



# \* NEST UPDATE

**NSDL**

**August 2006**

## *Inside:*

- > Performance summary
  - ⇒ Investor Accounts  
77,44,087
  - ⇒ Demat Custody -  
Rs. 23,55,073 Cr.
  - ⇒ Settlement -  
Rs. 43,311 Cr.
  - ⇒ Companies available  
for demat - 6,193
  - ⇒ Instruments
    - ❖ Debentures/  
Bonds - 6,804
    - ❖ Commercial  
Paper- 535
  - ⇒ DPs - 231
  - ⇒ DP service  
centres - 3,101
- > Corporate Action  
Statistics
- > Companies Name  
Change
- > Securities  
admitted for  
dematerialisation
- > Topic of Interest -  
KYC norms for  
Demat Accounts
- > Calendar of Events

### Subscription to SPEED-e

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

- Oriental Bank of Commerce

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 64.

### Direction to Clients by DPs on lost/misplaced/changes/correction on PAN Card

NSDL had issued a circular on March 3, 2006 regarding SEBI directive on PAN. In this regard, DPs have brought to NSDL's attention that Clients have reported the following problems:

- (i) PAN card has been lost / misplaced or PAN card was never received but has the PAN allotment letter from the Income Tax Department;
- (ii) Change in the name of the Client due to marriage or voluntary action etc., (in case of individuals) or due to merger, amalgamation etc (in case of a corporate entity).

NSDL advised DPs that the Income Tax Department issues a new PAN card with the same PAN with changes in PAN data, for the above reported problems. Detailed procedure is available at <http://www.incometaxindia.gov.in> or <http://www.tin-nsdl.com>.

This has been intimated to DPs vide Circular No. NSDL/POLICY/2006/0024 dated July 7, 2006.

### Clarification - Telephone bill (landline) as Proof of Address

DPs have been seeking clarification whether bills in respect of landline telephones provided by any service provider can be accepted as Proof of Address (POA).

NSDL has clarified that telephone bills (not more than two months old) pertaining to only Landline telephones (other than Fixed Wireless Phone) irrespective of the service provider can be accepted by DPs as POA. DP may ascertain the fact that such telephone number exists in the name of the entity, by making a call or by any other means.

This has been intimated to DPs vide Circular No. NSDL/POLICY/2006/0026 dated July 17, 2006.

### Clarification - Capturing PAN in case of HUF and minor accounts

DPs have been seeking clarification from NSDL regarding capturing of PAN details with respect to HUF and Minor accounts.

*For  
private circulation only*

\* National Electronic Settlement and Transfer

In this regard, DPs have been advised that for HUF accounts, PAN details of the HUF and for Minor accounts, PAN details of the Minor should be captured.

DPs should obtain a photocopy of the PAN card of the HUF / Minor, as the case may be, verify the same with the original PAN card and follow the requisite procedure.

This has been intimated to DPs vide Circular No. NSDL/POLICY/2006/0028 dated July 18, 2006.

#### **SEBI clarification on Mandatory requirement of Permanent Account Number (PAN)**

SEBI has, vide Circular No. MRD/DoP/Dep/Cir-09/06 dated July 20, 2006, issued clarifications regarding mandatory requirement of PAN, extracts of which are as under:

- "4.1. All entities registered with SEBI under Section 12 of the SEBI Act, 1992 and having some difficulty in producing PAN card for verification at the time of opening the Beneficiary Owner (BO) account may be permitted to open a BO account without producing the PAN card. However, such entities would be required to submit the PAN card to the Depository Participants (DPs) within a period of 30 days from the date of opening of the BO account for verification, failing which the DPs shall freeze such accounts as "Suspended for Debit" till such time the PAN card is produced for verification.
- 4.2. As regards proof of address of FIIs/sub-accounts, a copy of the Power of Attorney (POA) given by the FIIs/FII sub-accounts to the Custodians (which are duly notarized and/or apostilled or consularised) that gives the registered address of the FIIs/sub-accounts can be accepted as proof of address.
- 4.3. The NRIs/PIOs would be required to comply with the mandatory requirement of producing PAN Card at the time of opening a BO account. However, such NRIs/PIOs who are not able to obtain PAN for one reason or the other but are holding securities in physical form and desire to sell the same, may be permitted to open a "limited purpose BO account" without PAN. The operation of such BO accounts shall be subject to the following conditions :
  - These accounts will be "suspended for credit", which means, only credits arising out of corporate benefits and demat of physical certificates will be permitted.
  - These accounts cannot be used for getting credit from IPOs, off-market transactions or any secondary market transactions, etc.
  - These accounts can remain operational only for a limited period of 6 months from the date of opening of the account. Meanwhile, the account holders may be permitted to convert the account into a normal BO account subject to complying with the PAN requirements. If the Account holder fails to produce the PAN card within the stipulated period of 6 months, the DPs shall freeze such BO accounts.
  - The account holders shall be permitted to sell the securities lying in these accounts only through a registered broker on the stock exchange.
- 4.4. U.N. entities/multilateral agencies which are exempt from paying taxes/filing tax returns in India are exempted from the mandatory requirement of PAN. The exemption, however, would be subject to the DPs collecting documentary evidence in support of such claim of the investors.
- 4.5. Any investor who has PAN but not having the PAN card may be permitted to open BO Accounts subject to producing the PAN allotment letter. However, such investors would be required to produce the PAN Card on or before September 30, 2006 failing which the DPs shall freeze such accounts as "Suspended for Debit" till PAN card is produced for verification.
- 4.6. In case of HUF, Association of Persons (AoP), Partnership Firm, Unregistered Trust, etc. -- though the BO account would be in the name of natural persons, PAN of the respective HUF, AoP, Partnership Firm, Unregistered Trust, etc shall be obtained.
- 4.7. As regards Registered Trust, Corporate Bodies and minors, PAN of the respective entities shall be obtained when accounts are opened in their respective names.
- 4.8. In case where there is difference in the maiden name and current name of the investor (predominantly in the case of married women), DPs can collect the PAN card proof as submitted by the account holder. However, this would be subject to the DPs verifying the veracity of the claim of such investors by collecting sufficient documentary evidence in support of the identity of the investors as provided in the SEBI Circular No. MRD/DoP/Dep/Cir-29/2004 dated August 24, 2004.
- 4.9. In the light of the observations of the Hon'ble High Court of Sikkim in its Order dated March 31, 2006 as forwarded by the Sikkim Chamber of Commerce vide their letter No.See/52/06-07 dated May 11, 2006, the investors residing in the State of Sikkim are exempted from the mandatory requirement of PAN. However, this would be subject to the DPs verifying the veracity of the claim of the investors that they are residents of Sikkim, by collecting sufficient documentary evidence in support of their address as provided in the SEBI Circular No.MRD/DoP/Dep/Cir-29/2004 dated August 24, 2004."

This has been intimated to DPs vide Circular No. NSDL/POLICY/2006/0030 dated July 24, 2006.

## Performance Summary

### Investors :

Table 1

Month - Year	Client Accounts
	No. of Accounts (lakh)
Jul-04	54.43
Jul-05	66.71
Jul-06	77.44

As on July 31, 2006, there are 77,44,087 Investor accounts from within the country and abroad. 2,101 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 July 31, 2006, 19,220 cr. securities having a value of Rs. 23,55,073 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.)
Jul-04	8,977	989,627
Jul-05	14,059	1,682,731
Jul-06	19,220	2,355,073

### Settlement :

Table 3

Month - Year	Settlement Quantity (Cr.)	Settlement Value (Rs. Cr.)
Jul-04	209	24,107
Jul-05	448	47,380
Jul-06	225	43,311

In July 2006, a total quantity of 225 cr. shares having a value of Rs. 43,311 cr. were settled in demat form in the stock exchanges connected to NSDL. Table 3 shows the settlement figures over the past three years.

### Companies :

#### EQUITY

As on July 31, 2006, 6,193 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
Jul-04	5,382
Jul-05	5,682
Jul-06	6,193

**DEBENTURES / BONDS**

Table 4A

Month - Year	No. of Issuers	No. of active Instruments	Demat Value (Rs. Cr.)
May-06	655	6,935	332,782
Jun-06	656	6,897	338,375
Jul-06	659	6,804	341,667

As on July 29, 2006, 659 issuers have issued 18,351 debentures/bonds in demat form. 11,547 instruments have been redeemed and 6,804 instruments are available for dematerialisation. Table 4A shows the growth over a period of last three months.

**COMMERCIAL PAPER**

As on July 29, 2006, 380 issuers have issued 7,942 commercial papers in demat form. 7,407 instruments have been redeemed and 535 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
May-06	380	451
Jun-06	380	496
Jul-06	380	535

**Depository Participants :**

Table 5

Month - Year	No. of DPs
Jul-04	217
Jul-05	217
Jul-06	231

As on July 31, 2006, 231 Depository Participants are offering depository services. DP services are provided from 3,101 locations across the length and breadth of the country.

**Corporate Action Statistics**

Sr. No.	Description	During July 2006		For the F.Y. 2006-2007 (upto July 2006)	
		No. of Allottees	No. of Securities	No. of Allottees	No. of Securities
1.	Equity Shares	524,453	2,559,827,356	2,826,490	16,620,472,891
2.	Preference Shares	511	51,242	7,138	706,211,446
3.	Bonds	867	15,382,287	15,810	61,356,762
4.	Commercial Papers	171	114,806	574	439,852
5.	Certificate Of Deposits	194	1,092,000	800	4,682,830
6.	Securitized Instruments	76	1,283,415	246	6,227,430
7.	Mutual Fund Units	552	3,933,191	2,535	24,316,373
8.	Warrants	0	0	4,179	3,391,875
9.	Postal Savings Certificates	1,337	178,275,600*	6,255	385,646,400*
10.	Commodities	570	197,745	1,950	391,654
<b>Total</b>		<b>528,731</b>	<b>2,760,157,642</b>	<b>2,865,977</b>	<b>17,813,137,513</b>

\* Value in Rupees

## List of Companies that have changed Names

(During July 2006)

Sr. No.	Old Name	New Name
1	Principal Capital Markets Limited	Subhkam Capital Limited
2	Steel Strips Leasing Limited	Steel Strips Industries Limited
3	Subex Systems Limited	Subex Azure Limited
4	Time Packaging Limited	Time Technoplast Limited
5	Mumbai Integrated Sez Limited	Mumbai Sez Limited
6	Nava Bharat Ferro Alloys Limited	Nava Bharat Ventures Limited
7	Greaves Morganite Crucible Limited	Morganite Crucible (India) Limited
8	Li Taka Pharmaceuticals Limited	Twilight Litaka Pharma Limited
9	Gujarat Adani Port Limited	Mundra Port And Special Economic Zone Limited
10	BHW Birla Home Finance Limited	BHW Home Finance Limited
11	The Pratappur Sugar & Industries Limited	Bajaj Hindusthan Sugar And Industries Limited
12	Infobahn Technologies Limited	Infobahn Corporation Limited

## Securities admitted for Dematerialisation during July 2006

COMPANY	ISIN
Oswal Yarns Limited	INE670H01017
Sobha Developers Limited	INE671H01015
Vedik Cotton Limited	INE672H01013
Stmicroelectronics Private Limited	INE673H01011
Deep Industries Limited	INE677H01012
Everonn Systems India Limited	INE678H01010
Panyam Cements & Mineral Industries Limited	INE167E01011
Quantum Advisors Private Limited (Class General )	INE682H01012
Quantum Advisors Private Limited (Class A)	INE682H01020
Modi Wellvest Private Limited	INE683H01010
Spice Communications Private Limited	INE684H01018
Sakthi Auto Component Limited	INE639F01016
Kartikay Coal Washeries Private Limited	INE695H01014
Blue Bird (India) Limited	INE697H01010
Broadcast Initiatives Limited	INE698H01018
Adani Wilmar Limited	INE699H01016
KEW Industries Limited	INE700H01012
Dhir & Dhir Asset Reconstruction & Securitisation Company Limited	INE701H01010
Jagjanani Textiles Limited	INE702H01018
Cinemax Cinemas (India) Private Limited	INE704H01014
Mohindra Fasteners Limited	INE705H01011
Lintas India Private Limited (Class A)	INE706H01019

COMPANY	ISIN
Lintas India Private Limited (Class B)	INE706H01027
Associated Alcohols & Breweries Limited	INE073G01016
S.S. Kantilal Ishwarlal Securities Private Limited	INE284H01017
The Nilgiri Dairy Farm Private Limited	INE715H01010
Akruti Nirman Limited	INE703H01016
Autoline Industries Limited	INE718H01014
Jas Toll Road Company Limited	INE719H01012
Circuit Systems (India) Limited	INE720H01010
SVP Industries Limited	INE721H01018
Neesa Leisure Limited	INE724H01012
Tata Projects Limited	INE725H01019

## Topic of Interest

### KYC norms for Demat Accounts

In today's world, it has become imperative to establish the identity of a person before registering that person for offering and providing any type of service. Know Your Client (KYC) norms have become an essential requirement for this purpose globally. Demat account opening is no different.

The Depository Participants (DPs) provide various facilities pertaining to opening and operating demat accounts. Any investor who wishes to open a demat account needs to approach a DP. Securities and Exchange Board of India (SEBI) has issued KYC norms that are required to be strictly followed at the time of opening a demat account. Accordingly, an investor who wishes to open a demat account with a DP of his/her choice, needs to follow the procedure mentioned below as a part of KYC norms:

1. Provide to DP a duly signed account opening form that contains details such as name, address, bank account details etc. alongwith photograph.
2. Sign an agreement with the DP in the format prescribed by NSDL. The schedule of charges forms a part of this agreement.
3. Provide to the DP a copy of one of the Proof of Identity (POI) documents as specified by SEBI (see below for the list).
4. Provide to the DP a copy of one of the Proof of Address (POA) documents as specified by SEBI (see below for the list).
5. Provide a copy of PAN card to DP.
6. The DP needs to establish the identity of the person who wishes to open account (for example, by verifying the photograph or identity document with the person).
7. In case of joint holdings, documents mentioned under points (3) to (5) above must be provided to DP in respect of all account holders.
8. All original documents need to be produced to the DP for the purpose of verification.

SEBI has prescribed the following documents that may be accepted as POI and POA at the time of opening accounts for non-body corporates. SEBI has also clarified that while exercising due diligence, DPs can apply stricter criteria and accordingly, decide to accept select documents out of the list of documents prescribed by SEBI, as POI / POA.

#### **(A) Proof of Identity (POI) documents as prescribed by SEBI**

- I. Passport
- II. Voter ID card
- III. Driving license
- IV. PAN card with photograph
- V. MAPIN card

- VI. Identity card/document with applicant's Photo, issued by
  - a) Central/State Government and its Departments,
  - b) Statutory/Regulatory Authorities,
  - c) Public Sector Undertakings,
  - d) Scheduled Commercial Banks,
  - e) Public Financial Institutions,
  - f) Colleges affiliated to Universities (this can be treated as valid only till the time the applicant is a student),
  - g) Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members; and
  - h) Credit cards/Debit cards issued by Banks.

**(B) Proof of Address (POA) documents as prescribed by SEBI**

- I. Ration card
- II. Passport
- III. Voter ID card
- IV. Driving license
- V. Bank passbook
- VI. Verified copies of
  - a) Electricity bills (not more than two months old),
  - b) Residence Telephone bills (not more than two months old) and
  - c) Leave and License agreement / Agreement for sale.
- VII. Self-declaration by High Court & Supreme Court judges, giving the new address in respect of their own accounts.
- VIII. Identity card/document with address, issued by
  - a) Central/State Government and its Departments,
  - b) Statutory/Regulatory Authorities,
  - c) Public Sector Undertakings,
  - d) Scheduled Commercial Banks,
  - e) Public Financial Institutions,
  - f) Colleges affiliated to Universities (this can be treated as valid only till the time the applicant is a student) and
  - g) Professional Bodies such as ICAI, ICWAI, Bar Council etc., to their Members.

**PAN Card:**

- With effect from **April 1, 2006**, SEBI has made PAN Card compulsory for all categories of investors for opening a demat account.
- Existing demat account holders need to produce PAN Card or resolve discrepancies, if any, in the PAN details by **September 30, 2006** failing which their accounts would be **"Suspended for Debit"** till PAN details are verified and updated by the DP.
- In case of demat accounts held jointly, all joint holders need to provide their PAN Cards.
- Original PAN Card needs to be produced to the DP for verifying the photocopy.

**KYC Norms for Corporate clients**

At the time of opening demat accounts for Corporates, the following should be submitted alongwith account opening form:

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

Original documents in respect of (III) and (IV) above need to be produced to the DP for the purpose of verification.

## NSDL Calendar of Events

### Investor Depository Meets / Depository Promotion Programs

September 7, 2006	Gwalior	September 14, 2006	Bhilai
September 7, 2006	Akola	September 15, 2006	Bilaspur
September 8, 2006	Jhansi	September 16, 2006	Raipur
September 8, 2006	Amravati	September 28, 2006	Rohtak
September 9, 2006	Kanpur	September 29, 2006	Hissar
September 9, 2006	Nagpur	September 30, 2006	Panipat

### Business Partner Training

September 12-14, 2006  
September 19-20, 2006

Depository Participant Training  
Share Registrar Training

## NSDL Offices

### Head Office

#### Mumbai

4<sup>th</sup> Floor, A Wing, Trade World,  
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### Branch Offices

#### Chennai

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#### Kolkata

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Acharya Jagdish Chandra Bose  
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Email: [supratimm@nsdl.co.in](mailto:supratimm@nsdl.co.in)

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Connaught Place,  
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Tel: (011) 23353815/23353817  
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### Investor Relationship Cell

*Officer-In-Charge,*

**National Securities Depository Ltd.**  
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### NSDL Certification Program

*Officer-In-Charge,*

**National Securities Depository Ltd.**  
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