

CHAIRMAN AND MEMBERS OF THE SEBI BOARD*



Shri G. N. BAJPAI
Chairman



Shri Vinod Dhall
Secretary

Department of Company Affairs
Ministry of Finance
Government of India



Shri G. P. Muniappan
Deputy Governor

Reserve Bank of India



Shri Dharendra Swarup
Additional Secretary

Department of Economic Affairs
Ministry of Finance
Government of India

* As on March 31, 2003. Members are nominated under Sections 4(1)(b) and 4(1)(c) of the SEBI Act, 1992.

CHAIRMAN AND EXECUTIVE DIRECTORS*



Sitting Left to Right: Shri C.S. Kahlon - ED, Ms. D.N. Raval - ED, Shri G.N. Bajpai - Chairman, Shri Pratip Kar - ED

* As on March 31, 2003.

EXECUTIVE DIRECTORS



SHRI PRATIP KAR



MS. D. N. RAVAL



SHRI C. S. KAHLON

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ABBREVIATIONS

AMBI	Association of Merchant Bankers of India
AMC	Asset Management Company
AMFI	Association of Mutual Funds in India
APRC	Asia Pacific Regional Committee
ASR	Annual Statistical Report
BOLT	BSE On-Line Trading
BgSE	Bangalore Stock Exchange
BSE	The Stock Exchange, Mumbai
BSE Natex	BSE National Index (100 Scrips)
BSE Sensex	BSE Sensitive Index (30 Scrips)
CAG	Comptroller and Auditor General of India
CDSL	Central Depository Services Limited
CIS	Collective Investment Schemes
CLA	Central Listing Authority
CNS	Continuous Net Settlement
CRA	Credit Rating Agency
CRISIL	Credit Rating and Information Services of India Ltd
DCA	Department of Company Affairs
DFI	Development Financial Institution
DIP Guidelines	Disclosure and Investor Protection Guidelines
DPs	Depository Participants
DSE	Delhi Stock Exchange
DVP	Delivery versus Payment
ECS	Electronic Clearing and Settlement
EDIFAR	Electronic Data Information Filing and Retrieval
EFT	Electronic Funds Transfer
ETFs	Exchange Traded Funds
ELSS	Equity Linked Saving Scheme
EMC	Emerging Markets Committee
ERO	Eastern Regional Office (SEBI)
ESOS	Employee Stock Options Scheme
ESPS	Employee Stock Purchase Scheme
F & O Segment	Futures & Options Segment
FCDs	Fully Convertible Debentures
FEMA	Foreign Exchange Management Act, 2000
FERA	Foreign Exchange Regulation Act, 1973

FIFO	First In First Out Method
FII	Foreign Institutional Investors
FI	Financial Institutions
FIRE	Financial Institutions Reform and Expansion
FMC	Forward Markets Commission (India)
FoF	Fund of Funds
FSF	Financial Stability Forum
FVCI	Foreign Venture Capital Investor
GDP	Gross Domestic Product
GIC	General Insurance Corporation
ICAI	Institute of Chartered Accountants of India
ICSE	Inter-Connected Stock Exchange
IDFC	Infrastructure Development and Finance Corporation
IL&FS	Infrastructure Leasing and Financial Services
IOSCO	International Organisation of Securities Commissions
IPO	Initial Public Offer
IRDs	Interest Rate Derivatives
ISDN	Integrated Services Digital Network
ISIN	International Securities Identification Number
LSE	Ludhiana Stock Exchange
LAN	Local Area Network
MF	Mutual Fund
MSE	Madras Stock Exchange
MoU	Memorandum of Understanding
NAV	Net Asset Value
NBFCs	Non-Banking Financial Companies
NCAER	National Council of Applied Economic Research
NCDs	Non-Convertible Debentures
NCDS	Non Convertible Debt Securities
NCFM	NSE Certification on Financial Management
NCLT	National Company Law Tribunal
NPA	Non-Performing Assets
NRI	Non-Resident Indian
NRO	Northern Regional Office (SEBI)
NSCCL	National Securities Clearing Corporation Limited
NSDL	National Securities Depository Limited
NSEIL	National Stock Exchange of India Limited

OCBs	Overseas Corporate Bodies
OECD	Organization for Economic Co-operation and Development
OFCs	Offshore Financial Centres
OIC	Overseas Investor Cell
OTCEI	Over-The-Counter-Exchange of India
PCD	Partially Convertible Debenture
PMAC	Primary Market Advisory Committee
PSU	Public Sector Undertaking
QIBs	Qualified Institutional Buyers
RAIN	Registrars Association of India
ROC	Registrar of Companies
RTI	Registrar to the Issue
RTA	Registrars and Share Transfer Agent/s
S&P CNX NIFTY	S&P CNX NIFTY Index (50 Scrips)
SAT	Securities Appellate Tribunal
SC(R) Act	Securities Contract (Regulation) Act, 1956
SC(R)R, 1957	Securities Contract (Regulation) Rules, 1957
SGF	Settlement Guarantee Fund
SHCIL	Stock Holding Corporation of India Limited
SMEs	Small and Medium Enterprises
SMTI	Securities Market Training Institute
SROs	Self Regulatory Organisations
STA	Share Transfer Agent
STP	Straight Through Processing
T-Bills	Treasury Bills
UTI	Unit Trust of India
USAID	United States Aid for International Development
VaR	Value-at-Risk
VCFs	Venture Capital Funds
VCU	Venture Capital Undertaking
VSAT	Very Small Aperture Terminal
WAN	Wide Area Network
WAP	Wireless Application Protocol
WDM	Wholesale Debt Market

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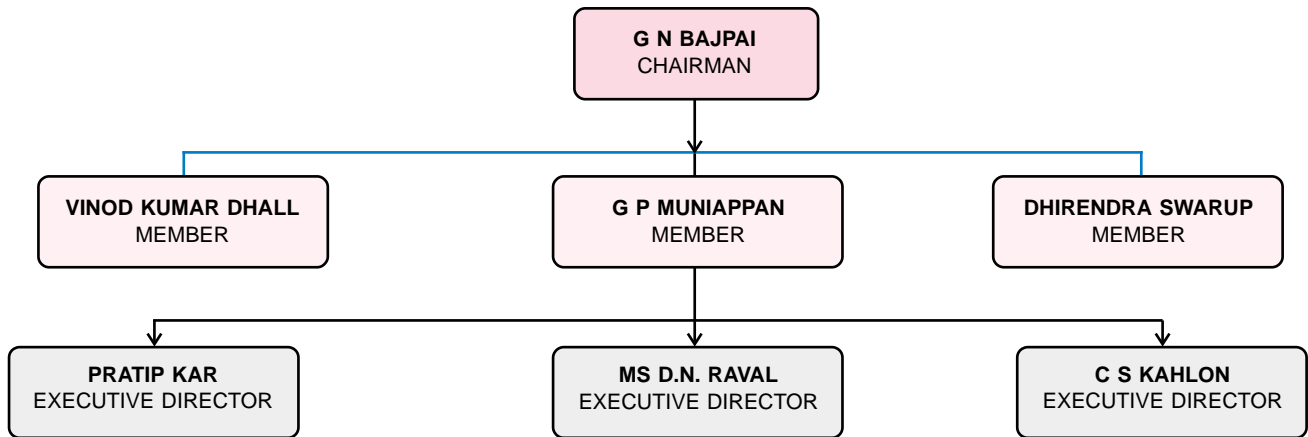
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SEBI BOARD AND THE EXECUTIVE DIRECTORS



Preamble, Vision and Mission

Preamble to the SEBI Act, 1992

To protect the interest of the investors in securities and to promote the development of, and to regulate the securities market and for matters connected therewith or incidental thereto.

Vision

Sebi to be the most dynamic and respected regulator-globally.

Mission

SEBI's Strategic Action Plan has identified four key spheres and has set strategic aims for each of the following spheres:

Key Sphere	Strategic Aim
Investors	Investors are enabled to make informed choices and decisions and achieve fair dealings in their financial dealings.
Firms (Corporates)	Regulated firms and their senior management understand and meet their regulatory obligations.
Financial Markets (Exchanges, Intermediaries)	Consumers and other participants have confidence that markets are efficient, orderly and clean.
Regulatory Regime	An appropriate, proportionate and effective regulatory regime is established in which all the stakeholders have confidence.

Calendar of Events

April, 2002

The stock exchanges directed to follow T+3 rolling settlement for all listed securities with effect from April 1, 2002.

June, 2002

All the orders passed by the Securities Appellate Tribunal and Chairman, SEBI posted on the SEBI website from June 20, 2002 to enhance regulatory transparency.

July, 2002

Launch of Electronic Data Information Filing and Retrieval System (EDIFAR) in Mumbai by the SEBI Chairman, Shri G N Bajpai on July 5, 2002, to enable electronic filing of information by listed companies.

SEBI (Mutual Funds) (Third Amendment) Regulations, 2002 notified on July 30, 2002.

August, 2002

The report of the committee on Delisting of Securities submitted to SEBI on August 13, 2002.

The report of the Committee on Corporatisation and Demutualisation of Stock Exchanges in India submitted to SEBI on August 28, 2002.

September, 2002

SEBI (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2002 and SEBI (Mutual Funds) (Fourth Amendment) Regulations, 2002 notified on September 9, 2002.

SEBI (Issue of Sweat Equity) Regulations, 2002 notified on September 24, 2002.

SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 notified on September 27, 2002.

October, 2002

SEBI Regularisation Scheme, 2002 introduced on October 1, 2002.

The report of Committee on Straight Through Processing submitted to SEBI on October 10, 2002.

SEBI (Portfolio Managers (Amendment) Regulations, 2002 notified on October 11, 2002

The SEBI Act, 1992 amended on October 29, 2002 and SEBI's powers enhanced to check cases of insider trading, fraudulent and unfair trading practices in securities markets and market manipulation in order to protect the investors. The amendment gave SEBI powers to levy deterrent penalties against corporates and individuals in the matters related to market manipulation, insider trading and fraudulent practices.

November, 2002

SEBI (Prohibition of Insider Trading) (Second Amendment) Regulations, 2002 notified on November 29, 2002.

December, 2002

Straight Through Processing introduced with effect from December 2, 2002.

SEBI (Underwriters) (Amendment) Regulations, 2002 were notified on December 10, 2002.

SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2002 notified on December 10, 2002.

January, 2003

UTI spilt into two parts and one part known as UTI Mutual Fund was brought under SEBI on January 14, 2003.

The report of the committee on Securities Brokers' Participation in Commodities Futures Market submitted to SEBI on January 15, 2003.

Retail trade in Government of India securities launched by the Hon'ble Finance and Company Affairs Minister at New Delhi on January 16, 2003.

The Securities Market Awareness Campaign of SEBI launched by the Hon'ble Prime Minister, Republic of India at New Delhi on January 17, 2003.

February, 2003

Companies (Amendment) Act, 2002 notified on February 6, 2003.

The report of the Committee on Corporate Governance submitted to SEBI on February 8, 2003.

SEBI (Delisting of Securities) Guidelines, 2003 were issued on February 17, 2003.

SEBI (Credit Rating Agencies) (Amendment) Regulations, 2003 were notified on February 19, 2003.

Chairman's Statement



The importance of the securities market in catalysing the growth of an economy is well recognized. A well developed and efficient securities market nourishes a sustained phase of development through market based resource allocation and increased avenues for raising resources for government and corporate sector. It is, therefore, natural that India's financial sector development agenda has rightly accorded a very high priority to the development and regulation of the securities market in a manner that protects the interest of investors in securities. And it has been the endeavor of the SEBI to develop fair market practices and to regulate the

conduct of issuers of securities and the intermediaries so as to provide a market place, where more and more issuers and investors are able to undertake more and more transactions in securities with confidence, efficiency and safety.

With the objectives of improving market efficiency, enhancing transparency, preventing unfair trade practices and bringing the Indian market up to international standards, the regulator has undertaken a package of reforms consisting of measures to liberalise, regulate and develop the securities market in the last decade. The practice of allocation of resource among different competing entities as well as its terms by a central authority was discontinued. The issuers complying with the eligibility criteria were allowed the freedom to issue the securities at market determined rates. The secondary market overcame the geographical barriers by moving to screen based trading. All kinds of securities – debt and equity, government and corporate – are traded on the exchanges side by side. Trades enjoy counter-party guarantee. A variant of delivery versus payment is followed for settlement of transaction in securities on exchanges. A fine tuned risk management system has been put in place. The trading cycle has been shortened to a day and trades are settled within 2 working days, while all deferral products were banned. Physical security certificates have almost disappeared. A variety of derivatives are permitted. Corporate governance, disclosure regime and accounting standards improved significantly. The state-of-the-art information technology has been used in all operations in the securities market. All these built up the competitive edge of the securities market.


The year 2002-03 posed a number of challenges to the authorities, including the market regulator, Securities and Exchange Board of India (SEBI). The first challenge was ensuring a smooth and quick recovery from the major market turbulence that had occurred in early 2001. Other challenges came from increasing globalization, advancement in information technology, growing

sophistication of investors, increasing complexity of products and services, growing needs and expectations of the issuers and investors. The most important challenge came from within SEBI which set and pursued aggressively a vision for itself to be - THE MOST DYNAMIC AND RESPECTED REGULATOR GLOBALLY and thereby further build on the competitive edge of the Indian Securities Market, which is on the threshold of becoming a benchmark for the rest of the world. In fact, it rubs shoulders with best of the markets today.

SEBI responded to the above challenges by crafting a comprehensive Strategic Action Plan (SAP) based on a deep internal introspection and extensive external consultation, to guide itself on its march to build competitive edge for Indian securities market and trying assiduously to implement it. The SAP identified four stakeholders, namely the investors, the issuers, the intermediaries and the regulators. The outcome is visible to any body following the securities market. One looks back at the year gone by with immense satisfaction stemming out of the arrays of achievements elaborated elsewhere in this report. Notable amongst these are: disclosure regime at par with international standards, Electronic Data Information Filing and Retrieval (EDIFAR) System to facilitate electronic filing of information by listed companies, retail trading of government securities on exchanges, transition from T+5 to T+3 rolling settlement and further to T+2 , establishment of Central Listing Authority, straight through processing in securities for institutional clients, corporate governance rating and a massive investor awareness programme. These developments in the market microstructure has enhanced the safety, integrity and efficiency of the market further.

This is not the end, but a beginning to improve efficacy of the Indian Securities Market to a level which would encourage and enthuse both domestic and international investors to flock to the Indian market. Much is at stake. Maintaining the status quo is not an option. Reforms have to happen swiftly. We must unload our outdated armour that suppresses our strengths and replace it with a new one that fits the new global financial market environment. It is our ambition and commitment to strengthen the competitive edge of the Indian securities market further to make it the most important international hub for issuers as well as investors across the globe. With collective efforts of all stake-holders, hopefully this would be a reality soon.

We are conscious that vibrant securities market plays a very significant role in the national economic rejuvenation and eventually improving the lot of investors as well as the citizens. This thought has been and will continue to be our guiding force.



(G. N. BAJPAI)