



PRIMARY DEALERS'
Association of India

19th Annual Report 2015~16



GROWING INDIA INC.



17th FIMMDA-PDAI Annual Conference - London



Mr. H.R. Khan, Dy. Governor, RBI delivering his inaugural speech.



Mr. B. Prasanna, Chairman, PDAI addressing members at the Annual Conference.

BOARD OF DIRECTORS



Shri. B. Prasanna
Managing Director & CEO
ICICI Securities Primary
Dealership



Shri. Pradeep Madhav
Managing Director
STCI Primary Dealer



Shri. Manish Wadhawan
Managing Director &
Head of Interest Rates Global Markets
HSBC Bank



Shri. Rajesh Agrawal
Managing Director & Head - Trading
Global Markets Group
Bank of America



Shri. S. K. Dubey
Managing Director
PNB Gilts



Shri. A. N. Appaiah
Managing Director & CEO
SBI DFHI



Shri. Iswar Padhan
General Manager - Treasury
IDBI Bank



Shri. Saif Kabir
CEO
Morgan Stanley India Primary
Dealer

BOARD OF DIRECTORS

Shri. B. Prasanna	ICICI Securities Primary Dealership Limited
Shri. Pradeep Madhav	STCI Primary Dealer Limited
Shri. Mahish Wadhawan	The Hongkong and Shanghai Banking Corporation Ltd.
Shri. Rajesh Agrawal	Bank of America
Shri. S.K. Dubey	PNB Gilts Limited
Shri. A.N. Appaiah	SBI DFHI Limited
Shri. Iswar Padhan	IDBI Bank Limited
Shri. Saif Kabir	Morgan Stanley India Primary Dealer Pvt. Ltd.

AUDITORS

Messers M.P. Chitale & Co.
Chartered Accountants
Hamam House
Ambalal Doshi Marg, Fort,
Mumbai - 400 001

BANKERS

Canara Bank

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 : 022 6634 5101 / 102
Fax : 022 22654 578
Email : pdai.org@gmail.com
Website : www.pdai.org.in

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Nineteenth Annual Report of the Primary Dealers' Association of India (PDAI) together with the audited financial statements for the financial year ended March 31, 2016.

Economic Outlook

India's economic growth improved modestly in fiscal 2016. As per the Central Statistical Organization (CSO), the gross value added (GVA) grew 7.2% year-on-year (YoY) in fiscal 2016 compared to 7.1%YoY in fiscal 2015 and 6.3% YoY in fiscal 2014. The Industrial and Agriculture sectors have contributed to improvement in GVA expansion in fiscal 2016 although Services growth was weak. Industrial sector GVA was stronger at 8.8% YoY in fiscal 2016 compared to 6.5% YoY in fiscal 2015. Manufacturing sector growth improved, even as expansion was weaker in Mining and Electricity segments. Lower commodity prices supported corporate margins but growth in gross fixed capital formation slowed, at 3.9% YoY compared to 4.9% YoY in fiscal 2015. The moderation in Services sector growth was broad based. Slowdown was observed across construction, finance, retail trade and public administration segments. Despite growth improvement, output gap was negative. Thus, inflationary pressures continued to ease in fiscal 2016, continuing the sharp fall from the earlier fiscal. Retail inflation has averaged 4.9% YoY in fiscal 2016 that compares favorably with 6% average in fiscal 2015. Deceleration was observed across Food, Housing and Services segments. Moderation in Food inflation despite a second consecutive year of poor rains indicates efficient supply management by the government. Core inflation as measured by non-food and fuel inflation stayed at sub-5% throughout the fiscal, averaging 4.6%YoY. The fall in wholesale inflation was sharper, with inflation averaging -2.5% YoY in fiscal 2016 compared to 2.1% YoY average in fiscal 2015.

The decline in inflationary pressures enabled the Reserve Bank of India (RBI) to adopt an easier monetary policy stance. As inflation significantly undershot the glide path targets as set by RBI, of 8% by January 2015 and 6% by January 2016, RBI has cut the benchmark repo rate by 75bps over the fiscal 2016, to 6.75%, after easing by 50bps in the fiscal 2015. RBI stance remains accommodative.

Indicators of macro-stability in the economy continued to improve in fiscal 2016, and assisted easier monetary policy stance. Government successfully achieved the fiscal deficit target set for fiscal 2016 of 3.9% of GDP, from 4.1% in fiscal 2015. Expenditure modestly exceeded the budget estimates but was more than offset by higher tax and nontax revenues. Higher tax revenues on account of increase in excise duties on Petroleum fuels supported Indirect tax collections even as direct tax collections fell short of budget estimates. In the Budget for fiscal 2017, the Government targets further reduction in fiscal deficit to 3.5% of GDP, in line with the roadmap announced earlier.

On the external front, India's current account deficit (CAD) was stable at 1.1% of GDP in the first three quarters of fiscal 2016 compared to the 1.4% in fiscal 2015. Trade deficit has declined in USD terms, compared to the same period last year, but lower nominal GDP growth has offset gains in trade balance as measured in % of GDP. Sharp decline in commodity prices over fiscal 2016 has led to contraction in both import and export growth, at -15.1% YoY and -15.5% YoY respectively in fiscal 2016. Lower oil imports (-40.1%YoY) has led the fall in imports, with 'core' imports, as measured by non-oil and gold imports, contracting by much less (at -3.8% YoY). Weak global growth has contributed to fall in exports. Region wise dispersion of export demand indicates sharpest contraction to Asia (-17.2% YoY), with shipments to US and Europe shrinking by ~10.4% YoY each over fiscal 2016. Even as CAD has declined, capital account flows have been weaker, and sharply curtailed the surplus in the Balance of Payments.

Outlook

The outlook for bond markets in fiscal 2017 will be conditioned by the evolving inflation dynamics and the fiscal stance of the government. RBI has already settled into an accommodation stance, and further monetary easing is contingent on downward inflation surprises from already subdued levels. RBI is calibrating its actions to deliver on the 5% inflation target for January 2017. The status of the monsoons including the spatial distribution, government policy on food prices, timing of implementation of pay commission recommendations, trends in global crude prices and sequential moves in core inflation would be closely eyed. The RBI will also be particularly watchful of the US Fed's monetary policy stance. Both Centre and state Governments are budgeting for fiscal consolidation. But, state government budgets in particular have not made any provision for outgoes on account of implementation of pay commission recommendations. Risk of overshoot of state fiscal targets is thus high, and would follow a similar trend in fiscal 2016. Steps by RBI to inject liquidity into the banking system via open market purchase of government bonds can assuage concerns. Thus, in addition to uncertainties about the policy rates, government bond supply and liquidity management initiatives from the RBI will determine the behavior of yield curve in fiscal 2017.

Role played by the Association

PDAL works closely with RBI by giving suggestions / feedback on issues associated with government borrowing program, auction calendar, underwriting and other related issues. PDAL has in the past many years functioned as a very effective link between RBI on one hand and the market participants on the other. Together with FIMMDA, the associations' endeavor has been to adequately representation on developmental efforts that needs to be addressed like new products, streamline existing processes and sometimes even offer suggestions on conduct of money market operations as and when it is sought for by the regulator. PDAL ensures that PD industry is well represented in RBI deliberations and also in FIMMDA's response/suggestions to RBI.

PDAL's persuasion on various issues for market development and streamlining process were accepted by RBI. These developments were not only aimed at bene-fit of PD industry but also for wider market participants. Some of the major accomplishments, in the recent past, were the following:

- Exposure norms for SAPDs were relaxed for AAA rated corporate bonds with single borrower limit raised from 25% to 50% and group limit increased from 40% to 65% of NOF
- Short selling rules were amended to allow custodial short sale to gilt account holders. Custodians were also allowed to cover their short positions from gilt account holders
- WI limits were modified and wider participation was allowed with entities like MFs NBFCs, Insurance companies, etc. being allowed to take long positions and banks allowed to take short positions
- PDs were allowed to participate in the currency futures market on exchanges

Financial Results

(Amount in Rs.)

Particulars	Year Ended 31st March, 2016	Year Ended 31st March 2015
Surplus before tax	2,931,354	9,38,871
Provision for tax	510,000	2,400
Surplus after tax carried to Balance Sheet	2,421,354	9,36,471

Material changes and commitments affecting the financial position of the Company

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

Capital

The Company is incorporated as "Company Limited by Guarantee" and registered under Section 25 of the Companies Act, 1956. Therefore the information as per provisions of Section 43(a) (ii), Section 54 (1) (d), Section 62 (1) (b) of the Companies Act, 2013 are not applicable to the Company

Members

During the year under review, Yes Bank Ltd and Deutsche Bank AG have been admitted as members of the Association.

During the current financial year, there were no changes among the members, and at present the total number of members of the Association stands at 21.

Directors

In terms of Article 43(B)(b) of the Articles of Association, Mr. Manish Wadhawan, Mr. Saif Kabir and Mr. Iswar Padhan will retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

All the directors of the Company have confirmed that they are not disqualified from being appointed as directors in terms of Section 164 of the Companies Act, 2013.

Number of Meetings of the Board

The Board of Directors duly met four times respectively on 9th April, 2015; 11th August, 2015; 7th December, 2015 and 18th March, 2016 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

Particulars of Remuneration

No Managerial Remuneration has been paid to the Directors.

Further none of the employees of the company were in receipt of remuneration exceeding the limits prescribed under Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Particulars of contracts or arrangement with related parties

During the year under review, the Company has not entered into any contract or arrangement with related parties pursuant to Section 188 of the Act. Form No. AOC-2 pursuant to Section 134(3) (h) of the Act read with Rule 8 (2) of the Companies (Accounts) Rules, 2014 is given in Annexure I and the same forms part of this report.

Particulars of loans, guarantees or investments

The Association has not given any loans or provided any guarantees and made any investments during the financial year ending March 31, 2016.

Auditors

Messrs. M. P. Chitale & Co., Chartered Accountants, who are the statutory auditors of the Company, hold office till the conclusion of the forthcoming Annual General Meeting (AGM) and are eligible for re-appointment. Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder, it is proposed to appoint M/s. M. P. Chitale & Co., as statutory auditors of the Company for a term of consecutive five years from the conclusion of the ensuing AGM till the conclusion of the 24th Annual General Meeting (subject to ratification of the appointment by the members at every Annual General Meeting of the Company).

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. M. P. Chitale & Company, Statutory Auditors, in their report.

The Auditors have forwarded their certificate under Rule 3 of Companies (Audit & Auditors) Rules, 2014 to the Company stating that their re-appointment, if made, will be in accordance with the provisions of the Companies Act, 2013 and Rules framed thereunder. The Board recommends to the members for re-appointment of the auditors and request fixing up of their remuneration.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, your directors state that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departures from the same;
- 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 as at March 31, 2016 and of the profit of the Company for the year ended on that date;
- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors have prepared the annual accounts on a 'going concern' basis; and
- v. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo :

(A) Conservation of Energy and Technology Absorption

Since the Company does not own any manufacturing facility, the particulars relating to conservation of energy and technology absorption stipulated in the Companies (Accounts) Rules, 2014 are not applicable.

(B) Research and Development

The Company at present has no Research and Development Facilities.

(C) Foreign Exchange Earnings and Outgo :

1. Foreign Exchange Earnings – Rs. ___ Nil ___
2. Foreign Exchange Outgo – Rs. ___ Nil ___

Deposits

The Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

Corporate Social Responsibility

The provisions relating to Corporate Social Responsibility are not applicable to the Association.

Subsidiary, Associate And Joint Venture Companies

During the year under review, the Company did not have any subsidiary, associate and joint venture company.

Risk Management Policy

The management of the Company through its board meetings reviews, identifies, and mitigate various risks which may have negative consequences on the Company's business.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations.

Internal Financial Controls

The Company has in place Internal Financial Control System commensurate with size and complexity of its operations to ensure proper recording of financial and operational information, and compliance of various internal controls and other regulatory compliances. During the year under review, no material or serious observations were noticed for inefficiency or inadequacy of such funds.

Material Orders passed by the Regulators, Courts or Tribunals

There have been no significant or material orders passed by any regulators or courts or tribunals impacting the going concern status and company's operations in future.

Extract of the Annual Return

The extract of annual return as provided under Section 92(3) of the Act in Form MGT-9 is given in Annexure II and forms part of this report.

Acknowledgments

Your Directors wish to gratefully acknowledge the assistance, support and guidance received from all the concerned officials of Ministry of Finance and Reserve Bank of India to the Association. Your Directors also 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

By order of the Board

C/o SBI DFHI LIMITED

Voltas House (3rd Floor), 23 J.N. Heredia Marg,

Ballard Estate, Mumbai-400 01.

Date: 30th August, 2016

B. Prasanna

Chairman

ANNEXURE 1

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

(a) Name(s) of the related party and nature of relationship :

None during the year under review

(b) Nature of contracts/ arrangements / transactions

None during the year under review

(c) Duration of the contracts / arrangements / transactions

Not applicable

(d) Salient terms of the contracts or arrangements or transactions including the value, if any

Not applicable

(e) Justification for entering into such contracts or arrangements or transactions

Not applicable

(f) date (s) of approval by the Board

Not applicable

(g) Amount paid as advances, if any

Not applicable

(h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188

Not applicable

2. Details of material contracts or arrangements or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship :

None during the year under review

(b) Nature of contracts/ arrangements / transactions

None during the year under review

(c) Duration of the contracts / arrangements / transactions

Not applicable

(d) Salient terms of the contracts or arrangements or transactions including the value, if any :

Not applicable

(e) Date (s) of approval by the Board, if any :

Not applicable

(f) Amount paid as advances, if any

Not applicable

Registered Office
PRIMARY DEALERS' ASSOCIATION OF INDIA

By order of the Board

C/o SBI DFHI LIMITED
Voltas House (3rd Floor), 23 J.N. Heredia Marg,
Ballard Estate, Mumbai-400 01.

B. Prasanna
Chairman

Date: 30th August, 2016

ANNEXURE 2

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
as on financial year ended on 31st March 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : U67120MH1997NPL112605
- ii) Registration Date : 22nd December, 1997
- iii) Name of the Company : Primary Dealers' Association of India
- iv) Category / Sub Category of the Company : Company Limited by Guarantee
Non Government Company
- v) Address of the Registered office and contact details : Voltas House (3rd Floor), 23 J N Heredia Marg, Ballard Estate, Mumbai – 400 001
- vi) Whether listed company : No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: : Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated :-

Sl. No.	Name and Description of main products / services	NIC code of the Product / Service	% to total turnover of the company
1	Membership Fees from Association of Primary dealers	91110	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	Applicable Section
N.A.	N.A.	N.A.	N.A.	N.A.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
(i) Category-wise Share Holding
NOT APPLICABLE

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total Shares	
A. Promoters (1) Indian a) Individual / HUF b) Central Govt c) State Govt(s) d) Bodies Corp. e) Banks / FI f) Any Other _____ Sub-total (A) (1) : (2) Foreign a) NRIs - Individual b) Other - Individual c) Bodies Corp. d) Banks / FI e) Any Other _____ Sub-total (A) (2) : Total shareholding of Promoter (A) = (A) (1) + (A) (2) B. Public Shareholding (1) Institutions a) Mutual Funds b) Banks / FI c) Central Govt d) State Govt(s) e) Venture Capital Funds f) Insurance Companies g) FIIs h) Foreign Venture Capital Funds i) Others (specify) Sub-total (B) (1) :									

(2) Non-Institutions a) Bodies Corp. i) Indian ii) Overseas b) Individual i) shareholders holding nominal share capital upto Rs.1 lakh ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh c) Others (specify) Sub-total (B) (2) : Total Public shareholding (B) = (B) (1) + (B) (2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)									

(ii) Shareholding of Promoters

NOT APPLICABLE

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Fixed Income Money Market & Derivatives Association of India							
2	Foreign Exchange Dealers' Association of India							
3	Indian Banks' Association							
	Total							

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

NOT APPLICABLE

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year				
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc) :				
	At the End of the year				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRS) :

NOT APPLICABLE

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)				
	At the End of the year (or on the date of separation, if separated during the year)				

(v) *Shareholding of Directors and Key Managerial Personnel ::*

NOT APPLICABLE

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	For each of the Directors and KMP				
	At the beginning of the year				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)				
	At the End of the year				

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• Reduction	-	-	-	-
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

NOT APPLICABLE

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager				Total Amount
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961					
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961					
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961					
2	Stock Option					
3	Sweat Equity					
4	Commission - as % of profit - others, specify					
5	Others, please specify					
	Total (A)					
	Ceiling as per the Act					

B. Remuneration to other Directors :

NOT APPLICABLE

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
	3. Independent Directors <ul style="list-style-type: none"> • Fee for attending board committee meetings • Commission • Others, please specify 					
	Total (1)					

	4. Other Non-Executive Directors					
	<ul style="list-style-type: none"> • Fee for attending board committee meetings • Commission • Others, please specify 					
	Total (2)					
	Total (B) = (1 + 2)					
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/ WTD

NOT APPLICABLE

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission - as % of profit - others, specify				
5	Others, please specify				
	Total				

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

NOT APPLICABLE

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD /NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

Registered Office
PRIMARY DEALERS' ASSOCIATION OF INDIA

By order of the Board

C/o SBI DFHI LIMITED
 Voltas House (3rd Floor), 23 J.N. Heredia Marg,
 Ballard Estate, Mumbai-400 01.

B. Prasanna
 Chairman

Date: 30th August, 2016

INDEPENDENT AUDITORS' REPORT

To the members of Primary Dealers Association of India

1. Report on the Financial Statements

We have audited the accompanying standalone financial statements of **Primary Dealers' Association of India** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, and the income & Expenditure Account for the year then ended, and a summary of significant accounting policies and other explanatory information

2. Management's responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

- 3.1 Our responsibility is to express an opinion on these standalone financial statements based on our audit.
- 3.2 We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
- 3.3 We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 3.4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.
- 3.5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its income for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

- (i) The Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, does not apply to the organization since it is a Company licensed to operate under section 8 of the Act.
- (ii) As required by sub- section (3) of section 143 of the Act, we report that :
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, and Income & Expenditure Account dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of written representations received from the Directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- (iii) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations in its financial statements. - Refer note no.10(5).
 - (ii) Based on the information and explanations provided to us, the company does not have long term contracts.
 - (iii) The requirements of transferring amounts to the Investor Education and Protection Fund does not apply to the Company.

For M P Chitale & Co.

Chartered Accountants
FIRM Regn. No. 101851W

Ashutosh Pednekar
Partner
ICAI M No. 041037
Place : Mumbai
Date : 30th August, 2016

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Refer to in paragraph 5 (ii)(f) of our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Primary Dealers' Association of India ("the Company") as of March 31, 2016, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and

dispositions of the assets of the company;

- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M P Chitale & Co.

Chartered Accountants
FIRM Regn. No. 101851W

Ashutosh Pednekar

Partner

ICAI M No. 041037

Place : Mumbai

Date : 30th August, 2016

Balance Sheet as at March 31, 2016

Particulars	Note No.	As at 31-Mar-16 (₹)	As at 31-Mar-15 (₹)
A EQUITY AND LIABILITIES			
1. Own Funds			
(a) Corpus Contribution	1	2,925,000	2,775,000
(b) Reserves and Surplus	2	25,180,979	22,759,625
		28,105,979	25,534,625
2. Current Liabilities			
(a) Other Current Liabilities	3	409,953	480,554
(b) Short-term provisions	4	-	-
		409,953	480,554
Total		28,515,932	26,015,179
B ASSETS			
1. Current Assets			
(a) Receivables	5	300,000	75,000
(b) Cash and Bank Balances	6	26,925,877	23,820,838
(c) Other current assets	7	1,290,055	2,119,341
		28,515,932	26,015,179
Total		28,515,932	26,015,179
Notes on Accounts	10		

For Primary Dealers' Association of India

As per our report attached

For M.P. Chitale & Co.
Chartered Accountants

Ashutosh Pednekar
Partner

Place: Mumbai
Date: 30th August, 2016

Shri B. Prasanna
Managing Director & C.E.O
ICICI Securities Primary Dealership Limited
ICICI Centre, Mumbai - 400020.

Shri Manish Wadhawan
Managing Director
Head of Interest Rates Global Markets
The Hongkong and Shanghai Banking Corporation Limited
M. G. Road, Mumbai - 400 001.

Shri S. K. Dubey
Managing Director & C.E.O.
PNB GILTS LTD
5, Sansad Marg, New Delhi - 110001

Shri Saif Kabir
Chief Executive Officer
Morgan Stanley India Primary Dealer Pvt Ltd
One Indiabulls Centre, Mumbai - 400 013.

Place: Mumbai
Date: 30th August, 2016

Shri Pradeep Madhav
Managing Director
STCI PRIMARY DEALER LTD
Lower Parel (W), Mumbai - 400013

Shri Rajesh Agrawal
Managing Director & Head -
Trading Global Market Group
Bank of America N.A.,
Express Towers, Mumbai - 400 021.

Shri A. N. Appaiah
Managing Director & C.E.O.
SBI DFHI Limited
Voltas House, Mumbai - 400 001.

Shri Iswar Padhan
General Manager- Treasury
IDBI Bank Ltd.,
IDBI Tower, Cuffe Parade, Mumbai-400 005.

Income and Expenditure Account for the year ended March 31, 2016

Particulars	Note No.	For the year ended 31-Mar-16 (₹)	For the year ended 31-Mar-15 (₹)
A INCOME			
1. Membership fees		1,575,000	1,425,000
2. Other income	8	2,289,129	2,203,163
3. Total Revenue (1 + 2)		3,864,129	3,628,163
4. EXPENSES			
a) Retainer fees		616,950	606,744
b) AGM Expenses		-	4,335
c) Conference & Seminar Expenses		72,450	1,861,484
d) Office expenses		42,851	38,640
e) Printing and stationery		62,075	52,925
f) Accounting charges		16,775	13,110
g) Professional taxes		2,500	2,500
h) Payments to auditors	9	110,516	109,554
i) Professional Fees		8,658	-
Total Expenses		932,775	2,689,292
5. Surplus before tax (3 - 4)		2,931,354	938,871
6. Tax expense:			
Provision for tax current year		510,000	2,400
7. Surplus after tax carried to Balance sheet (5 - 6)		2,421,354	936,471
Notes on Accounts	10		

For Primary Dealers' Association of India

As per our report attached

For M.P. Chitale & Co.
Chartered Accountants

Ashutosh Pednekar
Partner

Place: Mumbai
Date: 30th August, 2016

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General Manager- Treasury
IDBI Bank Ltd.,
IDBI Tower, Cuffe Parade, Mumbai-400 005.

Notes forming part of the financial statements

Particulars	As at 31-Mar-16 (₹)	As at 31-Mar-15 (₹)
Note 1 Corpus Contribution		
Corpus Contribution		
Opening Balance	2,775,000	2,775,000
Add: Entrance fees received during the year	150,000	-
Total	2,925,000	2,775,000
Note 2 Reserves and Surplus		
Reserves & Surplus		
Opening Balance	22,759,625	21,823,154
Add : Excess of income over expenditure as per statement of income & expenditure	2,421,354	936,471
Total Closing Balance	25,180,979	22,759,625
Note 3 Other Current Liabilities		
Other Payables		
a) TDS payable	9,610	56,858
b) Advance membership fees	75,000	75,000
c) Accounting charges payable	14,375	13,110
d) Payable to auditors	100,906	99,944
e) Advance from Members	76,312	76,312
e) Expense Payable	14,278	159,330
e) Income Tax Refund (refer note no. 10(5))	119,472	-
Total	409,953	480,554

For Primary Dealers' Association of India

As per our report attached

For M.P. Chitale & Co.
Chartered Accountants

Ashutosh Pednekar
Partner

Place: Mumbai
Date: 30th August, 2016

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ICICI Securities Primary Dealership Limited
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IDBI Bank Ltd.,
IDBI Tower, Cuffe Parade, Mumbai-400 005.

Notes forming part of the financial statements

Particulars	As at 31-Mar-16 (₹)	As at 31-Mar-15 (₹)
Note 4 Short-term Provisions		
Provision for tax (Net of advance tax)	-	-
Total	-	-
Note 5 Receivables		
Outstanding for more than six months.	300,000	75,000
Total	300,000	75,000
Note 6 Cash and Bank Balances		
Cash and Cash equivalents		
i) Balances with bank in current accounts	963	1,824,339
ii) Balances with bank in deposit accounts (maturing within three months)	-	-
Total A	963	1,824,339
Others		
i) Balances with bank in deposit accounts (maturing within one year)	26,338,832	20,288,572
ii) Balances with bank in deposit accounts (maturing after one year)	586,082	1,707,927
Total B	26,924,914	21,996,499
Total - C = A + B	26,925,877	23,820,838

For Primary Dealers' Association of India

As per our report attached

For M.P. Chitale & Co.
Chartered Accountants

Ashutosh Pednekar
Partner

Place: Mumbai
Date: 30th August, 2016

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Managing Director & C.E.O
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General Manager- Treasury
IDBI Bank Ltd.,
IDBI Tower, Cuffe Parade, Mumbai-400 005.

Notes forming part of the financial statements

Particulars	As at 31-Mar-16 (₹)	As at 31-Mar-15 (₹)
Note 7 Other Current Assets		
a) Accruals		
i) Interest accrued on bank deposits	1,129,476	16,97,674
b) Others		
i) Advance Tax (net of provision for tax)	160,579	419,167
c) Prepaid Expenses	-	2,500
Total	1,290,055	2,119,341
Note 8 Other Income		
Interest income		
- Interest on Deposits with Bank	2,289,129	2,203,163
Total	2,289,129	2,203,163
Note 9 Payments to Auditors		
Audit fees	60,000	60,000
Tax matters	30,000	30,000
Service tax	14,416	13,454
Out of pocket expenses	6,100	6,100
Total	110,516	109,554

For Primary Dealers' Association of India

As per our report attached

For M.P. Chitale & Co.
Chartered Accountants

Ashutosh Pednekar
Partner

Place: Mumbai
Date: 30th August, 2016

Shri B. Prasanna
Managing Director & C.E.O
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Place: Mumbai
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SCHEDULES FORMING PART OF ACCOUNTS

Note No. 10.

NOTES TO ACCOUNTS

- Primary Dealers' Association of India is a Company Limited by Guarantee registered under Section 8 of the Companies Act, 2013.
- Significant Accounting Policies**
 - The Accounts of the company are maintained on accrual basis and under historical cost convention.
 - Membership fee is considered as Income.
 - Entrance Fees received from the members are contribution towards the corpus of the Association.
- There was no expenditure or income or remittance in foreign currency during the year.
- Provision for taxation has been made in the accounts after considering the exemption eligible to the Company under section 11 read with Section 2 (15) of the "Income tax Act 1961".
- The Company had claimed a refund of Rs.6,090/- in the Return of Income for the Financial Year 2012-13 (Assessment Year 2013-14). As against this during the year the Company received a refund of Income Tax of Rs.1,19,472/- (net) for the Financial Year 2012-13 (Assessment Year 2013-14) which is after an adjustment of Rs.55,820/- towards demand u/s 143(1a) of Income Tax act 1961 and Rs.22,878/- towards interest payable u/s. 220(2) of Income Tax act 1961 for the earlier Financial Year 2009-10 (Assessment Year 2010-11). The Company is in the process of obtaining details from the Income Tax Authorities and thereafter appropriate accounting effect would be given.
- Previous year figures have been re-grouped wherever necessary.

Signatures to the Notes No.1 to 10 forming part of the Balance Sheet and Income & Expenditure account.

For M.P. Chitale & Co.		For Primary Dealers' Association of India	
Chartered Accountants	Shri B. Prasanna Managing Director & C.E.O ICICI Securities Primary Dealership Limited ICICI Centre, Mumbai - 400020.	Shri Pradeep Madhav Managing Director STCI PRIMARY DEALER LTD Lower Parel (W), Mumbai - 400013	
Ashutosh Pednekar Partner	Shri Manish Wadhawan Managing Director Head of Interest Rates Global Markets The Hongkong and Shanghai Banking Corporation Limited M. G. Road, Mumbai - 400 001.	Shri Rajesh Agrawal Managing Director & Head - Trading Global Market Group Bank of America N.A., Express Towers, Mumbai - 400 021.	
Place: Mumbai Date: 30th August, 2016	Shri S. K. Dubey Managing Director & C.E.O. PNB GILTS LTD 5, Sansad Marg, New Delhi - 110001	Shri A. N. Appaiah Managing Director & C.E.O. SBI DFHI Limited Voltas House, Mumbai - 400 001.	
	Shri Saif Kabir Chief Executive Officer Morgan Stanley India Primary Dealer Pvt Ltd One Indiabulls Centre, Mumbai - 400 013.	Shri Iswar Padhan General Manager- Treasury IDBI Bank Ltd., IDBI Tower, Cuffe Parade, Mumbai-400 005.	
	Place: Mumbai Date: 30th August, 2016		

17th FIMMDA - PDAI Annual Conference - London



Mr. B. Prasanna, presenting a bouquet to Mr. H. R. Khan, Dy. Governor



A section of the audience



PDAI MEMBERS

SBI DFHI Limited

ICICI Securities Primary Dealership Limited

PNB Gilts Limited

JP Morgan Chase Bank N.A

Citibank N.A.

Standard Chartered Bank

Bank of America

Corporation Bank

STCI Primary Dealer Limited

Kotak Mahindra Bank Limited

HDFC Bank Limited

Canara Bank

Bank of Baroda

IDBI Bank Limited

The Hongkong and Shanghai Banking Corporation Limited

Morgan Stanley India Primary Dealer Private Limited

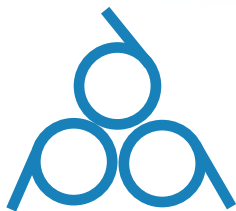
Nomura Fixed Income Securities Private Limited

Axis Bank Limited

Goldman Sachs (India) Capital Markets Private Limited

Deutsche Bank AG

YES Bank Ltd.



PRIMARY DEALERS' ASSOCIATION OF INDIA

C/o SBI DFHI LIMITED

Voltas House (3rd Floor),

23, J. N. Heredia Marg,

Ballard Estate, Mumbai-400 001.

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