



Demat by NSDL
Towards a secure future

*NEST UPDATE

April 2006

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75,60,299
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Rs. 24,78,941 Cr.
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Rs. 94,545 Cr.
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For
private circulation only

Tamilnad Mercantile Bank Limited joins NSDL as Depository Participant (DP)

Tamilnad Mercantile Bank Limited has been made operational as a DP on March 22, 2006. It will conduct its depository operations from Chennai. The DP Id allotted is IN303069.

This takes the total number of operational DPs to 223 and the total number of DPM set-ups to 297.

Subscription to SPEED-e

The following DP has subscribed to the SPEED-e facility of NSDL in the month of March 2006:

- ◆ Bharat Bhushan Equity Traders Limited

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

This takes the total number of DPs who have subscribed to SPEED-e to 60.

SEBI directive on PAN as a mandatory requirement for demat account opening

SEBI in its meeting held on January 18, 2006 discussed the issue of tightening the KYC norms. It was decided that the Depositories will issue directions to DPs making Permanent Account Number (PAN) compulsory for all categories of demat account-holders including minor, trust, foreign corporate body, banks, corporates, FIIs and NRIs. This comes into effect in respect of all demat accounts that are opened on or after April 1, 2006. Further, from October 1, 2006 onwards, the existing account holders would not be able to operate the accounts if they do not produce the PAN card by then.

In view of the aforesaid SEBI decision, NSDL has advised its DPs as follows:

(I) In respect of accounts that are opened on or after April 1, 2006:

1. Obtain a photocopy of the PAN card of the person(s) seeking to open the account and verify the same with the original PAN card, in addition to the existing procedure for account opening.
2. Personally verify the identity and address of each of the applicant while opening demat accounts.
3. In case of joint accounts, the PAN of each of the joint holder should be captured in the DPM system after making necessary verification.

(II) In respect of accounts that are opened till March 31, 2006:

1. Send a suitable written communication with a request to produce the PAN card alongwith a photo copy, for verification, at the earliest but not later than October 1, 2006 in respect of all account holder(s).

* National Electronic Settlement and Transfer

2. In case the account holder(s) fail(s) to submit the PAN details to the DP by October 1, 2006 or there are discrepancies in the PAN details that are not resolved by September 30, 2006, such accounts should be '**Suspended for Debit**' until PAN details are verified and updated at the DPM.

This has been intimated to DPs vide Circular No. NSDL/POLICY/2006/0007 dated March 7, 2006.

Exemption from sending physical transaction statement to subscribers of IDeAS

NSDL offers an Internet based facility called IDeAS (Internet-based Demat Account Statement) through its SPEED-e website (<https://speed-e.nsdll.com>). IDeAS can be availed of by a Beneficial Owner (Client) provided its DP has subscribed to this facility.

IDeAS enables a Client to view latest balances as well as the transactions that have taken place in the last five days in its demat account. IDeAS also features the facility of download of digitally signed monthly transaction statements. Clients can verify the digital signature of NSDL using a Signature Verification Utility. The detailed procedure regarding installation of Signature Verification Utility is available on SPEED-e website.

If a Client subscribes to IDeAS, SEBI has permitted the DPs to discontinue providing physical transaction statements to such Clients. However, the DPs will be required to send a consolidated transaction statement, in physical form, for the entire financial year and the same shall be dispatched before 15th of May every year.

To enable the DPs to service the Clients, NSDL proposes to maintain month-wise transaction statements for a period of 12 months on IDeAS. Transaction statement for a particular month will be available for download by 7th of the following month (eg. transaction statement of April 2006 will be available for download by May 7, 2006).

This has been intimated to DPs vide Circular No. NSDL/POLICY/2006/0010 dated March 24, 2006.

Procedure for opening an account in the name(s) of Partners for holding securities that belong to the Partnership firm

DPs have been seeking clarification from NSDL whether Partners of a Partnership firm can provide the PAN of the Partnership firm at the time of opening a demat account. In this regard, NSDL has advised its DPs as follows:

- (i) The account should be opened only in the name of Partner(s) and the securities that belong to the Partnership Firm can be held in this account.
- (ii) Obtain Proof of Identity and Proof of Address of the Partner(s) as per the procedure laid down and a copy of the Partnership Deed to verify the names of Partner(s). In addition, DPs should obtain a photocopy of the PAN card of the Partner(s) seeking to open the account and verify the same with the original PAN card.
- (iii) If the Partner(s) make(s) a request to the DP to capture the PAN of the Partnership firm, obtain a photocopy of the PAN card of the firm and capture the PAN details of the firm in the DPM against the names of all the Partner(s).
- (iv) Obtain an undertaking in the specified format from the Partner(s) to the effect that the Partner(s) would comply with the provisions of the Companies Act, 1956 and other applicable statutes in respect of securities of the Partnership firm held in the account opened in the name of the Partner(s).

This has been intimated to DPs vide Circular No. NSDL/POLICY/2006/0008 dated March 4, 2006.

Performance Summary

Investors :

Table 1

Month - Year	Client Accounts
	No. of Accounts (lakh)
Mar-04	52.03
Mar-05	63.01
Mar-06	75.60

As on March 31, 2006, there are 75,60,299 investor accounts from within the country and abroad. 2,077 clearing member accounts have been opened to facilitate trading and settlement of demat shares in the stock exchanges connected to NSDL. Table 1 shows the growth in investor accounts over a period of three years.

Dematerialisation :

As on March 31, 2006, 17,472 cr. securities having a value of Rs. 24,78,941 cr. were dematerialised. Table 2 shows the dematerialisation figures over the last three years.

Table 2

Month - Year	Demat Quantity (Cr.)	Demat Value (Rs. Cr.)
Mar-04	8,369	966,153
Mar-05	12,866	1,447,663
Mar-06	17,472	2,478,941

Settlement :

Table 3

Month - Year	Settlement Quantity (Cr.)	Settlement Value (Rs. Cr.)
Mar-04	165	25,171
Mar-05	458	49,698
Mar-06	496	94,545

In March 2006, a total quantity of 496 cr. shares having a value of Rs.94,545 cr. were settled in demat form in the stock exchanges connected to NSDL. Table 3 shows the settlement figures over the past three years.

Companies :

As on March 31, 2006, 6,022 companies are available for demat. Table 4 indicates the increase in the number of companies that have joined NSDL over a period of three years.

Table 4

Month - Year	No. of Companies Operational
Mar-04	5,212
Mar-05	5,536
Mar-06	6,022

DEBENTURES / BONDS

Table 4A

Month - Year	No. of Issuers	No. of active Instruments	Demat Value (Rs. Cr.)
Jan-06	652	6,894	315,672
Feb-06	652	6,928	322,851
Mar-06	652	6,968	333,788

As on March 25, 2006, 652 issuers have issued 17,508 debentures/bonds in demat form. 10,540 instruments have been redeemed and 6,968 instruments are available for dematerialisation. Table 4A shows the growth over a period of last three months.

COMMERCIAL PAPER

As on March 25, 2006, 379 issuers have issued 7,357 commercial papers in demat form. 7,013 instruments have been redeemed and 344 commercial papers are available for dematerialisation. Table 4B shows the growth over a period of last three months.

Table 4B

Month - Year	No. of Issuers	No. of active Instruments
Jan-06	378	420
Feb-06	379	406
Mar-06	379	344

Depository Participants :

Table 5

Month - Year	No. of DPs
Mar-04	214
Mar-05	216
Mar-06	223

As on March 31, 2006, 223 Depository Participants (DP) are offering depository services. DP services are provided from 3,017 locations across the length and breadth of the country.

Corporate Action Statistics

Sr. No.	Description	During March 2006		For the F.Y. 2005-2006 (upto March 2006)	
		No. of Allottees	No. of Securities	No. of Allottees	No. of Securities
1	Equity Shares	945,336	2,524,053,856	11,759,094	34,143,548,295
2	Preference Shares	181,559	249,231,365	367,130	946,507,316
3	Bonds	1,031	13,279,947	49,673	401,435,301
4	Commercial Papers	76	47,500	1,148	687,522
5	Certificate Of Deposits	311	1,575,048	1,185	5,803,813
6	Securitized Instruments	54	536,285	631	210,754,958
7	Mutual Fund Units	459	9,507,447	6,087	102,959,966
8	Government Securities	0	0	1	2,730
9	Warrants	9,595	5,572,166	23,344	13,571,941
10	Postal Savings Certificates	2,183	131,619,300*	19,010	5,911,856,700*
11	Commodities	393	168,450	5,981	1,238,077
	Total	1,140,997	2,935,591,364	12,233,284	41,738,366,619

* Value in Rupees

List of Companies that have changed Names

(During March 2006)

Sr. No.	Old Name	New Name
1	New Sahyadri Industries Limited	Sahyadri Industries Limited
2	Horizon Battery Technologies Limited	Horizon Infrastructure Limited
3	Garware Shipping Corporation Limited	Garware Offshore Services Limited
4	Cosmos Syntex Private Limited	Cosmos Soft-Tech Services Private Limited
5	Odyssy Commerce Private Limited	Odyssy Soft-Tech Services Private Limited
6	Sangeeta Granites Limited	Milestone Global Limited
7	Jaybharat Sarees Limited	Jaybharat Textiles And Real Estate Limited
8	Konaseema EPS Oakwell Power Limited	Konaseema Gas Power Limited
9	Universal Luggage Manufacturing Company Limited	Aristocrat Luggage Limited
10	Bisil Plast Limited	Bisleri Gujarat Limited
11	Abhinav Homes & Resorts Limited	Abhinav Capital Services Limited
12	Kothari Plantations & Industries Limited	Kothari Phytochemicals & Industries Limited
13	Soubhagya Diecast Limited	Rane Diecast Limited
14	Jaju Enterprises Limited	Atharv Enterprises Limited
15	Vardhman Spinning & General Mills Limited	Vardhman Holdings Limited
16	Intelenet Global Services Limited	Intelenet Global Services Private Limited

Securities admitted for Dematerialisation during March 2006

COMPANY	ISIN	COMPANY	ISIN
Adeshwar Cotton Industries Limited	INE066C01019	Nitin Fire Protection Industries Limited	INE489H01012
Allcargo Global Logistics Limited	INE418H01011	Plethico Pharmaceuticals Limited	INE491H01018
Ammana Bio Pharma Limited	INE421H01015	Powersurfer Interactive (India) Private Limited	INE927G01013 & IN9927G01011
Anshuni Commercials Limited	INE425H01016	Prerna Finsafe Limited	INE426H01014
Anu's Laboratories Limited	INE450H01014		
Arex Industries Limited	INE480H01011	R.R. Securities Limited	INE474H01014
Ashoka Buildcon Limited	INE442H01011	Rajath Finance Limited	INE455H01013
Aviva Industries Limited	INE461H01011	Ratnagiri Gas & Power Private Limited	INE471H01010
Beryl Drugs Limited	INE415H01017	Relene Petrochemicals Private Limited	INE417H01013
Biochem Pharmaceutical Industries Limited	INE467H01018	Reliance Petroleum Limited	INE475H01011
Blue Cross Laboratories Limited	INE481H01019	RMZ Infotech Private Limited	INE485H01010
Bluplast Industries Limited	INE324H01011	RNS Infrastructure Limited	INE423H01011
Brahma Interactive Limited	INE446H01012	Rosekamal Textiles Limited	INE392F01012
Cement Manufacturing Company Limited	INE460H01013	Rubra Medicaments Limited	INE396H01019
CG - Smith Software Private Limited	INE469H01014	Savant Infocomm Limited	INE898E01011
Cholamandalam Ms General Insurance Company Limited	INE439H01017	Sharma East India Hospitals & Medical Research Limited.	INE465H01012
Deccan Aviation Limited	INE438H01019	Shashwat International Limited	INE449H01016
DSP Merrill Lynch Fund Managers Limited	INE422H01013	Shirt Company (India) Limited	INE458H01017
Eagle Poonawalla Industry Limited	INE429H01018	Sidhi Vinayak Investment Limited	INE477H01017
Emaar Mgf Land Private Limited	INE451H01012	Simplex Mills Company Limited	INE457H01019
Gangavaram Port Limited	INE490H01010	Simplex Papers Limited	INE456H01011
Gateway Terminals India Private Limited	INE468H01016	Sound Securities Private Limited	INE453H01018
Gayatri Projects Limited	INE336H01015	Speck Systems Limited	INE448H01018
Goa Energy Private Limited	INE420H01017	Steel City Securities Limited	INE395H01011
I - Solutions Providers (India) Private Limited	INE462H01019	Sun TV Limited	INE424H01019
Indorama Cement Limited	INE544F01018	Sunday Exports Limited	INE427H01012
Janki Corp Limited	INE463H01017	Sunstar Overseas Limited	INE494H01012
Jarigold Textiles Limited	INE385F01016	Tamilnadu Road Development Company Limited	INE908F01015
JM Financial Asset Management Private Limited	INE496H01017	Terrestrial Finance Limited	INE478H01015
Kilpest India Limited	INE994E01018	Tetragon Chemie Private Limited	INE432H01012
Kribhco Shyam Fertilizers Limited	INE486H01018	The Orissa Minerals Development Company Limited	INE725E01016
Lakeland Hotels Limited	INE419H01019	Unity Infraprojects Limited	INE466H01010
Lanco Green Power Private Limited	INE483H01015	UTI Securities Limited	INE472H01018
Mahendra Petrochemicals Limited	INE452H01010	Vadinar Power Company Limited	INE454H01016
Manga Capsules Limited	INE459H01015	Vamshi Hydro Energies Private Limited	INE482H01017
Manjushree Extrusions Limited	INE435H01015	Vamshi Industrial Power Limited	INE473H01016
Mayfair Finance Limited	INE476H01019		
Millennia Realtors Private Limited	INE487H01016	Velankani Information Systems Private Limited	INE430H01016
Monnet Sugar Limited	INE493H01014	Way2Wealth Securities Private Limited	INE440H01015
Mounteverest Trading & Investment Limited	INE492H01016	Yash Trading And Finance Limited	INE745A01012
MSPL Limited	INE488H01014	Yashodhan Investment Limited	INE479H01013

Topic of Interest

Depository System and Market Functionaries/ Intermediaries

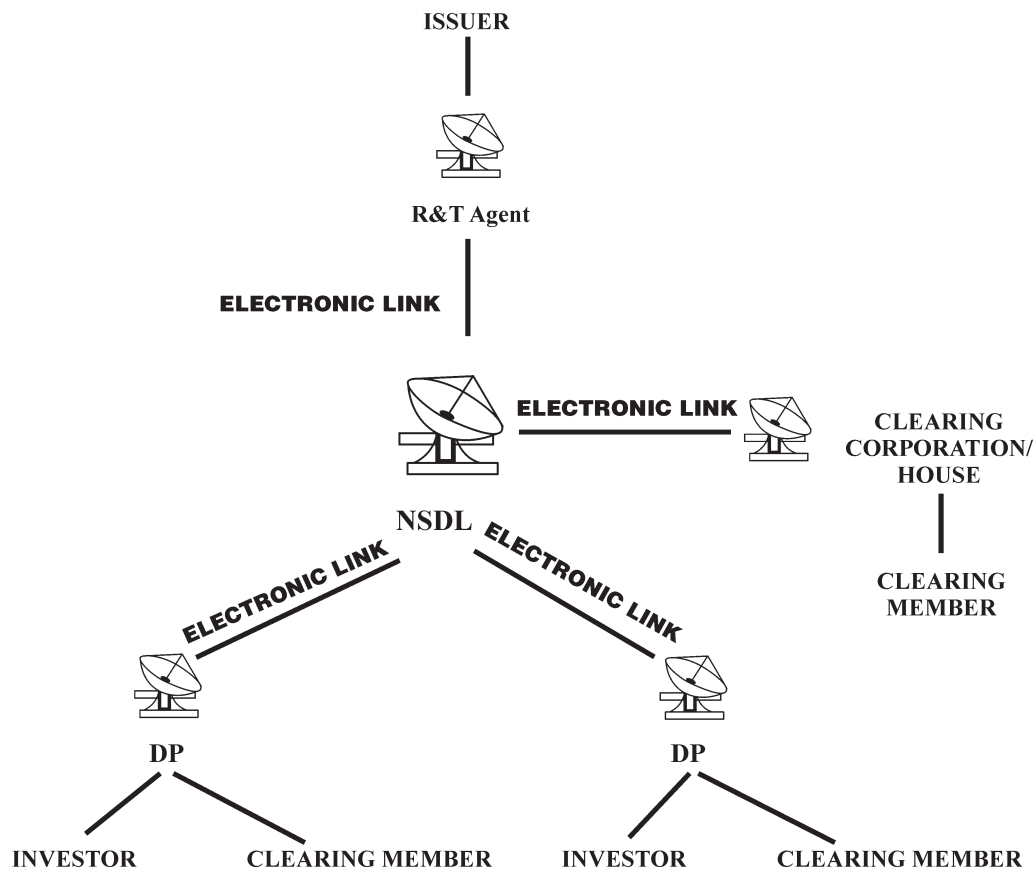
NSDL, the first depository in India, established in August 1996 and promoted by institutions of national stature has established a national infrastructure of international standards that handles the settlement of securities in dematerialised form in Indian capital market.

NSDL has made enormous progress since its inception. As on April 1, 2006, there were more than 75 lakh accounts in the NSDL system, with more than 17,000 crore securities having a value of more than Rs. 24,00,000 crore (US\$ 545 billion) in dematerialized form. This progress would not have been possible without the faith entrusted by the investors in the NSDL system.

The following market intermediaries carry out various activities with regard to the depository system:

- Depository Participants (DPs);
- Issuers/R &T Agents; and
- Clearing Corporations (CC)/Clearing Houses (CH) of Stock Exchanges.

All these entities are electronically linked to NSDL via a satellite link through Very Small Aperture Terminal (V-SAT) or through leased lines. V-SAT or leased lines are called primary connectivity. If primary connectivity fails for any reason, these entities must have the ability to connect through other means (PSTN lines, ISDN lines etc). In NSDL system, these entities cannot have direct linkage with each other. Any transaction conducted by any computer system of an entity in the NSDL depository system first gets recorded in the central system of NSDL and then it reaches the target computer system of another entity(ies). Following diagram gives an idea about the electronic linkages between NSDL and these entities:



Depository Participants (DPs):

Under the Depositories Act, 1996, a DP acts as an intermediary between the Depository and the investors. According to SEBI (Depositories & Participants) Regulations, 1996, 10 categories of entities such as Non Banking Finance Companies (NBFC), Banks, Financial Institutions, members of Stock Exchanges (Brokers), SEBI registered Registrar & Transfer (R & T) Agents etc. can become DPs. The relationship between a DP and the Depository is governed by an agreement as specified in the Bye-laws of NSDL.

The eligibility criteria for becoming a DP are prescribed in SEBI Regulations. These Regulations prescribe a minimum networth criteria for being eligible to act as a DP. However, depositories can fix a higher networth criteria for their DPs (e.g. in case of broker DPs, they should have a networth of Rs. 50 lakh as per the Regulations, while NSDL has prescribed Rs. One crore). A DP is required to be registered with SEBI.

An investor can open a demat account with a DP to obtain depository related services by submitting the account opening form with certain documents (such as proof of identity, proof of address, PAN card copy etc.) and signing an agreement. Investors need to consider factors such as Convenience (proximity to office/residence, business hours), Comfort (reputation of the DP and services offered) and Cost (service standards and charges levied) while selecting a DP. Currently, there are 223 DPs associated with NSDL and are providing services from more than 3000 locations in 364 cities across the country. A comprehensive list of DPs and their comparative charge structure can be obtained from NSDL website www.nsdl.co.in. The basic depository related services provided by the DPs to investors who open account with them are viz; dematerialisation, rematerialisation, transfers, transmission, pledging, freezing and account closure. For availing these services, the investor has to give instructions to the DP in the prescribed forms duly signed by all the accountholders.

Issuers/R & T Agents:

The Depositories Act, 1996 gives an option to the investors to hold their securities either in physical form or in book entry (demat) form. Issuer of the security may offer a facility to its investors to hold securities issued by it in demat form by entering into an agreement with NSDL.

Issuers who intend to offer investors the facility of holding securities in demat form have to establish connectivity with NSDL either directly or through their R & T Agents. Issuer/ R & T Agent receives the share certificates and demat request forms from investors through the DPs and dematerialises the shares after processing and verifying the documents and demat requests of the investors.

Issuer may appoint an R & T Agent to act on its behalf and to service the investors in respect of dematerialisation, rematerialisation, corporate actions, sending out notices and other communications to the investors, dispatch of dividend cheques etc. The R & T Agents process the investors' IPO applications and makes allotment of shares to them. They form an important link between the investors and Issuers in the securities market.

Clearing Corporations/ Clearing Houses of Stock Exchanges

Clearing Corporation (CC)/Clearing House (CH) of a Stock Exchange is an entity that is responsible for clearing and settlement of trades done by clearing members on recognised stock exchanges. The CCs/CHs of stock exchanges also have to be electronically linked to the depository in order to facilitate the settlement of the trades done on the stock exchanges for dematerialised securities. The securities pay-in data received from the brokers is provided by the depository to the CCs/CHs. After processing the same, the CCs/CHs provides the pay-out data to the depository for distributing and crediting the brokers' pool accounts.

NSDL Calendar of Events

Investor Depository Meets

May 5, 2006	Srinagar	May 19, 2006	Angul
May 6, 2006	Jammu	May 20, 2006	Cuttack
May 11, 2006	Dewas	May 25, 2006	Disa
May 12, 2006	Bhopal	May 26, 2006	Himatnagar
May 18, 2006	Sambalpur	May 27, 2006	Unjha

Business Partner Training

May 2-4, 2006	Depository Participant Training
May 9-10, 2006	Share Registrar Training

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NSDL Certification Program

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