PRIMARY DEALERS' ASSOCIATION OF INDIA

12TH ANNUAL REPORT

2008-2009

BOARD OF DIRECTORS

SHRI. PRADEEP MADHAV
Chairman
(From 17th April, 2009)

SHRI. JAYESH MEHTA
Chairman
(Upto 16th April, 2009)

SHRI. A. K. GUPTA
(Upto to 10th June, 2009)

SHRI. Y. S.S. KAPDI

SHRI. CVR RAJENDRAN

SHRI. B. PRASANNA

SHRI. RANGANATHAN

Auditors
M/s. M. P. Chitale & Co.
Chartered Accountants

Registered Office :
Primary Dealers' Association of India
C/o. SBI DFHI Limited
Voltas House (3rd Floor),
23, J. N. Heredia Marg,
Ballard Estate, Mumbai - 400 001.
Tel. : 2262 5966 / 6634 5101 / 102
Fax : 2265 4578

DIRECTORS' REPORT

To
The Members,

Your Directors have great pleasure in presenting herewith the Twelfth Annual Report of the Primary Dealers' Association of India together with the Income and Expenditure Account for the period ended March 31, 2009 and the Balance Sheet as at that date.

Operating Environment

The budgeted gross borrowing programme of the Government of India for the year 2008-2009 was Rs.1,71,146 Crores, comprising gross borrowing by way of Dated Government Securities at Rs. 1,45,146 Crores and borrowing by way of 364-day Treasury Bills at Rs.26,000 Crores. As against this, the actual amount of borrowing amounted to a staggering Rs,3,11,000 Crores, comprising Rs.2,61,000 Crores raised by the issuance of Dated Government Securities and Rs.50,000 Crores raised by the issuance of 364-day Treasury Bills. The outstanding balances under MSS decreased from Rs. 1,68,392 Crores at end March 2008 to Rs.88,077 Crores as on March 27, 2009.

Some important developments in the Money and Government Securities market during the year have been: The adoption of a proactive monetary stance by the RBI to combat the inflationary pressures with a hike of 150 bps in CRR and 125 bps in Repo rate during the period April-July 2008 and then a swift move to a benign interest rate environment by reducing the Repo rate by 450 bps, Reverse Repo rate by 250 bps, CRR by 400 bps and an SLR reduction of 100 bps post October 2008 upto March 31, 2009. Several other monetary measures included the introduction of the second LAF window, Special Refinance facility and Special Term Repo facility, OMO purchases, MSS de-sequestering that aided adequate liquidity and a smooth borrowing programme. Other measures include, introduction of the CROMS platform for facilitating basket Repo transactions and hike in the limits for FII investments both in Government Securities as well as corporate bonds.

The year 2008-09 has been a challenging one for the debt market players including Primary Dealers, as the government securities market remained highly volatile during major part of the year. The domestic markets struggled amidst a global financial crisis that affected India through the financial and trade channel. India's growth trajectory suffered a sharp downturn with several key data releases such as the GDP taking a hit and others such as the IIP entering the negative zone. Amidst a huge Government borrowing, the year witnessed extremities in most parameters including monetary stance, inflation, money market rates and bond yields. The 10 year benchmark yield rose from 8% at the beginning of 2008-09 to a high of 9.5% in July 2008 and softened to a low of 5.05% in January 2009 on the back of the softening of rates post the RBI's aggressive monetary easing, The large Government borrowing, however, dampened sentiments to some extent in the last quarter. The RBI's support in terms of abundant liquidity provision, OMO buy backs and MSS de-sequestering kept the rising yields in check with the benchmark 10 year yield at the end of March 2009 at 7.01%.

Outlook for FY 2009-10

The scenario for the current year remains clouded with uncertainty on the extent and timing of the recovery in the global economies. The outlook for the Indian economy remains challenging on the monetary and fiscal fronts. For India, however, there is a silver lining in the horizon in form of substantial domestic demand and relatively less dependence on exports. Most parameters have started showing early signs of recovery and currently the economic situation seems to be stabilizing The central bank's top priority would be to spur growth, faced on one hand with the challenge of maintaining a low interest rate regime and on the other hand with tempering the pressure on yields from the large Government borrowing programme. In India, the last quarter would see the inflation rate rise at a significant pace. The large Government borrowing would continue to pressure interest rates though active management by the RBI in the form of OMO purchases and MSS de-sequestering would ease sentiment to a certain extent.

Members

During the year under review:

(a) The following members ceased to be the members of the Association :
   (i) DSP Merrill Lynch Securities Trading Limited; and
   (ii) ABN Amro Securities (I) Private Limited

(b) The following corporates were admitted as members of the Association :
   (i) ABN Amro Bank N. V.;
   (ii) Morgan Stanley India Primary Dealer Private Limited; and
   (iii) Nomura Fixed Income Securities Private Limited

Financial Results

The Income and Expenditure Account for the year ending March 31, 2009 of the Association shows a surplus of Rs,1,647,152/- as compared to Rs. 1,693,108/- in the previous financial year. This has been carried to the Balance Sheet under Reserves and Surplus.

Role Played by the Association

Your Association continues to work in close co-ordination with Reserve Bank of India, Ministry of Finance, FIMMDA and other Authorities for speedy and orderly development of Government Securities market in India, The Association interacts with regulatory authorities and various associations providing feedback and solutions to the ever changing market dynamics, The Association has been having constant dialogue with the RBI on various issues relevant to deepening of debt market. On the back of its knowledge and expertise the Association has taken concrete steps to work with the RBI towards the introduction of products such as Interest Rate Futures, STRIPS and Currency Futures.

A consistent effort towards the betterment of the market has been the introduction of regular monthly meeting of the Association with the RBI. The meetings cover the dynamic challenges faced by the Primary Dealers and aim at providing efficient solutions for the same.

In association with FIMMDA, a Two-day PDAI-FIMMDA Conference was also organized on the 7th and 8th of March, 2009 at Kochi, Kerala wherein more than 200 delegates participated; the key-note inaugural address was delivered by Srnt. Shyamala Gopinath, Deputy Governor, Reserve Bank of India, in Mumbai ahead of the Conference.

Directorate

During the year under review, Shri Jayesh Mehta had resigned as Director and Chairman, and Shri Pradeep Madhav took over as the Chairman of the Association. Your Directors place on record the valuable contribution made by Shri Jayesh Mehta during his tenure as Director and Chairman of the Association.

Shri S. Ranganathan was appointed as Director in the casual vacancy caused on account of resignation of Shri. A. K. Gupta as Director. Your Directors place on record the valuable contribution made by Shri A. K. Gupta during his tenure as Director of the Association.

In terms of Article 43(B) (b) of the Articles of Associations, S/Shri CVR Rajendran and S. Ranganathan will retire at the ensuing Annual General Meeting and are eligible to offer themselves for re-appointment.

Auditors

The Auditors, M/s. M. P. Chitale & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed. The Board recommends to the members for re-appointment of the Auditors and fixation of their remuneration.

Particulars of Employees

None of the employees of your Company were in receipt of remuneration exceeding the limits prescribed under Section 217 (2A) of the Companies Act, 1956.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo

The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 pertaining to Conservation of Energy in Form A and Technology Absorption in Form B are not applicable to your Company as your Company is not a manufacturing Company. Further, there were no earnings or outgo in foreign exchange, during the year under review.

Directors' Responsibility Statement

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

i. in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the surplus income of the Company for that period ;

iii the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ; and

iv. the Directors have prepared the annual accounts on a going concern basis.

Acknowledgment

Your Directors take this opportunity to express their grateful thanks to all the concerned officials of Reserve Bank of India for their unstinted support, guidance and co-operation to the Association. The Directors wish to place on record their appreciation for the efforts of the officials of the member organisations for their contribution in managing the affairs of the Association.

Registered Office
PRIMARY DEALERS' ASSOCIATION OF INDIA
C/o **SBI DFHI LIMITED**
Voltas House (3rd Floor),
23, J. N, Heredia Marg,
Ballard Estate, Mumbai-400 001
Date: August 26, 2009

By order of the Board

Pradeep Madhav
Chairman

AUDITORS' REPORT

TO THE MEMBERS OF PRIMARY DEALERS'ASSOCIATION OF INDIA

1. We have audited the attached Balance Sheet of Primary Dealers' Association of India (the Organisation) as at 31st March 2009 and the Income and Expenditure Account for the financial year ended on that date, both of which we have signed under reference to this report. These financial statements are the responsibility of Primary Dealers' Association of India. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by organisation's management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report as follows:
    a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
    b) In our opinion, proper books of account as required by law have been kept by the Organisation, so far as appears from our examination of the books;
    c) The said Balance Sheet and Income & Expenditure Account dealt with in this report are in agreement with the books of account;
    d) In our opinion, the Balance Sheet and Income & Expenditure Account comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956;
    e) On the basis of the written representations received from Directors as on March 31, 2009 we report that none of the directors are disqualified as on March 31, 2009 from being appointed as directors in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;
    f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, give information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009.

(ii) in the case of the Income and Expenditure Account, of the surplus for the year ended on that date.

4. In our opinion and to best of our information and according to the explanations given to us, the Companies (Auditor's Report) Order, 2003 and as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order") issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 does not apply to the Organisation since it is a company licensed to operate under Sec 25 of the Companies Act, 1956.

For M. P. Chitale & Co.
Chartered Accountants

Ashutosh Pednekar
Partner
ICAIM. No. 41037

Mumbai,
Dated: August 26,2009

BALANCE SHEET AS AT 31.03.2009

(Amount in Rs.)

Particulars	Schedule No.	As at 31/3/2009 Rs.	As at 31/3/2008 Rs.
SOURCE OF FUND			
Own Funds			
CORPUS CONTRIBUTION	A	2,325,000	2,325,000
Reserves & Surplus	B	13,272,850	11,625,698
		15,597,850	**13,950,698**
APPLICATION OF FUNDS			
Current Assets Loans & Advances			
Current Assets	C	16,804,303	14,699,788
Less: Current Liabilities & Provisions	D	1,206,453	749,090
Net Current Assets		**15,597,850**	**13,950,698**
Notes To Accounts	I		

As Per Our Report attached

For M.P.Chitale & CO.
Chartered Accountants

Ashutosh Pednekar
(Partner)

Place. Mumbai
Date : 26th August, 2009

For PRIMARY DEALERS' ASSOCIATION OF INDIA

Shri Pradeep Madhav
Managing Director
STCI Primary Dealers Ltd
Lower Parel (W).
Mumbai-400013.

Shri B. Prasanna
Managing Director & Chief Executive Officer
ICICI Securities Primary Dealership Limited
Churchgate, Mumbai - 20.

Shri Y.S.S. Kapdi
Managing Director & Chief Executive Officer
SBI DFHI Limted
Voltas House (3rd Floor),
23, J.N Heredla Marg,
Ballard Estate, Mumbai-400001.

Shri CVR Rajendran
General Manager
Corporation Bank
Investment and International Banking Division,
15, Mirtal Chambers,
Nariman Point, Mumbai - 21.

Shri S. Ranganathan
Managing Director
PNB Gilts Ltd.
5. Sansad Marg,
New Delhi -110001.

Place: Mumbai
Date : 26th August, 2009

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED ON 31.03.2009

(Amount in Rs.)

Particulars	Schedule No.	As at 31/3/2009 Rs.	As at 31/3/2008 Rs.
INCOME			
Membership Fees	E	1,425,000	1,650,000
Other Income	F	1,298,300	1,161,101
	TOTAL (A]	**2,723,300**	**2,811,101**
EXPENDITURE			
Payment To Auditors	G	73,003	61,274
Administrative Expenses	H	451,765	396,441
	TOTAL [B)	**524,768**	**457,715**
PROFIT / (LOSS)			
Profit / (Loss) Before tax		2,198,532	2,353,386
Provision for Tax : Current Year		385,000	345,000
Profit for the year		1,813,532	2,008,386
Provision for Tax : Earlier Year		166,380	315,278
Profit / (Loss) Transfer to Balance Sheet		**1,647,152**	**1,693,108**
Notes on Accounts	I		

As Per Our Report attached

For M.P.Chitale & CO.
Chartered Accountants

Ashutosh Pednekar
(Partner)

Place: Mumbai
Date : 26th August, 2009

For PRIMARY DEALERS' ASSOCIATION OF INDIA

Shri Pradecp Madhav
Managing Director
STCI Primary Dealers Ltd
Lower Parel (W),
Mumbai-400013.

Shri B. Prasanna
Managing Director & Chief Executive Officer
ICICI Securities Primary Dealership Limited
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General Manager
Corporation Bank
Investment and International Banking Division,
15, Mirtal Chambers,
Nariman Point, Mumbai

Shri S. Ranganathan
Managing Director
PNB Gilts Ltd.
5, Sansad Marg, New Delhi -110001.

Place: Mumbai
Date : 26th August, 2009

SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT AND INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31.03.2009

(Amount in Rs.)

Particulars	As at 31/3/2009 Rs.	As at 31/3/2008 Rs.
SCHEDULE 'A' : Corpus Contribution		
Opening Balance	2,325,000	1,500,000
Add : Entrance fees received during the year	-	825,000
TOTAL	**2,325,000**	**2,325,000**
SCHEDULE 'B' : Reserves & Surplus		
Opening Balance	11,625,698	9,932,590
Add : Exess of income over Expenditure as per Income & Expenditure Account	1,647,152	1,693,108
TOTAL	**13,272,850**	**11,625,698**
SCHEDULE 'C' : Current Assets Loans & Advances.		
Bank Balances with scheduled Banks		
Canara Bank	524,075	201,198
Canara Bank - on deposit account	14,343,066	12,800,243
TOTAL	**14,867,141**	**13,001,441**
Advances recoverable in cash or kind for value to be received		
Accrued Interest on FDR	948,511	972,529
Advance Tax	988,651	725,818
TOTAL	**1,937,162**	**1,698,347**
GRAND TOTAL	**16,804,303**	**14.699,788**
SCHEDULE 'D' : Current Liabilities & Previsions		
Current Liabilities		
- Micro, Small and Medium Enterprises	-	-
- Other than MSME	161,175	88,812
Provision for income tax	1,045,278	660,278
TOTAL	**1,206,453**	**749,090**

SCHEDULES ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT AND INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31.03.2009

(Amount in Rs.)

Particulars		As at 31/3/2009 Rs.	As at 31/3/2008 Rs.
SCHEDULE 'E' : Membership Fees		1,425,000	1.650,000
SCHEDULE 'F : Other Income			
Interest On Fixed Deposits		1,297,268	1,161,101
(TDS Rs. 2,62,833. PY Rs.125,897)			
Sundry Balance written- back		1,032	-
	TOTAL	**1,298,300**	**1,161,101**
Schedule 'G' : Payment To Auditors			
Audit Fees		40,000	35,000
Tax Matters		20,000	15,000
Service Tax		6,180	6,740
Out of Pocket expenses		6,823	4,534
	TOTAL	**73,003**	**61,274**
Schedule 'H' : Administration Expenses			
Printing & Stationery Expenses		42,679	44,154
Professional Fees		275,163	161,800
Postage & Telegram		19,000	19,000
Conference and Seminar Expenses		-	131,000
Profession Tax		2,500	5,000
Computer Expenses		24,232	-
Office Exp		875	2,150
Conveyance		3,525	4,010
AGM Expenses		74,809	17,000
Accounting Charges		9,042	8,848
Bank Charges		-	3,479
	TOTAL	**451,765**	**396,441**

As Per Our Report attached

For M.P.Chitale & CO.
Chartered Accountants

Ashutosh Pednekar
(Partner)

Place: Mumbai
Date : 26th August, 2009

For PRIMARY DEALERS' ASSOCIATION OF INDIA

Shri Pradeep Madhav
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Shri S. Ranganathan
Managing Director
PNB Gilts Ltd.
5, Sansad Marg, New Delhi -110001.

Place: Mumbai
Date : 26th August, 2009

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE "I"

NOTES TO ACCOUNTS

1. Primary Dealers* Association of India is a Company Limited by Guarantee registered under Section 25 of the Companies Act, 1956.
2. **Significant Accounting Policies**
   a) The Accounts of the company are maintained on historical cost convention.
   b) Membership fee is considered as Income
   c) Entrance Fees received from the members are contribution towards the corpus of the Association.
3. There was no expenditure or income or remittance in foreign currency during the year.
4. Information pursuant to para 4C and sub clause a, b, c, and e of para 4D of part II of sched VI of the Companies Act, 1956 has not been given as they are not applicable to the company
5. Provision for taxation has been made in the accounts after considering the exemption eligible the Company under section 11 read with Section 2(15) of the "Income tax Act 1961"
6. Previous year's figures are regrouped, reclassified and rearranged wherever necessary.

Signatures to the Schedules A to I forming part of the Balance Sheet and Income & Expenditue Account

As Per Our Report attached

For M.P.Chitale & CO.
Chartered Accountants

Ashutosh Pednekar
(Partner)

Place: Mumbai
Date : 26th August, 2009

For PRIMARY DEALERS' ASSOCIATION OF INDIA

Shri Pradeep Madhav
Managing Director
STCI Primary Dealers Ltd
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Shri S. Ranganathan
Managing Director
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5, Sansad Marg, New Delhi -110001.

Place: Mumbai
Date : 26th August, 2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

a Registration Details

Registration No.	11-112605
State Code	11
Balance Sheet Date	31-03-2009
	Date Month Year

c Capital Raised During the Year (Amount in Rs. Lacs)

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

b Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities (including shareholder's funds) Total Assets

Sources of Funds		Application of Funds :	
Corpus Contribution	23.25	Net Fixed Assets	NIL
Reserves & Surplus	132.73	Investment	NIL
Secured Loan	NIL	Net Current Assets	155.98
UnSecured Loan	NIL	Misc. Expenditure	NIL
		Accumulated Lossed	NIL

d Performance of the Company (Rs. in Lacs)

Turnover - Income	27.23
Total Expenditure	5.25
Profit Before Tax	21.98
Profit After Tax	18.13
Earnings per Share in Rs.	N.A
Dividend Rate %	NIL

e Generic Names of Three Principal Products / Services of Company (as per Monetary Terms)

Item Code No.	NIL
Service Description	Not Applicable
Item Code No. (ITC Code)	NIL
Service Description	Not Applicable
Item Code No. (ITC Code)	NIL
Service Description	Not Applicable