance with package on grievance:

a. Information received in Step 1.

b. Any findings from step 2.

c. Recommendations on disposition of grievance.

**Head of
Compliance**

4. Reviews grievance package as received from Compliance Officer.

5. Participates in any meetings to review and make decision on grievance(s).

6. Provides opinion on appropriateness of decision as related to compliance issues.

7. Records opinion and decision in compliance package.

Compliance Officer 8. Monitors open grievances for timely resolution as required by regulator.

9. Follows up as necessary where resolution of grievance is being delayed.

10. Receives closed package from Head of Compliance.

Identification Code: COM004
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Review of Business Partner Inspections

PURPOSE: To determine any compliance issues that may be uncovered under an inspection performed by Business Partner Inspections.

NOTE: THIS PROCEDURE HAS BEEN DEVELOPED BY PRICE WATERHOUSE AT THE REQUEST OF NSDL'S COMPLIANCE DEPARTMENT FOR SUGGESTIONS BASED ON EXPERIENCE AT A U.S. DEPOSITORY AND REGULATOR. ADOPTION OF THIS PROCEDURE OR AN ADAPTATION OF THE SAME IS AT THE DISCRETION OF NSDL MANAGEMENT.

PROCEDURE:

- Compliance Officer**
1. Receives copies of all reports on inspections from Business Partner Inspections department.
 2. Reviews report to determine if there are any compliance issues in the findings.
 3. Develops recommendations where non-compliance conditions are found.
 4. Reviews findings and recommendations with Head of Compliance.
 5. Notifies Surveillance of any non-compliance issues with business partners.
 6. Follows up to ensure that corrective actions are taken by business partner by:
 - a. Consulting with Surveillance.
 - b. Contacting business partner directly where appropriate.
 7. Informs Head of Compliance of any continuation of non-compliance condition.

**Head of
Compliance**

8. Notifies Senior Management of non-compliance conditions found in inspection report.

9. Provides instructions to Compliance Officer on how to proceed as necessary.

10. Monitors correction of non-compliance condition.

11. Informs Senior Management of any continuation of condition.

12. Works with Disciplinary Action Committee (DAC) as necessary to levy appropriate discipline against business partner.

Compliance Officer 13. Assists Head of Compliance as necessary to monitor status of non-compliance condition.

14. Provides legal opinion(s) on condition to Head of Compliance and DAC as needed.

15. Maintains file of related records by business partner.

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Identification Code: COM005
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Review of Annual Risk Management Internal Control Report

PURPOSE: To ensure that the controls in place to minimize identified internal risks meet compliance requirements.

NOTE: THIS PROCEDURE HAS BEEN DEVELOPED BY PRICE WATERHOUSE AT THE REQUEST OF NSDL'S COMPLIANCE DEPARTMENT FOR SUGGESTIONS BASED ON EXPERIENCE AT A U.S. DEPOSITORY AND REGULATOR. ADOPTION OF THIS PROCEDURE OR AN ADAPTATION OF THE SAME IS AT THE DISCRETION OF NSDL MANAGEMENT.

PROCEDURE:

- Compliance Officer**
1. Receives copy of completed annual report on risks and related controls from Risk Management.
 2. Reviews risks and controls from a compliance perspective.
 3. Develops legal opinion(s) on adequacy and appropriateness of controls as related to compliance issues.
 4. Reviews risk report and opinions from step 3 with Head of Compliance.
- Head of Compliance**
5. Issues and distributes report on findings based on step 4 to:
 - a. Head of Risk Management.
 - b. Senior Management.
 6. Meets with other management as necessary to discuss findings.
 7. Monitors any corrective actions to be taken.
- Compliance Officer**
8. Assists Head of Compliance in monitoring any corrective actions to be taken.

9. **Maintains file by Risk Management report date, including:**
 - a. **Original report from Risk Management.**
 - b. **Findings and legal opinions on controls.**
 - c. **Report as issued by Head of Compliance.**
 - d. **Notes on any other meetings and/or discussions related to findings and corrective actions.**

Identification Code: COM006
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Record Keeping Requirements

PURPOSE: To establish standards for record keeping within the depository as required by the depository regulations. Such record keeping applies to both the business and systems operations.

NOTE: THIS PROCEDURE HAS BEEN DEVELOPED BY PRICE WATERHOUSE AT THE REQUEST OF NSDL'S COMPLIANCE DEPARTMENT FOR SUGGESTIONS BASED ON EXPERIENCE AT A U.S. DEPOSITORY AND REGULATOR. ADOPTION OF THIS PROCEDURE OR AN ADAPTATION OF THE SAME IS AT THE DISCRETION OF NSDL MANAGEMENT.

PROCEDURE:

- Compliance Officer 1. Develops legal opinions on record keeping requirements as dictated by regulation.**
- 2. Establishes:**
 - a. What type of records are to be maintained.**
 - b. Time period for each type of records retention.**
 - 3. Reviews results of steps 1 and 2 with Head of Compliance.**
 - 4. Makes any adjustments as a result of step 3.**
 - 5. Publishes to internal operating departments:**
 - a. What types of records are to be maintained.**
 - b. Retention period for each type of records.**
 - 6. Reviews internal operating procedures for each department to ensure that required records maintenance and retention are accommodated.**

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7. Notifies respective department of any non-compliance to records maintenance/retention as found in step 6.

8. Monitors corrective actions as necessary and based on step 7.

9. Notifies Head of Compliance of any continued non-compliance to records maintenance/retention as found in steps 6 and 7.

**Head of
Compliance**

10. Addresses non-compliance issues from step 9 with

a. Respective head of department not in compliance.

b. Senior management.

11. Advises Compliance Officer on any further action to be taken.

Compliance Officer 12. Proceeds as directed by Head of Compliance

13. Maintains file for future reference of

a. Legal opinion(s).

b. Standards set for operating departments.

c. Non-compliance issues and resulting actions.

Identification Code: COM007
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Administrative Compliance

PURPOSE: To ensure the continued compliance with basic regulations related to the administration of the depository.

NOTE: THIS PROCEDURE HAS BEEN DEVELOPED BY PRICE WATERHOUSE AT THE REQUEST OF NSDL'S COMPLIANCE DEPARTMENT FOR SUGGESTIONS BASED ON EXPERIENCE AT A U.S. DEPOSITORY AND REGULATOR. ADOPTION OF THIS PROCEDURE OR AN ADAPTATION OF THE SAME IS AT THE DISCRETION OF NSDL MANAGEMENT.

PROCEDURE:

- Compliance Officer 1. Ensures payment of annual fee is made to regulator by the depository.
2. Reviews periodic financial reports to verify that:
 - a. Depository sponsor holds at all times at least 51% of the equity capital of the depository as required by regulation.
 - b. Balance of equity capital of depository is held by depository participants .
 - c. No participant holds more equity capital of depository than is allowed by regulation.
 - d. The net worth of the depository meets the regulatory requirement.
 3. Reviews all types of insurance coverage to ensure that it is adequate for indemnifying beneficial owner against any loss as a result of acts by the depository or its participants, including but not limited to:
 - a. Investor protection funds.
 - b. Corporate (depository) insurance.
 - c. Contingency funds.

4. Consults with Head of Compliance where violations are found.

**Head of
Compliance**

5. Notifies senior management of violations.

6. Makes recommendations on corrective actions.

7. Decides if regulator needs to be informed about violation and corrective action being taken.

8. Instructs Compliance Officer on any further actions.

Compliance Officer 9. Monitors the implementation of any required corrective actions.

10. Notifies regulator of findings and actions as instructed by Head of Compliance.

11. Maintains all related records, including:

- a. Areas reviewed.
- b. Findings.
- c. Recommendations.
- d. Corrective actions.
- e. Notification to regulator.

Identification Code: COM008
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Review of Internal Operating Procedures

PURPOSE: To ensure that internal operating procedures are in compliance with all laws, regulations, business rules and bye-laws.

NOTE: It may not be necessary for Compliance to review all procedures -- only those related to critical processes. However, until a specific pattern of procedures subject to this review is developed, Compliance may choose to receive all new and updated procedures so that the Compliance Officer can select the appropriate documentation where compliance issues are included.

The following procedure suggests those relevant functions that should be included in the review by Compliance.

NOTE: THIS PROCEDURE HAS BEEN DEVELOPED BY PRICE WATERHOUSE AT THE REQUEST OF NSDL'S COMPLIANCE DEPARTMENT FOR SUGGESTIONS BASED ON EXPERIENCE AT A U.S. DEPOSITORY AND REGULATOR. ADOPTION OF THIS PROCEDURE OR AN ADAPTATION OF THE SAME IS AT THE DISCRETION OF NSDL MANAGEMENT.

PROCEDURE:

Compliance Officer 1. Receives procedures from business operations departments for such functions as:

- a. Business partner application processing.
- b. Security eligibility.
- c. Grievance processing.
- d. Surveillance monitoring.
- e. Business partner inspections.
- f. Disciplinary actions.

2. **Receives procedures from system operations areas for such functions as:**
 - a. **User connectivity.**
 - b. **Data security (physical and electronic).**
 - c. **Data storage.**
 - d. **Back up systems/sites.**
3. **Reviews procedures for compliance to laws, regulations, business rules and bye-laws of the depository.**
4. **Ensures that adequate controls are in place to maintain compliance.**
5. **Consults with Head of Compliance where controls are weak or lacking.**
6. **Notifies respective head of department and senior management of findings in step 5.**
7. **Makes recommendations on corrective actions.**
8. **Decides if regulator needs to be informed about any severe lack of controls found through procedure review, including corrective action being taken.**
9. **Instructs Compliance Officer on any further actions.**

**Head of
Compliance**

Compliance Officer 10. **Monitors the implementation of any required corrective actions.**

11. **Notifies regulator of findings and actions as instructed by Head of Compliance.**
12. **Maintains all related records, including:**
 - a. **Procedures reviewed.**
 - b. **Findings.**
 - c. **Recommendations.**
 - d. **Corrective actions.**
 - e. **Notification to regulator.**

APPENDIX D

PROCEDURES FOR FINANCE/ACCOUNTS

Finance and Accounts Department

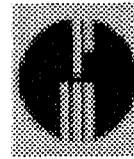
Operating Procedures

National Securities Depository Ltd.



Manual prepared by:

Price Waterhouse LLP/USAID FIRE Project



Disclaimer: This publication has been prepared by Price Waterhouse LLP/FIRE Project sponsored by USAID, for private circulation. While utmost care has been taken in preparing this manual, we claim no responsibility for its completeness and accuracy.

Version: 1.0/Nov 1997

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Identification Code: FIN001
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Preparing the Daily Financial Position

PURPOSE: To report daily bank and cash balances and investment position for Management information.

PROCEDURE:

- Officer
1. Prepares the Daily Financial Position using:
 - a. Rough Bank Books (Refer to related procedure FIN010)
 - b. Cheques Receipt Register (Refer to related procedure FIN007)
 - c. Cash Book (Refer to related procedure FIN002)
 - d. Investment Register (Refer to related procedure FIN017)
 - e. Payment Advices for payments over Rs. 1 lakh

NOTE: The Daily Financial Position (Exhibit I) includes the daily bank balances in each of the bank accounts including the opening balances, daily receipts, daily payments and closing balances; investment position; major payments and receipts for the day; and major payments and receipts expected during the week.

2. Sends the Statement to the HOD via Microsoft Exchange.

HOD

3. Forwards the Statement to the ED and MD.

4. Prepares a Daily Payment Status Statement (Exhibit II) showing approved payment advices pending with the Accounts Dept. on an Excel worksheet.

5. Sends the Daily Payment Status Statement daily to the HOD - Finance via Microsoft Exchange.

Officer

6. Maintains file of related documentation for future reference.

NATIONAL SECURITIES DEPOSITORY LIMITED

Daily Financial Position as on 17.5.97

FUNDS POSITION

(ALL FIGURES IN RS.)

	Opening bal	Receipts #	Payments	Closing bal
Canara Bank - Worli - A/c. No. XXXX				
Central Bank - Lower Parel No. XXXX				
Corporation Bank -A/c. No. XXXX		2		
Cash Balance		1	1	
Cheques in hand		X		
A	-	-	-	-

INVESTMENT

B

GROSS TOTAL

A + B

MAJOR PAYMENTS AND RECEIPTS FOR THE DAY (RS. ONE LAKH AND ABOVE)

PAYMENTS	AMOUNT	RECEIPTS	AMOUNT
	5		
TOTAL	-		

MAJOR PAYMENTS AND RECEIPTS EXPECTED DURING WEEK (RS. ONE LAKH AND ABOVE)

PAYMENTS	AMOUNT	RECEIPTS	AMOUNT

Procedure Number: FIN001
 Title: Daily Financial Position Statement
 EXHIBIT I

Procedure Number: FIN001
 Title: Daily Payments Status Statement
 EXHIBIT II

DAILY PAYMENTS STATUS. AS ON : 22 - July						
SRL.NO.	RECD DT.	AMOUNT	PARTY	DUE. DATE	PAY DATE	REMARKS
ADMN.						
1	2-Jul	390605	DD/ON UK	8-Jul	paid on 16-July	FURTHER CLARIFICATION REQD. TO BE DISCLOSED WITH NICKY.
2	8-Jul	25,613	J.M.MEHTA	14-Jul		
3	14-Jul	11,494	THE OBEROI	20-Jul		
4	14-Jul	10,320	BHARATHI CATERERS	20-Jul		FURTHER CLARIFICATION REQD.
5	20-Feb	13301	PRINTOGRAPHY	26-Feb	paid on 21-July	
6	15-Jul	2,259	D.P.SINGH	21-Jul		
7	15-Jul	357	WORLD SUBSCRIPTION	21-Jul	paid on 21-July	
8	15-Jul	66730	STANDARD XEROX	21-Jul	paid on 21-July	
9	16-Jul	1288	V.T TOURS	22-Jul	paid on 21-July	
10	16-Jul	25570	SUN TELECOM	22-Jul	paid on 21-July	
11	16-Jul	6642	EXCEL EXPRESS	22-Jul	paid on 21-July	
12	16-Jul	26,813	KETAN S. GANATRA	23-Jul		
13	16-Jul	28,235	LIBRARY PURCHASE	23-Jul		PRIMA FACIE OBJECTION WAS THERE
14	17-Jul	3,040	STANDARD XEROX	24-Jul		
15	17-Jul	9,504	WORLJWAY PETROL	24-Jul		
16	17-Jul	1,165	APEKSHA STATIONARY	24-Jul		
17	17-Jul	16,288	STANDARD XEROX	24-Jul		
18	21-Jul	5,734	STANDARD XEROX	27-Jul		
19	21-Jul	18,499	STANDARD XEROX	27-Jul		
20	21-Jul	19,656	PRAGATI COPY	27-Jul		
21	21-Jul	330	EXECUTIONERS.	27-Jul		
22	21-Jul	8,124	ANIL ELECTRICAL COMPANY	27-Jul		
23	17-Jul	185	ORIX AUTO FINANCE	23-Jul	paid on 21-July	
PERSONAL	21-Jul	735	TEL - N.PATHARPHOD	27-Jul		payment date 8/8/97
	21-Jul	1,337	TEL - T.KOSHY	27-Jul		payment date 8/8/97
	TOTAL A	189,145				
SYSTEM	15-Jul	31310	MEDILINE EQUIPMENT LTD	21-Jul	paid on 21-July	
	15-Jul	5550	BAPNA COMPUTERS	21-Jul	paid on 21-July	
	15-Jul	410000	TCS	21-Jul	paid on 21-July	
	TOTAL B	-				
	A + B	189,145				

TOTAL DOES NOT INCLUDE FIGURES IN RED.

SAMPLES

Identification Code: FIN002
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Petty Cash Payments

PURPOSE: To arrange for advance and reimbursements to employees for petty cash payments, such as conveyance, refreshments, printing and stationery, office expenses, entertainment expenses, postage etc.

NOTE: The maximum cash payment for expenses which can currently be made under the IT Act is Rs. 20,000.

PROCEDURE:

Cashier 1. Receives one of the following forms which is filled and signed by the NSDL employee:

- a. General Expenses and Advance Settlement Form (Exhibit I)
- b. Advance Requisition Form (Exhibit II)

Officer 2. Checks that the form is approved by the appropriate authority, for signature and amount of advance and claim.

NOTE: The List of Delegation of Authority (Exhibit III) specifies the authorising limits for each level of authority.

Cashier/Officer 1 3. Checks Expense Form for arithmetic accuracy, compliance with the company's policies, entitlements and limits.

4. Checks the supporting documents and signs the Form as "Checked by".

Cashier 5. Makes payment in cash to the employee.

6. Obtains their signature on the voucher for having received the cash under "Receiver's Signature".

7. Assigns a serial number to the voucher at the time of payment which corresponds to the entry in the Cash Book which is maintained manually.

8. Enters the relevant details into the Cash Book which gives the following information:

- a. Opening Balance
- b. Add Receipts for the day
- c. Less Payments for the day
- d. Closing Balance

9. Clubs all individual vouchers for petty cash payments into a single Payment Voucher at the end of the day. (Exhibit IV)

10. Signs the Payment Voucher and the Cash Book.

11. Submits it to the Officer for verification.

Officer 2

12. Verifies the entries in the Vouchers and Cash Book and signs the following as "Approved by":

- a. Payment Voucher and
- b. Cash Book

13. Sends it to the HOD for his authorisation.

HOD

14. Authorises the payment by signing the following as "Authorised by":

- a. Payment Voucher
- b. Cash Book

**Data Entry
Operator**

15. Enters the details of the Payment Voucher into the Tally System the next day.

16. Maintains file of related documentation for future reference.

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Procedure Number: FIN002

Title: General Expenses and Advance Settlement Form

EXHIBIT I (a)

NATIONAL SECURITIES DEPOSITORY LIMITED

Trade World, 5th Floor, Kamala Mills Compound, Lower Parel, Mumbai - 400 013.

GENERAL EXPENSES AND ADVANCE SETTLEMENT FORM

Name _____

Sr. No. _____

Designation _____

Date _____

Department _____

HEADS OF PAYMENT	AMOUNT	
	Rs.	P.
Conveyance		
Printing & Stationery		
Refreshments		
Office Expenses		
Postage & Courier		
Meetings & Conferences		
Entertainment Expenses		
Other Expenses (Please specify)		
TOTAL AMOUNT SPENT		
AMOUNT TAKEN AS ADVANCE, IF ANY		
BALANCE AMOUNT REFUNDED		
AMOUNT DUE TO EMPLOYEE, IF ANY		
RS. IN WORDS :		

Received **Rs.** _____

Claimed by

Approved by

Receiver's Signature

Checked by

Authorised by
(Finance & Accts. Dept.)

Internal Auditor

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Procedure Number: FIN002
Title: Advance Requisition Form
EXHIBIT II

NATIONAL SECURITIES DEPOSITORY LIMITED

Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013

ADVANCE REQUISITION FORM

A. R. F. No. : _____

Date : _____

Name _____

Designation _____

Department _____

Purpose _____

Amount Rs. _____

Advance outstanding as on today Rs. _____

Date & Previous Payment

Amount in Rs.

Received Rs. _____

Requisitioned by

Authorised by

Receiver's Signature

Internal Auditor

- Note :** 1) No fresh advance will be given unless the earlier advance is settled.
2) All advances should be settled within 2 days from the date of incurring the expenditure.

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Procedure Number: FIN002

Title: List of Delegation of Authority
EXHIBIT III

NATIONAL SECURITY DEPOSITORY LIMITED

Delegation of Authority by Managing Director

Pursuant to and by virtue of the powers delegated to me by the
the Company vide their resolution passed on August
the following powers to the extent mentioned hereinafter.

Nature of Expenses	Limits of Expenditure (Upto Rs.)			
	Manager	AVP	VP	ED
I Revenue Expenditure				
Conveyance	1,000/-	10,000/-	20,000/-	2,00,000/-
Printing & Stationary Purchase (Admin)	1,000/-	25,000/-	50,000/-	2,00,000/-
Postage, Courier & Telephones (Admin)	1,000/-	25,000/-	50,000/-	2,00,000/-
Computer Stationary and Consumable Purchase (Systems)	5,000/-	25,000/-	50,000/-	2,00,000/-
Telecom Consumables Purchase (Telecom)	5,000/-	25,000/-	50,000/-	2,00,000/-
Housekeeping Related Purchase (Admin)	5,000/-	25,000/-	50,000/-	2,00,000/-
Legal & Professional Charges	NIL	25,000/-	50,000/-	2,00,000/-
Advertisement & Recruitment Expenses (Personnel)	NIL	25,000/-	50,000/-	2,00,000/-
Advertisement & Promotional Expenses (Admin)	NIL	NIL	50,000/-	2,00,000/-
Training	NIL	25,000/-	50,000/-	2,00,000/-
Repair & Maintenance (Premises)-	5,000/-	25,000/-	50,000/-	2,00,000/-
Repair & Maintenance (Systems/Telecom)	5,000/-	25,000/-	50,000/-	2,00,000/-
Salary & related payments (as approved by Board/MD)	No limit			
Any other revenue expenditure not covered above	500/-	25,000/-	50,000/-	2,00,000/-
II Capital Expenditure				
A. Per article/item/purchase order if it does not fall under any project expenditure approval of the Board	NIL	25,000/-	50,000/-	1,00,000/-
B. Per article/item/purchase order if it falls under any project expenditure approval of the Board	NIL	50,000/-	2,00,000/-	3,00,000/-

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Procedure Number: FIN002

Title: Payment Voucher

EXHIBIT IV

NATIONAL SECURITIES DEPOSITORY LIMITED

Trade World, 4th Floor, Kamala Mills Compound, Lower Parel, Mumbai - 400 013.

PAYMENT VOUCHER

C. P. V. No.: _____

P. V. No. : _____

Date : _____

Cheque No. _____ dated _____ for Rs. _____ drawn on

_____ paid to _____

towards _____

ACCOUNT HEADS	DEBIT AMOUNT		CREDIT AMOUNT	
	Rs.	P.	Rs.	P.
DEBIT				
CREDIT				
TOTALS				

(auth)

Prepared by _____ Checked by _____ Authorised by _____ Receiver's Signature _____ Internal Auditor _____

Identification Code: FIN003
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Replenishment of Petty Cash

PURPOSE: To ensure sufficient funds are maintained as petty cash for timely payment of petty cash expenses.

PROCEDURE:

Cashier 1. Prepares a Statement of Expected Cash Payments (Cash Flow) periodically, based on the minimum cash balance which is required and the present payments. (Exhibit I)

Officer 2. Checks the Cash Flow and signs it, making remarks if necessary.
3. Sends the Cash Flow to the HOD for authorisation of cash withdrawal.

HOD 4. Authorises the withdrawal of cash.
5. Sends it to the Cashier.

Cashier 6. Prepares Contra Voucher (Exhibit II) and cheque for cash withdrawal.

Officer 7. Checks the Contra Voucher and the cheque.
8. Obtains signature on the cheque by the person authorised to do so.

Cashier 8. Sends the messenger to the Bank to withdraw cash.
9. Keeps cash in a box in the fire-proof safe.

NOTE: The Company's cash being transported from the Bank to the Office premises and the cash in the safe is covered by a Cash-in-Transit Insurance Policy. The Insurance Dept. must be notified of any theft.

10. Withdraws cash from the safe as necessary for petty cash payments.

11. Prepares the Daily Cash Report (Exhibit III) at the end of the day which shows the closing balance. (Refer to related Procedure FIN004)

Data Entry
Operator

12. Enters the details of contra vouchers into the Tally System.

13. Maintains a file of related documentation for future reference.

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Procedure Number: FIN003

Title: Statement of Expected Cash Payments

EXHIBIT I

NATIONAL SECURITIES DEPOSITORY LTD

Statement of expected cash payment on 01.9.97

As on date opening balance

OPENING BALANCE

Forecast	Payments	Present payment

**CASH WITHDRAWN /
TO BE WITHDRAWN ***

- CONVEYANCE
- PROFESSIONAL UPGRADATION
- TRAVELLING
- BOOKS & PERIODICALS
- PRINTING & STATIONERY
- REFRESHMENT
- POSTAGE
- OTHERS
- TELEPHONE
- RECRUITMENT
- ADVANCE

SOL

TOTAL PAYMENT

-	-	-	-
---	---	---	---

CLOSING BALANCE

PREPARED BY

CHECKED BY

AUTHORISED BY

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Procedure Number: FIN003

Title: Contra Voucher

EXHIBIT II

NATIONAL SECURITIES DEPOSITORY LTD.

Mahindra Towers, 1st Floor, A-Wing, R.B.C., Worli, Mumbai - 400 018.

CONTRA VOUCHER

C. V. No. : _____

Date : _____

Amount transferred from CORP Bank. to Cash.
vide Cash / Cheque / D.D. No. xy dated xy

ACCOUNT HEADS	DEBIT AMOUNT		CREDIT AMOUNT	
	Rs.	P.	Rs.	P.
DEBIT				
<u>Cash</u>	<u>xxx</u>	<u>-</u>		
CREDIT				
<u>CORP BANK.</u>			<u>xyy</u>	<u>-</u>
TOTALS	<u>xyy</u>		<u>xyy</u>	

Prepared by _____

Checked by _____

Authorised by _____

Internal Auditor _____

Procedure Number: FIN003

Title: Daily Cash Report

EXHIBIT III

NATIONAL SECURITIES DEPOSITORY LTD		
OPENING BALANCE - 17.9.97		
ADD:(CASH RECD-MR. SATYABRATA DASH)		
LESS : PAID AS PER CASH BOOK		
		TOTAL
CLOSING BALANCE: IN DENOMINATIONS		
500.00	X	
100.00	X	
50.00	X	
20.00	X	
10.00	X	
5.00	X	
2.00	X	
1.00	X	
Coins :		
TOTAL CLOSING BALANCE		
ACTUAL CLOSING BALANCE		

Identification Code: FIN004
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Physical Verification of Cash

PURPOSE: To verify the cash balance maintained in the safe against the Daily Cash Report prepared by the Cashier.

PROCEDURE:

Cashier 1. Prepares a Daily Cash Report (Exhibit I) at the end of each day to reflect the closing balance of the petty cash account.

NOTE: The closing balance in the Cash Book should tally with the physical balance.

Officer 2. Checks the cash balance maintained in the safe once a week on a random basis by counting the currency notes and coins.
3. Prepares and signs Cash Physical Verification Report. (Exhibit II)
4. Checks that the amount in the Cash Physical Verification Report matches the amount in the Daily Cash Report.
5. Reports any discrepancies to the HOD.

Cashier 6. Maintains file of related documentation for future reference.

Procedure Number: FIN004

Title: Daily Cash Report

EXHIBIT I

NATIONAL SECURITIES DEPOSITORY LTD		
OPENING BALANCE - 17.9.97		
ADD:(CASH RECD-MR. SATYABRATA DASH)		
LESS : PAID AS PER CASH BOOK		
		TOTAL
CLOSING BALANCE: IN DENOMINATIONS		
500.00	X	
100.00	X	
50.00	X	
20.00	X	
10.00	X	
5.00	X	
2.00	X	
1.00	X	
Coins :		
TOTAL CLOSING BALANCE		
ACTUAL CLOSING BALANCE		

10

Procedure Number: FIN004
 Title: Cash Physical Verification Report
 EXHIBIT II

NATIONAL SECURITIES DEPOSITORY LIMITED

CASH PHYSICAL VERIFICATION REPORT

REPORT DATE 17/10/1997

PHYSICAL VERIFICATION DONE BY :
 CASH MAINTAINED BY :
 CASH DENOMINATIONS :

Denomination		Number	Total
500	X		-
100	X		-
50	X		-
20	X		-
10	X		-
5	X		-
2	X		-
1	X		-
Coins :	X		-
RS. EIGHTEEN THOUSAND THREE THOUSAND FORTY SIX AND PAISE NINETY ONLY			-

We certify that the amount stated is correct and the amount is present physically as on 17/10/1997

0

0

Identification Code: FIN005
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Processing of Revenue Expenditure

PURPOSE: To ensure timely payment of recurring revenue expenses such as rent, electricity bills, printing & stationery etc.

PROCEDURE:

Officer

1. Receives the following:
 - a. Approval Note (Exhibit I) which is approved by the appropriate HOD
 - b. Payment Advice and
 - c. Bill

NOTE: Depending on the kind of payment, one or more of the following documents may also be necessary.

- a. Challan
- b. Payment Order
- c. Payment Advice

2. Checks that the expenditure is approved by the appropriate authority and is supported by the relevant Bills/Challans.

NOTE: The List of Delegation of Authority (Exhibit II) specifies the authorising limits for each level of staff.

3. Prepares a Payment Voucher.
4. Sends the Payment Voucher along with the supporting documents to the HOD - Finance for authorisation.

HOD

5. Authorises the payment and sends the Payment Voucher back to the Officer.

Officer

6. Prepares a cheque and issues it after it is signed by an authorised person.

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NOTE: Cheques for expenditure must be signed by a different HOD than the person requesting the expenditure.

**Data Entry
Operator**

- 7. Enters the details into Tally System the day after making payments.**
- 8. Maintains file of related documentation for future reference.**

Procedure Number: FIN005

Title: List of Delegation of Authority

EXHIBIT II

NATIONAL SECURITIES DEPOSITORY LIMITED

Delegation of Authority by Managing Director

Pursuant to and by virtue of the powers delegated to me by the
the Company vide their resolution passed on August
the following powers to the extent mentioned hereinafter

Nature of Expenses	Limits of Expenditure (Upto Rs.)			
	Manager	AVP	VP	ED
I Revenue Expenditure				
Conveyance	1,000/-	10,000/-	20,000/-	2,00,000/-
Printing & Stationary Purchase (Admin)	1,000/-	25,000/-	50,000/-	2,00,000/-
Postage, Courier & Telephones (Admin)	1,000/-	25,000/-	50,000/-	2,00,000/-
Computer Stationary and Consumable Purchase (Systems)	5,000/-	25,000/-	50,000/-	2,00,000/-
Telecom Consumables Purchase (Telecom)	5,000/-	25,000/-	50,000/-	2,00,000/-
Housekeeping Related Purchase (Admin)	5,000/-	25,000/-	50,000/-	2,00,000/-
Legal & Professional Charges	NIL	25,000/-	50,000/-	2,00,000/-
Advertisement & Recruitment Expenses (Personnel)	NIL	25,000/-	50,000/-	2,00,000/-
Advertisement & Promotional Expenses (Admin)	NIL	NIL	50,000/-	2,00,000/-
Training	NIL	25,000/-	50,000/-	2,00,000/-
Repair & Maintenance (Premises)-	5,000/-	25,000/-	50,000/-	2,00,000/-
Repair & Maintenance (Systems/Telecom)	5,000/-	25,000/-	50,000/-	2,00,000/-
Salary & related payments (as approved by Board/MD)	No limit			
Any other revenue expenditure not covered above	500/-	25,000/-	50,000/-	2,00,000/-
II Capital Expenditure				
A. Per article/item/purchase order if it does not fall under any project expenditure approval of the Board	NIL	25,000/-	50,000/-	1,00,000/-
B. Per article/item/purchase order if it falls under any project expenditure approval of the Board	NIL	50,000/-	2,00,000/-	3,00,000/-

Identification Code: FIN006
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Processing of Capital Expenditure

PURPOSE: To ensure timely payment of approved Capital Expenditure.

PROCEDURE:

- Officer**
1. Receives the following documents:
 - a. Approval note for the expenditure (Exhibit I) approved by the appropriate HOD
 - b. Payment Advice and
 - c. Purchase Order

2. Checks that the form is approved by the appropriate authority.

NOTE: The List of Delegation of Authority (Exhibit II) specifies the authorising limits for each level of staff.

3. Checks the purchase order for terms of payment.

NOTE: Checks the details of installments paid if this is not the first installment.

4. Checks receipt of the following documents for the final payment:

- a. Approval note
- b. Payment Advice
- c. Purchase Order
- d. Bill
- e. Delivery Challan
- f. Acceptance Report/Installation Report

NOTE: If stated in the terms of the purchase order, the payment is released against a Bank Guarantee.

5. Prepares a Payment Voucher and sends it along with the supporting documents to the HOD - Finance for authorisation.

1/8

6. Prepares a cheque and issues it after it is signed by an authorised person.

NOTE: Cheques for expenditure must be signed by a different HOD than the person requesting the expenditure.

**Data Entry
Operator**

7. Enters the details into the Tally System the next day.

8. Maintains file of related documentation for future reference.

Procedure Number: FIN006

Title: Approval Note

EXHIBIT I

To :

From : *XXX*

Dated : 20/12/96

Sub : Purchase of 'PERKS' , Salary Software Package .

Presently we have been preparing our Salary computation on Excel spread sheet every month. The present procedure not only consumes lot of time but also makes it difficult to maintain a database of salary and other employee related payments. Therefore there is a need to buy a software package which will meet the following requirements.

- ⇒ Computation of salary
- ⇒ Printing of Salary Slips
- ⇒ Maintaining of a database of payments and personnel database
- ⇒ Preparation of Customised reports

Keeping the above requirements in mind, enquiries were made with Softlink, the suppliers of 'VETAN' package and 'Vedika Softwares' the suppliers of 'PERK'.

Presently, 'VETAN' is being used by NSE and they are in the process of developing a large programme to suit their requirements. The package comes in Windows version costing Rs.15,000 after a discount of Rs .8,000. The price of 'PERK' is Rs.19,999 /- after a discount of Rs.10000/- . In case the package (PERK) does not suit our need they have a 100 % buy back arrangement ..

Though both the packages have similar features, PERK has the advantage of being tailormade to our requirements, whereas, VETAN will only customise the packages. Both have the facility of ATR compatibility.

PERK will develop the package in terms of our requirements and also as per the personnel policies of NSDL.

Considering this, it is proposed that we buy PERK package at a cost of Rs.19,999/- payable on installation.

For approval please .

Samudra
Jayabrata Dash(O) ✓

Gopalan (AVP) ✓

BEST AVAILABLE COPY

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Procedure Number: FIN006
 Title: List of Delegation of Authority
 EXHIBIT II

NATIONAL SECURITY DEPOSITORY LIMITED

Delegation of Authority by Managing Director

Pursuant to and by virtue of the powers delegated to me by the
 the Company vide their resolution passed on August
 the following powers to the extent mentioned here:

Nature of Expenses	Limits of Expenditure (Upto Rs.)			
	Manager	AVP	VP	ED
I Revenue Expenditure				
Conveyance	1,000/-	10,000/-	20,000/-	2,00,000/-
Printing & Stationary Purchase (Admin)	1,000/-	25,000/-	50,000/-	2,00,000/-
Postage, Courier & Telephones (Admin)	1,000/-	25,000/-	50,000/-	2,00,000/-
Computer Stationary and Consumable Purchase (Systems)	5,000/-	25,000/-	50,000/-	2,00,000/-
Telecom Consumables Purchase (Telecom)	5,000/-	25,000/-	50,000/-	2,00,000/-
Housekeeping Related Purchase (Admin)	5,000/-	25,000/-	50,000/-	2,00,000/-
Legal & Professional Charges	NIL	25,000/-	50,000/-	2,00,000/-
Advertisement & Recruitment Expenses (Personnel)	NIL	25,000/-	50,000/-	2,00,000/-
Advertisement & Promotional Expenses (Admin)	NIL	NIL	50,000/-	2,00,000/-
Training	NIL	25,000/-	50,000/-	2,00,000/-
Repair & Maintenance (Premises)-	5,000/-	25,000/-	50,000/-	2,00,000/-
Repair & Maintenance (Systems/Telecom)	5,000/-	25,000/-	50,000/-	2,00,000/-
Salary & related payments (as approved by Board/MD)	No limit			
Any other revenue expenditure not covered above	500/-	25,000/-	50,000/-	2,00,000/-
II Capital Expenditure				
A. Per article/item/purchase order if it does not fall under any project expenditure approval of the Board	NIL	25,000/-	50,000/-	1,00,000/-
B. Per article/item/purchase order if it falls under any project expenditure approval of the Board	NIL	50,000/-	2,00,000/-	3,00,000/-

Identification Code: FIN007
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Receipt of Cash and Cheques
PURPOSE: To record the receipt of cash and cheques.

PROCEDURE:

- Accounts Asst./
Cashier
1. Cheques or Cash are received via:
 - a. Mail
 - b. Hand delivery or
 - c. Other Departments

NOTE: Cash is received only by the Cashier.

2. Fills the details into the following Registers:
 - a. Cheques into the Cheques Received Register
 - b. Cash into the Cash Book

NOTE: The Registers contains the date the cheque/cash was received, cheque number, amount, party who made the payment and date on which the cheque was deposited.

3. Fills in the pay-in-slip for cheques received and sends it to the Bank.

NOTE: Cheques not deposited on the same day are kept overnight in the fireproof safe. The keys of the safe are in the custody of the HOD.

3. Enters the amount in the Daily Financial Position Statement under:
 - a. "Cheques in hand" and
 - b. "Cash Balance"

Refer to related procedure FIN001

4. Fills in Receipt Voucher. (Exhibit I)
5. Obtains authorisation from HOD.

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**Data Entry
Operator**

6. Enters details into the Tally System.
7. Maintains records for future reference.

Procedure Number: FIN007

Title: Receipt Voucher

EXHIBIT I

NATIONAL SECURITIES DEPOSITORY LTD

Trade World, 5th Floor, Kamala Mills Compound, Lower Parel, Mumbai - 400 013.

RECEIPT VOUCHER

C. R. V. No. : _____

R. V. No. : _____

Date : _____

DD/Cheque No. _____ dated _____ for Rs. _____ drawn on
_____ received from _____

towards _____

ACCOUNT HEADS	DEBIT AMOUNT		CREDIT AMOUNT	
	Rs.	P.	Rs.	P.
DEBIT				
CREDIT				
TOTAL				

Prepared by - _____

Checked by _____

Authorised by _____

Internal Auditor _____

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Identification Code: FIN008
Approvals: Executive Director and Head of Department
Implementation Date: July 97
Revision Date:

TITLE: Monthly Salary Payments to Employees

PURPOSE: To process Corporate Payroll

PROCEDURE:

Officer

1. Receives a memo from Personnel Dept. of new joiners, resignations, Leave Without Pay and increments by the 25th of the month. (Exhibit I)
2. Updates the following worksheets:
 - a. Salary sheet
 - b. Individual Employee Tax File giving details of gross earnings, taxable allowances and perquisites.

NOTE: These Excel worksheets automatically calculate the salaries and tax to be deducted for the month, based on the updated information.

3. Prepares a reconciliation statement comparing the current month's salary with the previous month's salary and explaining any changes.
4. Obtains approval from Accounts Manager.
5. Obtains authorisation from HOD - Accounts or HOD - Personnel.
6. Sends letter to bank stating bank account name and amount to be credited for each employee.

NOTE: The employee accounts are credited by the bank on the last day of the month.

7. Sends an Exchange message to all employees informing them that their accounts have been credited.
8. Generates pay slips in Microsoft Office.

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9. Encloses pay slips with the petty cash reimbursements which are collected by the employees personally.

10. Maintains file of related documentation for future reference.

Procedure Number: FIN008

Title: Memo from Personnel showing staff movements and increments

EXHIBIT I

NOT AVAILABLE AT THIS TIME

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Identification Code: FIN009
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Journal Vouchers

PURPOSE: To account for expenses and entries other than bank and cash entries.
e.g. transfers between accounts.

PROCEDURE:

- Officer**
1. Prepares a journal voucher for the following:
 - a. Transfers between accounts
 - b. Adjustment entries
 2. Fills the details in the Journal Voucher. (Exhibit I)
 3. Obtains authorisation from HOD - Finance.
- Data Entry Operator**
4. Enters details into the Tally System
 5. Maintains records for future reference.

Procedure Number: FIN009

Title: Journal Voucher

EXHIBIT I

NATIONAL SECURITIES DEPOSITORY LIMITED

Trade World, 4th Floor, Kamala Mills Compound, Lower Parel, Mumbai - 400 013.

JOURNAL VOUCHER

J. V. No. : _____

Date : _____

ACCOUNT HEADS	DEBIT AMOUNT		CREDIT AMOUNT	
	Rs.	P.	Rs.	P.
DEBIT				
CREDIT				
TOTALS:				

Entry being passed to _____

Prepared by _____
Checked by _____
Authorised by _____
Internal Auditor _____

Identification Code: FIN010
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Maintaining Rough Bank Books

PURPOSE: To maintain the Bank Books of payments and receipts for each bank.

PROCEDURE:

Accounts Asst. 1. Enters cheques which are deposited or withdrawn from the Bank on a particular day into the respective Rough Bank Book.

NOTE: A separate Bank Book is maintained for each Bank Account.

2. Enters Closing Balance in Daily Financial Position Statement Form under the individual bank position. Refer to related procedure FIN001.

3. Maintains records for future reference.

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Identification Code: FIN011
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Bank Reconciliation

PURPOSE: To compare the bank balances as per the bank books with the actual balance as per the bank statements received from the banks.

NOTE: This is done monthly on the last day of the month or on the first day of the next month.

PROCEDURE:

- Accounts Asst.**
1. Prints a Bank Book as of the last day of the month from Tally on the first day of the next month. (Exhibit I)
 2. Receives the bank statement for the previous month from the bank.
 3. Reconciles the two manually by:
 - a. Comparing cash entries
 - b. Determining cheques issued but not presented for payment
 - c. Determining cheques deposited but not cleared
 4. Prepares the Bank Reconciliation Statement to explain any differences found between the book balance and balance as per bank statement. (Exhibit II)
- Officer**
5. Checks the Bank Reconciliation Statement.
 6. Researches and resolves discrepancies:
 - a. If internal error, makes internal entries
 - b. If bank error, liaises with the bank to resolve.
 7. Sends the statement to HOD - Finance by the 5th of the next month.
 8. Maintains file of related documentation for future reference.

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Procedure Number: FIN011

Title: Bank Book Printout

EXHIBIT I

NATIONAL SECURITIES DEPOSITORY LTD

5TH FLOOR, TRADE WORLD
KAMALA MILLS PREMISES
LOWER PAREL MUMBAI - 400 013

CORPORATION BANK- 11556 Book

1-Mar-97 to 6-Mar-97

Page 1

Date	Particulars	Vch Type	Vch No.	Debit	Credit
1-3-97	Dr Opening Balance			78,751.28	
4-3-97	Cr INSURANCE -DP Payable	Receipt	164	78,751.28	
	Cr INSURANCE -DP Payable	Receipt	165	78,751.28	
	Cr INSURANCE -DP Payable	Receipt	166	78,751.28	
6-3-97	Cr INSURANCE -DP Payable	Receipt	163	78,751.28	
				78,751.28	
	Dr Closing Balance				78,751.28
				78,751.28	78,751.28

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Identification Code: FIN012
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Month End Reporting

PURPOSE: To provide Management with various monthly reports.

PROCEDURE:

Accounts Asst. 1. Verifies that all necessary entries for the previous month have been made.
2. Verifies that the bank reconciliation has been completed.
3. Prints the Trial Balance (Exhibit I) using Tally at the beginning of the next month.

Officer 4. Checks the trial balance for any provisional or accrual entry pending and the proper accounting for assets, liabilities, expenses and revenue.
5. Makes rectification through Journal Vouchers if necessary.
(Refer to related procedure FIN009)
6. Verifies that the trial balance is correct.
7. Prints the Profit and Loss Statement (Exhibit II)
8. Prepares a comparative profit and loss account (Exhibit III) indicating the previous two months together with the position as on the previous month's position.
9. Sends the Profit and Loss Account Statement to the HOD - Finance, EDs and MD by the 5th of the next month.
10. Notes the remarks and advice from the EDs and MD and takes the necessary action.
11. Maintains file of reports for future reference.

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Procedure Number: FIN012

Title: Trial Balance

EXHIBIT I (a)

NATIONAL SECURITIES DEPOSITORY LTD

5TH FLOOR, TRADE WORLD

KAMALA MILLS PREMISES

LOWER PAREL MUMBAI - 400 013

Trial Balance

1-Apr-96 to 31-Mar-97

Particulars

Share Capital

Current Liabilities

Accounts - Payable
Deposit - D P
Sundry Creditors Capital
Tax Deducted at Source
Sundry Creditors Others
ADVANCE AGAINST SHARE APPLN
Project Consultancy Payable

Fixed Assets

Fixed Assets - Consuma
CA-CALISYS TECHNOLOGY P LTD
CA-CMS COMPUTERS LTD
CA-DIGITAL EQUIPMENT I LTD
CA- NITIN INDUSTRIES
Ca-Sun Telecom
CA-WIPRO INFOTECHS LTD
COMMUNICATION
COMPUTERS
COMPUTER SYSTEM
DEPOSITORY SYSTEM
ELECTRICAL-INSTALATION
FURNITURE
OFFICE EQUIPMENTS
SERVERS

Investments

CORPUS - NSDL EPF TRUST

Current Assets

Advance Against Expense
Deposits With Banks
Other Deposits (Rent)
PREPAID - EXPENSE
Receivables Others
Deposits (Asset)
Loans & Advances
Sundry Debtors
Cash-in-hand
Bank Accounts
ANNUAL FEES RECEIVABLE
APPLICATION MONEY FOR BONDS
CERT. OF DEPOSIT
FIXED DEPOSIT - VYSYA BANK LTD
TDS - ADVANCE TAX-AY 97-98

Misc. Expenses to the Extent Not Written Off

PRELIMINARY EXPENSES
Preoperative Expenses

Carried Over

SAMPLE

Procedure Number: FIN012

Title: Trial Balance

EXHIBIT I (b)

NATIONAL SECURITIES DEPOSITORY LTD

Trial Balance : 1-Apr-96 to 31-Mar-97

Particulars

Brought Forward

Direct Incomes

Operational Income

Direct Expenses

Telephone

ANNUAL FEES -SEBI

BASIC SALARY

CCA

CONVEYANCE

DEARNESS ALLOWANCE

DEPRECIATION (FIXED ASSETS)

FILING FEES

FLY ALLOWANCE

HRA

INSURANCE

MEDICAL REIMBURSEMENT

MISCELLANEOUS EXPENSES

OFFICE EXPENSES

PANTRY & REFRESHMENT

PETROL CHARGES

PF-EMPLOYERS CONTRIBUTION

PROFESSIONAL ALLOWANCE

PROFESSIONAL FEES

PROFESSIONAL UPGRADATION

SOFTWARE EXPENSES

SPECIAL ALLOWANCE

Indirect Incomes

Software License Fees

ANNUAL FEES

ENTRY FEES

INTEREST - INVESTMENT

INTEREST RECIVED FROM DP's

MISCELLANEOUS INCOME

Indirect Expenses

Travel Expenditure

ADVERTISEMENT

AUDIT FEES

BANK CHARGES

BOOKS & PERIODICALS

BROKERAGE-RESIDENTIAL PREMISES

BUSINESS PROMOTION

CAR EXPENSES

CAR-HIRE CHARGES

COMMITTEE-MEETING SITTING FEES

COMPUTER CONSUMABLES

SAMPLE

Carried Over

Procedure Number: FIN012

Title: Trial Balance -

EXHIBIT I (c)

NATIONAL SECURITIES DEPOSITORY LTD

Trial Balance : 1-Apr-96 to 31-Mar-97

Particulars

Brought Forward

DIRECTORS - SITTING FEES
ELECTRICITY CHGS
FEES & SUBSCRIPTIONS
HOUSE-KEEPING
INAUGURATION EXPENSE
INTEREST - PAID
INTERNET ACCESS
LEASE RENTAL-CAR
LEGAL FEES
MAINTAINANCE
MAINTAINANCE -PREMISES
MAINTAINANCE - SYSTEMS
MAINTENANCE-COMPUTER
MEMBERSHIP FEES - CARDS
MEMBERSHIP-FEES-LIBRARY
OCTROI
POSTAGE ,COURIOR & TELEGRAM
Preliminary Expenses W/off
Preoperative Expenses W/off
PRINTING & STATIONERY
RECRUITMENT EXPENSES
RENT OFFICE PREM
SECURITY - EXPENSES
SEMINAR EXPENSE
STAMP - DUTY
TRAINING EXPENSES
VEHICLE MAINTAINCE

Capital WIP

CWIP-CMS COMPUTERS LTD
CWIP-COMPUTERS
CWIP-DEPOSITORY SYSTEM
CWIP-OFFICE EQUIPMENTS
CWIP-TELECOMMUNCIATION
CWIP-UNICORP INDUSTRIES LTD

Fixed Assets Advances

CA- BAPNA COMPUTERS
CA-MEDLINE EQUIPMENT
CA-OFFICE EQUIPMENTS
CA - ONTRACK SOLUTIONS PVT.LTD
CA-PC-CENTRE TECHNOLEDGE
CA-PREMISES
CA-SEJUTRONICS

SAMPLE

Carried Over

Procedure Number: FIN012 .

Title: Trial Balance

EXHIBIT I (d)

NATIONAL SECURITIES DEPOSITORY LTD

Trial Balance : 1-Apr-96 to 31-Mar-97

Particulars

Brought Forward

CA-SULTANALLYS SOLUTIONS LTD

CA- TATA INFOTECH LTD

CA-UNICORP INDUSTRIES LTD

CWIP-HCL-HP PC SERVERS

CWP-TATA INFORMATION SYSTEMS LTD

Grand Total

SAMPLE

Procedure Number: FIN012

Title: Profit & Loss Account

EXHIBIT II

NATIONAL SECURITIES DEPOSITORY LTD

5TH FLOOR , TRADE WORLD
KAMALA MILLS PREMISES
LOWER PAREL MUMBAI - 400 013

Profit & Loss A/c

1-May-95 to 30-Jun-95

Particulars	1-May-95 to 30-Jun-95	Particulars	1-May-95 to 30-Jun-95
Direct Expenses		Direct Incomes	
Gross Profit c/o			
Indirect Expenses		Gross Profit b/f	
Nett Profit		Indirect Incomes	
Total		Total	

Procedure Number: FIN012
 Title: Comparative Profit & Loss Account
 EXHIBIT III

NATIONAL SECURITIES DEPOSITORY LTD
 5TH FLOOR, TRADE WORLD
 KAMALA MILLS PREMISES
 LOWER PAREL MUMBAI - 400 013

Profit & Loss A/c

Particulars	1-May-95 to 30-Jun-95	1-May-95 to 31-May-95	1-Jun-95 to 30-Jun-95
<u>Trading Account :</u>			
Direct Incomes			
Cost of Sales :			
Direct Expenses			
Gross Profit			
<u>Income Statement :</u>			
Indirect Incomes			
Indirect Expenses			
Nett Profit :			

Identification Code: FIN013
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Overview of Payment of Statutory Dues

PURPOSE: Statutory dues are paid by the Accounts Dept. for employees, suppliers and other entities for the following:

- a. TDS
- b. Professional Tax
- c. Provident Fund
- d. Income Tax
- e. Any other statutory payments

NOTE: Each payment has a due date and the various forms and challans have to be filled in as per the Income Tax Act or the relevant Act guiding the payment. A statement showing the current rate of TDS deduction from expenses and due date of payment of TDS is prepared when the Act changes. (Exhibit I)

PROCEDURE:

- Officer**
1. Consolidates the figures and prepares a statement showing the details of tax deducted at source (Exhibit II) for each of the statutory dues, before the due date.
 2. Prepares a Voucher for the payment.
 3. Obtains approval from the HOD - Finance.
 4. Fills up the appropriate challans.

NOTE: This process requires a large number of forms that have not been identified here as they are continually undergoing change. In carrying out this procedure it should be made certain that the current version of all forms are being used.

4. Deposits the amount in the bank or sends the cheque to the appropriate authority.
5. Provides yearly statements to each employee (Form 16) showing the statutory dues paid on their behalf. (Exhibit III)

6. Provides yearly statements to all entities (Form 16A) whose tax has been deducted and paid to the appropriate authority. (Exhibit IV)

7. Maintains documents for future reference.

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Procedure Number: FIN013

Title: Statement showing details of TDS rates and due dates

EXHIBIT I

NATIONAL SECURITIES DEPOSITORY LIMITED

Statement showing percentage of TDS deduction from expenses and due date of payment of TDS to the authorities :

Sr. No.	Particulars	Rate of deduction	Due date for deposit with authorities
1	Payment of salary	as prescribed by IT Act	within 7 days of deduction
2	Payment of professional fees	5% of fees	within 7 days of the next month
3	Payment of contractual fees	2% of fees	"
4	Payment of rent	20% of rent	"

National Securities Depository Limited

Details for issue of Tax Deduction Certificates under Form No. 16 A for payments during November 97

TDS on contractors u/s 194 C

Sr. No.	Name of the party	Status	Nature of payment	Date of payment	Amount paid	TDS Deducted	Rate at which deducted %	Date of deposit	Voucher Nos.
1	Tata consultancy	corporate	To Contractor	12-Nov-97	410000	8200	2.00	5-Dec-97	737
2	Blue Star	corporate	To Contractor	21-Nov-97	20000	400	2.00	5-Dec-97	766
3	DHL Express	corporate	To Contractor	26-Nov-97	39772	794	2.00	5-Dec-97	783
4	Blue Star	corporate	To Contractor	26-Nov-97	122000	2440	2.00	5-Dec-97	780
5	Printography	non corporate	To Contractor	1-Nov-97	14024	280	2.00	5-Dec-97	712
6	Ketan Ganatra	non corporate	To Contractor	5-Nov-97	9648	193	2.00	5-Dec-97	718
7	Monitron	non corporate	To Contractor	5-Nov-97	58500	1170	2.00	5-Dec-97	722
8	Printography	non corporate	To Contractor	7-Nov-97	27885	558	2.00	5-Dec-97	735
9	Roshan electricals	non corporate	To Contractor	12-Nov-97	42000	840	2.00	5-Dec-97	740
10	Monitron	non corporate	To Contractor	12-Nov-97	58500	1170	2.00	5-Dec-97	748
11	Bharati Caterer	non corporate	To Contractor	18-Nov-97	60434	1209	2.00	5-Dec-97	749
12	Sarg Allied decorators	non corporate	To Contractor	18-Nov-97	27563	551	2.00	5-Dec-97	752
13	Electronic Control System	non corporate	To Contractor	19-Nov-97	4000	80	2.00	5-Dec-97	756
14	V T Tours & Travels	non corporate	To Contractor	21-Nov-97	1723	34	1.97	5-Dec-97	762
15	Excel Express Courier	non corporate	To Contractor	21-Nov-97	17471	349	2.00	5-Dec-97	767
16	Printography	non corporate	To Contractor	21-Nov-97	6863	137	2.00	5-Dec-97	770
17	Ketan Ganatra	non corporate	To Contractor	21-Nov-97	4000	80	2.00	5-Dec-97	774
18	Printography	non corporate	To Contractor	25-Nov-97	10770	215	2.00	5-Dec-97	778
19	Dreamland Studio	non corporate	To Contractor	26-Nov-97	12000	240	2.00	5-Dec-97	784
20	Recreations	non corporate	To Contractor	26-Nov-97	58275	1166	2.00	5-Dec-97	787
21	Bharati Caterer	non corporate	To Contractor	26-Nov-97	125440	2509	2.00	5-Dec-97	790
22	Bharati Caterer	non corporate	To Contractor	26-Nov-97	5480	110	2.01	5-Dec-97	796
23	Bharati Caterer	non corporate	To Contractor	29-Nov-97	5880	118	2.01	5-Dec-97	800
					1142228	22843			
		Corporate				11834			
		non corporate				11009			
						22843			

Procedure Number: FIN013

Title: Statement showing details of Tax Deducted at Source

EXHIBIT-II

1494

Procedure Number: FIN013

Title: Yearly TDS Statements to employees (Form No. 16)

EXHIBIT III (b)

13. REBATE / RELIEF UNDER CHAPTER VIII

I. UNDER SECTION 88 PLEASE SPECIFY

	GROSS AMOUNT	QUALIFY AMOUNT	TAX RELIEF AMOUNT
a) P.F	3,908	3,908	782
b) L.I.C	4,803	4,803	961
c) E.L.S.S.	-	-	-
d) ULIP	-	-	-
e) PPF CONTRIBUTION.	5,200.00	5,200.00	1,040
f) NSC VIII	10,000.00	10,000.00	2,000
g) REPAYT.OF HSG.LOAN/ OTHERS	-	-	-
h) INVESTMENT IN ELIGIBLE SECURITIES -	-	-	-
i) INTEREST ACCRUED ON NSC	-	-	-
TOTAL a to i	23,911	23,911	4,782

II. UNDER SECTION 88 A PLEASE SPECIFY

- a.
b.
c.

III. UNDER SECTION 89 ATTACH DETAILS

14. AGGREGATE OF THE REBATES AND RELIEF AT
ABOVE I + II + III

4,782

15. TAX PAYABLE 12-14 AND SURCHARGE THEREON

16. LESS (A) TAX DEDUCTED AT SOURCE

17. TAX PAYABLE/REFUNDABLE (15-16)

DETAILS OF TAX DEDUCTED AND DEPOSITED INTO CENTRAL GOVERNMENT ACCOUNT

	AMOUNT	DATE OF PAYMENT	NAME OF BANK AND BRANCH
(1)	0	09-Aug-1996	Central Bank of India, Worli
(2)	-	07-Sep-1996	Central Bank of India, Worli
(3)	-	14-Oct-1996	Central Bank of India, Lower Parel
(4)	-	09-Nov-1996	Central Bank of India, Lower Parel
(5)	-	07-Dec-1996	Central Bank of India, Lower Parel
(6)	-	07-Jan-1997	Central Bank of India, Lower Parel
(7)	-	06-Feb-1997	Central Bank of India, Lower Parel
(8)	-	05-Mar-1997	Central Bank of India, Lower Parel
(9)	-	05-Apr-1997	Central Bank of India, Lower Parel

CERTIFIED THAT A SUM OF RS.(IN WORDS) RUPEES NIL

HAS BEEN DEDUCTED AT SOURCE AND PAID TO THE CREDIT OF CENTRAL GOVERNMENT.

FURTHER CERTIFIED THAT THE ABOVE INFORMATION IS TRUE & CORRECT AS PER RECORDS

FOR NATIONAL SECURITIES DEPOSITORY LIMITED

PLACE: MUMBAI

DATE :

SIGNATURE OF THE PERSON RESPONSIBLE FOR DEDUCTION OF TAX

FULL NAME :

DESIGNATION: Asst. Manager

1/16

Procedure Number: FIN013

Title: Yearly TDS Statements to other entities (Form No. 16A)

EXHIBIT IV

FORM NO.16 A

(See rule 31(1)(b)

TDS Cert No .NSDL/194 - C / 1

Certificate of deduction of tax at source under section 203 of the Income Tax Act, 1961

For interest on securities; dividends; interest other than 'interest on securities'; winning from lottery or crossword puzzle ; winning from horse race ; payment to contractors and sub-contractors; insurance commission; payment to non-resident sportsmen/sports, associations , payments in respect of deposits under National Savings Scheme ; payments on account of repurchase of units by Mutual fund or Unit Trust of India ; commission, remuneration or prize on sale of lottery tickets; rent ; fees for professional or technical services; income in respect of units ; other sums under section 195 ; income of foreign companies referred to in section 196A (2) ; income from units ; referred to in section 196B; income from foreign currency bonds or shares of an Indian company referred to in section 196C ; income of Foreign Institutional Investors from securities referred to in section 196D.

Name and address of the person deducting tax .	TDS Circle where Annual Return under section 206 is to be delivered .	Name and address of the person to whom payment made or in whose account it is credited .
NATIONAL SECURITIES DEPOSITORY LIMITED Mahindra Towers, 1st Floor, A - wing, R. B. C., Worli, Mumbai 400 018		
TAX DEDUCTION A/C NO. OF THE DEDUCTOR N-05226 - E (C) BBY	NATURE OF PAYMENT	PAN/GIR NO. OF THE PAYEE
PAN / GIR NO. OF THE DEDUCTOR AAACN2082N	Contractor	FOR THE PERIOD 01-04-96 to 31-03-97

DETAILS OF PAYMENT, TAX DEDUCTION AND DEPOSIT OF TAX INTO CENTRAL GOVERNMENT ACCOUNT

Date of payment/credit	Amount paid/credited (Rs.)	Amount of income-tax (Rs.)	Rate at which deducted (%)	Date & Challan No. of deposit of tax into Central Government Account	Name of Bank & Branch where Tax is Deposited.

Certified that a sum of Rs. only has been deducted at source and paid to the credit of the Central Government as per details given above.

Place : Mumbai

Date :

Signature of person responsible for deduction of Tax

Full Name . :

Designation :

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Identification Code: FIN014
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Employee payments for Medical Allowance

PURPOSE: To reimburse or pay medical expenses to employees.

PROCEDURE:

Officer

1. Maintains database of entitlements showing the following for each employee:
 - a. opening balance
 - b. eligible amount
 - c. amount claimed and
 - d. closing balance

2. Receives a claim once per quarter from an employee for Medical Expenses, along with:

- a. Medical Reimbursement Form
- b. Bills, if any.

NOTE: An employee is entitled to claim this allowance only once in a quarter. The medical entitlement for an employee can be carried forward for a maximum of three financial years.

NOTE: If the employee does not submit bills, the amount claimed is added to the taxable income.

3. Checks claim against entitlements for medical allowance.

NOTE: All claims received during the first fortnight are paid on the 25th of that month and claims received during the second fortnight are paid on the 10th of the next month.

4. Prepares a Voucher for the payment.

5. Obtains authorisation for payment to employee from HOD - Finance on:

- a. Voucher

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b. Medical Reimbursement Form

6. Updates the Tally System and Individual Employee Tax Files.
7. Sends a letter on the 10th and 25th of the month to the bank to credit the employee accounts.
8. Sends a message via Microsoft Exchange to the employee informing them of the payment.
9. Maintains documentation for future reference.

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NATIONAL SECURITIES DEPOSITORY LIMITED

Trade World, 4th Floor, Kamala Mills Compound, Lower Park, Mumbai - 400 013.

MEDICAL REIMBURSEMENT FORM

Sr. No. _____

Name : _____

Employee Code : _____

Designation : _____

Department : _____

Total No. of Bills / Receipts / Prescription attached _____ (Particulars overleaf)

Total amount for which bills submitted : Rs. _____

Total amount claimed Rs. _____

Date : _____

Applicant's Signature

FOR USE BY FINANCE & ACCOUNTS DEPARTMENT ONLY

a) Total eligible amount upto _____ (Date)	Rs. _____
b) Amount reimbursed to date (_____)	Rs. _____
c) Balance eligibility (a - b)	Rs. _____
d) Amount claimed now	Rs. _____
e) Amount passed for payment (c or d whichever is lower)	Rs. _____
f) Amount supported by proof	Rs. _____
g) Amount to be added to taxable salary (e - f)	Rs. _____

Prepared by _____

Checked by _____

Authorised by _____

Amount to be paid (e as above) Rs. _____

Received Rs. _____

Receiver's Signature

Identification Code: FIN015
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Employee payments for Leave Travel Allowance (LTA)

PURPOSE: To reimburse LTA to employees.

PROCEDURE:

Accounts Asst. 1. Receives an Application for LTA (Exhibit I) once a year from each employee which is checked by the Personnel Dept. and forwarded to the Accounts Dept.

NOTE: The employee should avail of at least 5 consecutive days leave in order to claim LTA. This is checked from their leave record maintained by the Personnel Dept. and is approved and signed by the HOD - Personnel. LTA is to be claimed within 7 days of the employee resuming duty.

NOTE: LTA can be claimed only after one year of completion of service and can be claimed for each calendar year.

2. Checks if any advance LTA has been paid.

NOTE: A request for LTA Advance (Exhibit II) can be made by an employee. This is approved by HOD - Personnel and forwarded to the Accounts Dept. 80% of the eligible amount can be paid as advance to an employee one week prior to his departure, after being authorised by HOD - Finance. Final settlement must be made within 7 days of the employee resuming duty.

3. Checks the application and the tickets, if any, for arriving at any non-taxable amount.

4. Updates the individual employee tax files accordingly.

5. Prepares a voucher and cheque and sends it to the HOD - Finance.

HOD 6. Checks and signs the following:

- a. LTA application
- b. Cheque

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c. Voucher

7. Returns the application and cheque to the Accounts Assistant.

Accounts Asst.

8. Issues the cheque to the employee.

Data Entry
Operator

9. Enters the details of the Payment Vouchers into the Tally Accounting System.

10. Maintains documentation for future reference.

NOTE: The payment vouchers and supporting vouchers are filed separately.

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Procedure Number: FIN015

Title: Application for Leave Travel Allowance
EXHIBIT I (a)

NATIONAL SECURITIES DEPOSITORY LIMITED

Trade World, 5th Floor, Kamala Mills Compound, Lower Parel, Mumbai - 400 013.

(APPLICATION FOR LEAVE TRAVEL ALLOWANCE)

Sr. No. _____

Name : _____ Employee Code : _____

Designation : _____ Central/Canara Bank A/c No. _____

Department : _____

Number of days

leave taken : _____ (days) From _____ To _____

LTA amount claimed : Rs. _____ For the year(s) _____ (calendar year)

Advance Taken : Rs. _____ on _____ (date)

Persons travelled :

Sr. No.	Name	Relationship	Age

Journey Details :

Sr. No.	Date of travel	From	To	Mode of travel	Ticket No.	Amount (Rs.)
1.						
2.						
3.						
4.						
5.						
6.						
7.						
Total						

Total No. of tickets / receipts enclosed : _____

1. I *wish / do not wish to claim income tax exemption in respect of LTA hereby availed by me to the extent allowable.
2. I am claiming Income-Tax exemption for the *first/second/third/fourth time, in the four calendar year block (1994 - 1997) commencing on January 1, 1994.

I hereby declare and certify that the above particulars are true.

Date : _____

Signature of employee

* Strike out whichever is not applicable

Amount to be paid Rs. _____

Received Rs. _____

Receiver's Signature

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Procedure Number: FIN015

Title: Application for Leave Travel Allowance

EXHIBIT I (b)

(FOR OFFICE USE ONLY)

Certified that Mr/Mrs/Ms _____ was on _____ days
authorised leave from _____ to _____

(Signature of Personnel Head)*

(FOR USE BY FINANCE & ACCOUNTS DEPARTMENT)

Total Amount Eligible (a)	Rs.
Claimed (b)	Rs.
Payable [(a) or (b) whichever is less]	Rs.
Advance taken	Rs.
To be paid now	Rs.

Non Taxable Amount	Rs.
Taxable Amount	Rs.

Prepared by

Verified by

Authorised by

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Procedure Number: FIN015

Title: Request for LTA Advance

EXHIBIT II

NATIONAL SECURITIES DEPOSITORY LIMITED

Trade World, 5th Floor, Kamala Mills Compound, Lower Parel, Mumbai - 400 013.

(Request for LTA Advance)

Name : _____ Employee Code : _____

Designation : _____ Central/Canara Bank A/c. No. _____

Department : _____

For the year(s) _____ (calendar year)

Amount eligible : Rs. _____

Amount of advance required : Rs. _____

Date : _____

Signature

(FOR OFFICE USE ONLY)

Certified that Mr./Mrs./Miss _____ has been sanctioned _____ days
leave from _____ to _____. He/she may be given the requested advance subject
to eligibility.

Signature of Personnel Head

(FOR USE OF FINANCE & ACCOUNTS DEPARTMENT ONLY)

a. Amount of LTA eligible : Rs. _____

b. Amount of advance eligible : Rs. _____
(80% of (a))

Amount to be paid Rs. _____

Received Rs. _____

Prepared by

Verified by

Authorised by

Receiver's Signature

Identification Code: FIN016
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Participant Billing Recovery

PURPOSE: To collect transaction and service fees from Participants.

NOTE: The procedure listed below is likely to change soon, with the proposed linking of Tally Accounting and DPM.

NOTE: This does not cover one time custody fees received from the Participants.

PROCEDURE:

Officer

1. Receives the following from the Participant Interface Dept. once the Bills are raised:

- a. Xerox copy of Bills to Participants (Exhibit I)
- b. Bill summary for the month as an electronic file

NOTE: The Participant Interface Department prepares and posts the Bills and sends them to the Participants with instructions to direct payments to the Accounts Dept.

2. Prepares Bill Register from the Electronic File. (In Step 1b) (Exhibit II)

NOTE: The Bill Register shows Bill No., Particulars of Participants, Amount of Fees, Interest and Total for each Participant.

3. Receives Participant cheques from:

- a. Dispatch Dept.
- b. Participants directly

4. Logs the receipts received during the day in a Cheques Received Register at the end of each day.

NOTE: The Cheques Received Register includes cheques received from Participants as well as other receipts.

Accounts Asst. 5. Completes pay-slip for depositing of cheques received to bank account and prepares a Receipt Voucher.

NOTE: The bank sends a messenger to the Accounts Dept. every day to collect cheques to be deposited.

6. Sends the Receipt Voucher to the HOD - Finance for authorisation.

7. Updates the accounts in the Tally System.

Officer 8. Prepares monthly list of outstandings statement and calculates the interest payable by Participant on outstandings, if any on an Excel worksheet. (Exhibit III)

NOTE: The due date of the bill is 12 days after the bill date. 2% interest is charged for bill amounts received against bill after the due date. Interest is not charged if it amounts to less than Rs. 10.00.

9. Sends a statement showing the details of outstanding balance and interest to be levied (Exhibit IV) to the Participant Interface Dept. at the end of the month. (From Step 8)

NOTE: These figures are manually entered in the next month's Bills. When the Tally Accounting System is linked to the DPM System in the near future, this process will be automated, and the interest calculated will be automatically printed on the bill.

10. Compares the outstanding statement balance with the Tally outstanding balance periodically.

NOTE: These two balances must match.

11. Researches and resolves discrepancies.

12. Maintains documentation for future reference.



National Securities Depository Ltd

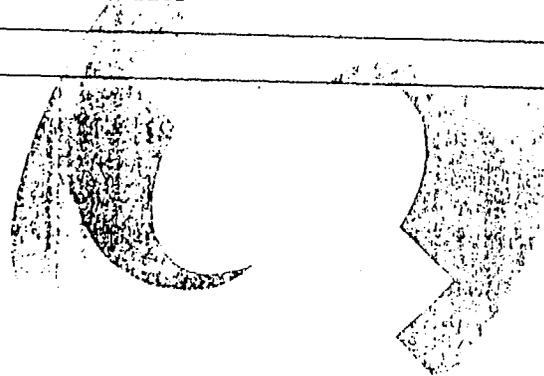
Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parcel, Mumbai - 400 013

Tel: 497 2964-69 Fax : 91-22-497 2993

Bill No. : NSDL/97-98/03/IN300118/00035
Bill Date : 7-07-1997
Pay On or Before : 19-07-1997

DP ID : IN300118 ALANKIT ASSIGNMENTS LTD.

DESCRIPTION	AMOUNT (Rs.)
Custody Fee	73.07
Settlement Fee for Market Trades	0.21
TOTAL :	73.28



Procedure Number: FIN016
Title: Sample Participant Bill

EXHIBIT I (a)

Previous Outstandings as on 7-07-1997 is Rs. 45.47 and Interest on Outstandings is Rs. Nil. Please check your Outstandings along with the Bill.

For and on behalf of National Securities Depository Ltd.

Authorized Signatory

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CUSTODY FEE DETAILS

DP ID : IN309118 ALANKIT ASSIGNMENTS LTD.

BILLING PERIOD : 01-04-1997 to 30-06-1997

<i>ISIN</i>	<i>COMPANY NAME</i>	<i>AMOUNT (Rs.)</i>
INE059101019	DABUR INDIA LIMITED	5.27
INE064701019	THE DHAMPUR SUGAR MILLS LIMITED	4.61
INE144491010	JINDAL PHOTO FILMS LIMITED	1.35
INE144701013	JINDAL STRIPS LIMITED	7.19
INE165801015	INDUSTRIAL CREDIT & INVESTMENT CORP-	18.43
INE267701014	RELIANCE CAPITAL LIMITED	8.80
INE379901015	SIEMENS LIMITED	0.79
INE449901011	ESCORTS LIMITED	0.28
INE452801017	HDFC BANK LIMITED	1.01

Procedure Number: FIN016
Title: Sample Participant Bill
EXHIBIT I (b)

Procedure Number: FIN016
Title: Sample Participant Bill

EXHIBIT I (c)

<i>ISIN</i>	<i>COMPANY NAME</i>	<i>AMOUNT (Rs.)</i>
INE456601017	INDIAN PETROCHEMICALS CORPN	1.82
INE457101017	RELIANCE INDUSTRIES LIMITED	17.11
INE457201015	HOUSING DEVELOPMENT FINANCE	1.80
INE497701016	JINDAL VIJAYANAGAR STEEL LIMITED	4.61
TOTAL :		73.07

Procedure Number: FIN016
Title: Sample Participant Bill

EXHIBIT I (D)

SETTLEMENT FEE DETAILS FOR MARKET TRADES

DP ID : IN300118 ALANKIT ASSIGNMENTS LTD.

BILLING PERIOD : 01-06-1997 to 30-06-1997

<i>ISIN</i>	<i>CM ID.</i>	<i>MKT. TYPE.</i>	<i>STLM. NO.</i>	<i>QUANTITY</i>	<i>VALUE (Rs.)</i>	<i>AMOUNT (Rs.)</i>
INE165801015 INDUSTRIAL CREDIT & INVESTMENT CC	IN550338	NL	1997023	1.000	72.65	0.03
INE457101017 RELIANCE INDUSTRIES LIMITED	IN550231	AU	1997024	1.000	366.35	0.18
TOTAL				2.000	439.00	0.21

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NATIONAL SECURITIES DEPOSITORY LIMITED

Bill register for the month of October 97 97

Bill Date	Bill number	Particulars of participants	Settlement						
			Market	Off market	Remat fees	Discount	Total	Interest	Total
4-Nov-97	NSDL/97-98/07/IN300020/00118OCT	1997IN300020GLOBAL TRUST BANK LTD 01-10-199731-10-1997	1,356 24		70 00		1 426 24		1 426 24
4-Nov-97	NSDL/97-98/07/IN300046/00119OCT	1997IN300046IIT CORP SERVICES LTD 01-10-199731-10-1997	2,026 50		1,740 00		3 766 50	11 30	3 777 80
4-Nov-97	NSDL/97-98/07/IN300054/00120OCT	1997IN300054CITIBANK N. A. 01-10-199731-10-1997	506 62	596 90			1,103 52		1,103 52
4-Nov-97	NSDL/97-98/07/IN300079/00121OCT	1997IN300079IDBI CAP MKT SERV LTD 01-10-199731-10-1997						39 10	39 10
4-Nov-97	NSDL/97-98/07/IN300095/00122OCT	1997IN300095INFRA LEAS & FIN SER LTD01-10-199731-10-1997	1,519 57	1,422 28			2,941 85		2,941 85
4-Nov-97	NSDL/97-98/07/IN300100/00123OCT	1997IN300100STANDARD CHARTERED BANK 01-10-199731-10-1997	733 21		210 00		943 21	13 60	956 81
4-Nov-97	NSDL/97-98/07/IN300118/00124OCT	1997IN300118ALANKIT ASSIGNMENTS LTD,01-10-199731-10-1997	179 05				179 05		179 05
4-Nov-97	NSDL/97-98/07/IN300126/00125OCT	1997IN300126HDFC BANK LTD 01-10-199731-10-1997	361 64				361 64		361 64
4-Nov-97	NSDL/97-98/07/IN300159/00126OCT	1997IN300159INDUSIND BANK LTD. 01-10-199731-10-1997	658 54	31 57			690 11		690 11
4-Nov-97	NSDL/97-98/07/IN300175/00127OCT	1997IN300175COIMBATORE CAP MKT SERV 01-10-199731-10-1997	102 34	2 89			105 23		105 23
4-Nov-97	NSDL/97-98/07/IN300206/00128OCT	1997IN300206ABHIPRA CAPITAL LIMITED 01-10-199731-10-1997	38 02				38 02		38 02
4-Nov-97	NSDL/97-98/07/IN300214/00129OCT	1997IN300214KOTAK SECURITIES 01-10-199731-10-1997	1,544 53				1,544 53	49 55	1,594 08
4-Nov-97	NSDL/97-98/07/IN300222/00130OCT	1997IN300222DALMIA SECURITIES LTD 01-10-199731-10-1997						98 50	98 50
4-Nov-97	NSDL/97-98/07/IN300239/00131OCT	1997IN300239GEOJIT SECURITIES LTD 01-10-199731-10-1997	54 64	70 50			125 14		125 14
4-Nov-97	NSDL/97-98/07/IN300247/00132OCT	1997IN300247CANARA BANK 01-10-199731-10-1997	172 57				172 57		172 57
4-Nov-97	NSDL/97-98/07/IN300263/00133OCT	1997IN300263DAYCO SECURITIES P LTD 01-10-199731-10-1997	197 47				197 47		197 47
4-Nov-97	NSDL/97-98/07/IN300271/00134OCT	1997IN300271ACTION FIN SERV (I) LTD 01-10-199731-10-1997	439 70		290 00		729 70		729 70
4-Nov-97	NSDL/97-98/07/IN300327/00136OCT	1997IN300327EAST INDIA SEC PVT LTD 01-10-199731-10-1997	2,931 46	1,037 09			3,968 55		3,968 55
4-Nov-97	NSDL/97-98/07/IN300343/00137OCT	1997IN300343SHAH INVESTORS HOME LTD 01-10-199731-10-1997	36 51				36 51		36 51
			12,858 61	3,161 23	2,310 00		18,329 84	212 05	18,541 89

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Procedure Number: FIN016
Title: Bill Register

EXHIBIT II

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NATIONAL SECURITIES DEPOSITORY LIMITED

Sr No	Particulars of participants	OPENING BALANCE		BILL FOR OCTOBER 97					For Oct-97		Interest on annual 2			Interest on annual 1			Interest on Bills			Outstanding Balance			
		Settlement		Annual fees	Market	Off market	Remat fee	Discount	Total	Interest	Total	Received Date	Amount Received	Interest on annual 2	Received Date	Amount Received	Interest on annual 1	Received Date	Amount Received		Interest on Billing	Total Interest	
		O/s bill amt	O/s int amt																				Due date 10 11 97
1	ABHIPRA CAPITAL LIMITED				38 02			38 02		38 02								12-Nov-97	38 02		658	50 000 00	
2	ACTION FIN SERV (I) LTD			50,000	439 70		290 00	50,729 70		50,729 70			658					7-Nov-97	729 70				
3	ALANKIT ASSIGNMENTS LTD				179 05			179 05		179 05								6-Nov-97	179 05				
4	ANZ Grndays Bank Ltd.			50,000				50,000 00		50,000 00	8-Nov-97	50,000											
5	CAHARA BANK	100,000 00			172 57			100,172 57		100,172 57													
6	CITIBANK N. A.	100,000 00			506 62	596 90		101,103 52		101,103 52				3-Nov-97	100 000		1972			10 16	1 972	100 172 57	
7	COIMBATORE CAP MKT SERV				102 34	2 89		105 23		105 23								17-Nov-97	105 23	0 06	0		
8	DALMIA SECURITIES LTD	4,831 50	220 76		197 47			5,052 28	98 50	5,150 78								19-Nov-97	4,831 50	9 50	10	319 26	
9	DAYCO SECURITIES P LTD			50,000	197 47			50,197 47		50,197 47	10-Nov-97	50,000						24-Nov-97	197 47	1 03	1	0 00	
10	EAST INDIA SEC PVT LTD			50,000	2,931 46	1,037 09		53,968 55		53,968 55	8-Nov-97	50,000						6-Nov-97	3,968 55			(0 00)	
11	GEOJIT SECURITIES LTD				54 64	70 50		125 14		125 14								17-Nov-97	125 14	0 08	0		
12	GLOBAL TRUST BANK LTD				1,356 24		70 00	1,426 24		1,426 24								12-Nov-97	1,426 24				
13	HDFC BANK LTD				361 64			361 64		361 64								15-Nov-97	361 64				
14	HSBC Battrava & Karan			50,000				50,000 00		50,000 00	10-Nov-97	50,000											
15	ICICI	100,000 00						100,000 00		100,000 00				20-Nov-97	100 000		1315				1 315		
16	IDBI							200 30		200 30												200 30	
17	IDBI CAP MKT SERV LTD		10 17					10 17		39 10												49 27	
18	IIT CORP SERVICES LTD				2,026 50		1,740 00	3,766 50		11 30								20-Nov-97	3,766 50	9 90	10	11 30	
19	INDUSIND BANK LTD				658 54			690 11		690 11								11-Nov-97	690 11				
20	INFRA LEAS & FIN SER LTD				1,519 57	1,422 28		2,941 85		2,941 85								17-Nov-97	2,941 85	1 93	2		
21	Janata Sahakar Bank Ltd			50,000				50,000 00		50,000 00			658								658	50 000 00	
22	KOTAK SECURITIES	4,710 46			1,544 53			6,254 99	49 46	6,304 45										106 91	107	6 304 45	
23	Munoth Financial Service			50,000				50,000 00		50,000 00	27-Nov-97	50,000	559								559		
24	NSCCL	100,063 36						100,063 36	10 70	100,074 06								1972		1 25	1 973	100 074 06	
25	Reliance Capital Ltd	165,702 00	672 16	50,000				216,374 16	1,743 30	218,117 46	5-Nov-97	50,000								3,268 00	3,268	168 117 46	
26	Reliance Share & Stockbroker		391 56					391 56	1,999 75	2,391 31												2 391 31	
27	S. S. Kantilal Ishwariat			50,000				50,000 00		50,000 00	8-Nov-97	50,000											
28	SHAH INVESTORS HOME LTD			50,000	36 51			50,036 51		50,036 51	13-Nov-97	50,000	99					8-Nov-97	36 51		99	0 00	
29	SHIL		269 82					269 82		269 82												269 82	
30	STANDARD CHARTERED BANK				943 21		210 00	943 21	13 60	956 81								20-Nov-97	943 21	2 48	2	13 60	
31	State Bank of India			50,000				50,000 00		50,000 00	7-Nov-97	50,000											
Total		575,307.32	1,564.47	550,000.00	12,856.61	3,161.23	2,310.00	1,145,201.63	4,186.01	1,149,387.64		450,000	1,973		200,000	5,456				20,340.72	3,411.30	10,840	479,026.92

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opening bal.

bill

above 13/11

Procedure Number: FIN016
 Title: Monthly List of Outstandings Statement
 EXHIBIT III

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Procedure Number: FIN016

Title: Statement showing details of outstanding balance and interest to be levied

EXHIBIT IV

NATIONAL SECURITIES DEPOSITORY LIMITED

Details of Outstanding balance and interest to be levied for the bill of December 97

Sr. No.	Particulars of participants	Total Interest	Outstanding Balance
1	ACTION FIN SERV (I) LTD.	658	50,000.00
2	CANARA BANK	1,972	100,172.57
3	CITIBANK N. A.	197	1,103.52
4	DALMIA SECURITIES LTD.	10	319.26
5	ICICI	1,315	-
6	IDBI	-	200.30
7	IDBI CAP MKT SERV LTD	-	49.27
8	IIT CORP SERVICES LTD	-	11.30
9	Janata Sahakari Bank Ltd	658	50,000.00
10	KOTAK SECURITIES	107	6,304.45
11	Munoth Financial Service	559	-
12	NSCCL	1,973	100,074.06
13	Reliance Capital Ltd.	3,268	168,117.46
14	Reliance Share & Stockbroker	-	2,391.31
15	SHAH INVESTORS HOME LTD	99	-
16	SHIL	-	269.82
17	STANDARD CHARTERED BANK	-	13.60
	Total	10,816	479,026.92

Identification Code: FIN0017
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Investment of Surplus Funds

PURPOSE: To ensure the effective use of surplus funds through investments.

BACKGROUND: Norms for investment of surplus funds are laid down by the Board of Directors.

The current investment strategy stipulates that 50% of the exposure must be in short term investments (less than 1 year) and 50% in long term investments. Also, not more than 25% can be invested in a single institution. Only the MD can approve investment and disinvestment decisions.

PROCEDURE:

- Officer**
1. Receives projected cash flow for the coming month from the Systems Dept. and Administration Dept.
 2. Gathers information regarding maturity of earlier investments or surplus receipts and perceives a need for:
 - a. Fresh investments
 - b. Reinvestments/disinvestments.
 3. Prepares the Cash flow for the month (Exhibit I) to identify surplus funds which need to be invested.
 4. Obtains quotes for short and long term investment from Banks and Institutions.
 5. Prepares an Investment Summary showing the Investment instrument and the percentage of funds already invested in each institution. (Exhibit II)
 6. Prepares an Investment note (or Proposal) showing the availability of surplus funds for investment/disinvestment along with the following attachments:
 - a. Cash Flow for the month (Exhibit I)

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- b. Investment Summary (Exhibit II)
 - c. Quotes for investment
7. Forwards the Proposal to the HOD - Finance.
- HOD 8. Signs the proposal and forwards it to the ED.
- ED 9. Signs the proposal and forwards it to the MD.
- MD 10. Approves the investment and forwards it to the Accounts Officer.
- Officer 11. Carries out instructions on investment given by MD by filling in the required application forms, making out the cheque and payment voucher and obtaining authorised signatures.

12. Notes the entries in an investment register.

NOTE: The investment register shows the number of investments, institution, distinctive numbers, date of investment, date of maturity, date of interest and physical position of each investment.

13. Enters details of the payment voucher into the Tally System.

14. Compares the investment balance in Tally with the investment register.

NOTE: The investment balances in Tally and the investment register should be identical.

15. Researches and resolves discrepancies.

16. Maintains a record of documentation for future reference.

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Procedure Number: FIN017

Title: Cash Flow for the month

EXHIBIT I

NATIONAL SECURITIES DEPOSITORY LIMITED

Cash flow position for the period 3.12.97 to 31.12.97								Amount in Lakhs
Particulars	3.12.97	5.12.97	10.12.97	15.12.97	20.12.97	25.12.97	31.12.97	Total
Opening balance	10.00	50.00	43.65	57.06	38.27	30.64	30.64	10.00
<u>Add : Receipts</u>								
Receipts (FD)	100.00							100.00
Receipts from DP's (Bills)			5.00	25.00				30.00
Receipts from DP's (Deposits)			13.41					13.41
Total inflow + opening	110.00	50.00	62.06	82.06	38.27	30.64	30.64	153.41
<u>Less : Payments</u>								
Proposed investments	50.00							50.00
Payments (System)	-	6.35	-	43.79	2.63	-	-	52.77
Payments (Other)	10.00		5.00		5.00		5.00	25.00
Salary							14.76	14.76
Total outflow	60.00	6.35	5.00	43.79	7.63	-	19.76	142.53
Closing balance	50.00	43.65	57.06	38.27	30.64	30.64	10.88	10.88

Note :

Procedure Number: FIN017

Title: Investment Summary

EXHIBIT II

NATIONAL SECURITIES DEPOSITORY LIMITED

Sub : Proposal for investment of surplus funds

Status of investment as on 3.12.97 :

Particulars	Amount Invested	Date of Investment	Period	Maturity date	Rate of Interest	Interest amount	Maturity amount	Exposure % wise to total
							Amount in Crore	
Investments in Bonds								
I. D. B. I. Omni Bonds	1.00	17-Apr-97	3 yrs	16-Apr-00	13.75		1.00	7.69
I. D. B. I. Omni Bonds	1.00	1-Jul-97	3 yrs	30-Jun-00	13		1.00	7.69
I. D. B. I. (face value Rs crore)	1.00	1-Jul-97	3 yrs	30-Jun-00	13.50 &		1.00	7.69
I. D. B. I. Omni Bonds	1.00	21-Oct-97	5 yrs	20-Oct-02	12.5		1.00	7.69
Hudco Bonds	1.00	27-Mar-97	10 yrs	25-Mar-07	15		1.00	7.69
I. C. I. C. I. Bonds	1.00	3-Apr-97	5 yrs	2-Apr-02	16.25		1.00	7.69
I. C. I. C. I. Bonds (face value Rs crore)	1.00	3-Apr-97	5 yrs	2-Apr-02	16.25 #		3.89	7.69
I. C. I. C. I. Bonds (face value Rs crore)	1.00	3-Apr-97	5 yrs	2-Apr-02	16.25 *		3.89	7.69
							Total (A)	13.78 61.54
Certificate of deposit								
INDUSIND BANK	1.00	2-Jan-97	365	2-Jan-98	14	0.14	1.14	7.69
INDUSIND BANK	1.00	20-Jan-97	365	20-Jan-98	14	0.14	1.14	7.69
G T B	1.00	17-Jan-97	364	16-Jan-98	14	0.14	1.14	7.69
							Total (B)	3.42 23.08
Fixed deposit								
G T B	1.00	16-Jul-97	366	17-Jul-98	13	0.13	1.13	7.69
Corporation Bank	1.00	25-Nov-97	1095	25-Nov-00	11.5	0.35	1.35	7.69
Total Principal amount	<u>13.00</u>						Total (C)	<u>2.48 15.38</u>
# Coupon 16.25 : YTM 14.62							Total (A + B + C)	19.67 100.00
* Coupon 16.25 : YMT 13.06								
& Coupon 13.50 : YTM 13.06								

Identification Code: FIN018
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Maintaining Accounts Database

PURPOSE: To ensure that backups of the account database are taken regularly.

BACKGROUND: The Accounts server is shared by the Accounts Dept. and the PF Trust and security is controlled by access codes.

Currently 4 PCs have access to NSDL Accounts Database in Tally.
The NSDL database is maintained on one of the Accounts Dept.'s PC.

PROCEDURE:

- Officer
1. Takes a daily backup of the entire accounts database into another PC.
 2. Weekly backup of entire accounts database is taken on DATs and stored in a fireproof safe.
 3. Maintains the backup register which shows the dates of backup and contents of each DAT.

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Identification Code: FIN019
Approvals: Executive Director and Head of Department

Implementation Date: July 97
Revision Date:

TITLE: Year End Closing

PURPOSE: To provide Management and Statutory Authorities with various year end reports.

PROCEDURE:

- Accounts Asst.**
1. Verifies that all necessary entries for the entire financial year (ending 31 Mar) have been made.
 2. Verifies that the bank reconciliation for the entire year has been completed.
 3. Calculates the following:
 - a. Depreciation
 - b. Preliminary and pre-operative expenses written off
 - c. Auditors Fees
 4. Prepares Vouchers for the items in Step 3.
 5. Obtains authorisation from the HOD - Finance.
 6. Prints the Trial Balance using Tally at the beginning of the next year.
- Officer**
7. Checks the trial balance for any provisional or accrual entry pending and the proper accounting for assets, liabilities, expenses and revenue.
 8. Makes rectification through Journal Vouchers if necessary. (Refer to related procedure FIN009)
 9. Verifies that the trial balance is correct.
- HOD**
10. Obtains approval of the Final Accounts from the Board of Directors.

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Officer

11. Assists in Statutory Audit and Tax Audit conducted by Statutory Auditors.
12. Prepares the Balance Sheet of the Annual Accounts as stated in Schedule 6 of the Companies Act.
13. Obtains signature on the Balance sheet from:
 - a. Statutory Auditors
 - b. Board of Directors
14. Files the following with the respective authorities:
 - a. Annual Return with the Registrar of Companies before 30 Sept.
 - b. Income Tax Return with the Income Tax Dept. before 30 Nov.
15. Compiles Statutory Annual Returns (pertaining to statutory dues payments) and files these with the appropriate authorities by 30 June.
16. Maintains file of reports for future reference.

APPENDIX E - REVISED WORK PLAN

TASK	START DATE	COMPLETE DATE	COMPLETE DATE
Training session on Compliance, Surveillance, and Risk Management	March, 1997	March, 1997	March, 1997
Training session on securities depository services in the U.S.	May, 1997	July, 1997	
	Delayed start until July due to heavy schedules of NSDL management.		
Training sessions on procedure documentation	May, 1997	May, 1997	May, 1997
Identify training resources within/outside India for specific topics as needed by NSDL	May, 1997	Ongoing	Ongoing
Documentation of departmental procedures			
- Issuer Interface	May, 1997	July, 1997	September, 1997
	Function identification completed in May, 1997.		
- Registrar Interface	May, 1997	July, 1997	September, 1997
	Function identification completed in May, 1997.		
- Participant Interface	May, 1997	July, 1997	September, 1997
	Function identification completed in May, 1997.		
- Clearing Corporation	July, 1997	September, 1997	October 1997

Interface

Function identification completed in August, 1997

- Corporate Communi- July, 1997 September, 1997 October 1997
- tions -Marketing

Function identification completed in August, 1997

- Compliance July, 1997 September, 1997 December, 1997

Moved to December, 1997, to enable PW to assist in developing functions and document procedures based on U.S. experience.

- Finance July, 1997 September, 1997 December, 1997

Function identification completed in August, 1997. Preliminary drafts of procedures completed as of September, 1997. Final drafts to be included with December deliverable due to additional work needed in Surveillance and Compliance areas.

- Surveillance September, 1997 November, 1997 December, 1997

Function identification completed in August, 1997. Recommendations on additional responsibilities to be included in Surveillance as requested by NSDL provided by PW in October, 1997. Final drafts of procedures to be included with December deliverable to ensure compatibility with Compliance procedures. Switched with Compliance as of August, 1997

- Corporate Planning and September, 1997 November, 1997 October, 1997
Risk Management

Function identification completed in August, 1997 (Early for this phase.) Final drafts moved to this (earlier) deliverable.

- Computer Networking	As needed to support out-sourced technical work	January, 1997	
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Function identification completed in October, 1997.

- Computer Systems	As needed to support out-sourced technical work	January, 1997	
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Function identification completed in October, 1997.

Establish Human Resources orientation program	July, 1997	September, 1997	Ongoing.
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Training on HRD development held on June 5, 1997.

Sample employee performance review form also provided to NSDL to assist in their development of this process.

Job descriptions prepared by PW as part of original workflow paper provided on floppy on August 4, 1997.

Separate project on NSDL internal training program began in September, 1997. Orientation or induction will be included in this project. Recommendations made in separate deliverable entitled "National Securities Depository Limited - Establishment of Training Program Within the Human Resources Department", November, 1997.

Review/create management reports	November, 1997	January, 1998	
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Introduction to Work Measurement (added May, 1997)	November, 1997	January, 1998	
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Assist in meetings with issuers and R&T agents to solicit participation in the depository	Ongoing as needed by NSDL	Ongoing	Ongoing
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Assist in development
of Business Continuity
Plan for business
operations

November, 1997

January, 1998