

Report on Corporate Governance

1. Company's philosophy

The Company firmly believes in transparency, professionalism, accountability, risk management and code of ethics, which are the fundamental principles of Corporate Governance. The company will constantly endeavor to improve on these aspects on an ongoing basis.

2. Board of Directors

Shri Sri Ramanan, General Manager, Indian Bank was co-opted as an Additional Director on the Board on 16.04.2008 as a nominee of Indian Bank. The Board has at present 8 Directors comprising of a President & Wholetime Director and 7 Non Executive Directors. The Board functions as a full Board or through Committees. The Board of Directors and its Committees meet at regular intervals. During the year the Board met five times on 27.04.2007, 30.05.2007, 19.07.2007, 27.10.2007 and 29.01.2008. The composition of Directors and their attendance at the Board Meetings during the year as also the number of other Directorships/Membership of committees are given below:

Name of Director	Category of directorship	No.of Board Meetings attended	Whether attended last AGM held on 18.08.07	No.of other DirectorShips	Committee Membership	
					Member	Chairman
Dr. Raja J Chelliah	Non Executive & Independent Director	3	No	-	-	-
Mr. MK Narayanan	Non Executive & Independent Director	-	No	-	-	-
Mr. T M Nagarajan	Non Executive & Independent Director	5	Yes	2	2	-
Mr. A Subramanian (from 19.7.2007)	Non Executive Director	3	Yes	2	-	-
Mr.S.K.Bandyopadhyay	Non Executive Director	5	Yes	-	-	-
Mr. V Ganesan	Non Executive Director	5	Yes	-	-	-
Mr. M S Sundararajan (upto 04.06.2007)	Non Executive Director	2	Not applicable	2	-	-
Mr. S Annadurai	President & Whole time Director	5	Yes	1	2	-

3. Audit Committee

A Terms of reference

The Audit Committee provides direction to the audit and risk management function in the Company and monitors the quality of internal audit and management audit. The responsibilities of the Audit Committee include overseeing the financial reporting process to ensure proper disclosure of financial statements, fixing the audit fees for the external auditors who are appointed by the Comptroller & Auditor General of India and also approving the payment for any other services, reviewing the annual financial statements before submission to the Board, reviewing adequacy of internal control systems and adequacy, structure and staffing of the internal audit function, reviewing findings of internal investigations, discussing the scope of audit with external auditors and looking into reasons of substantial defaults, if any, of non-payment to stakeholders.

B Composition

The Audit Committee has at present 5 members. The Audit Committee met four times during the year. The attendance of members at the meeting is as follows:

Name of Member	Status	No. of meetings attended
Dr. Raja J Chelliah	Chairman	2
Mr. M K Narayanan	Member	-
Mr. S K Bandyopadhyay	Member	4
Mr. T M Nagarajan	Member	4
Mr. V Ganesan	Member	4

Mr. S Annadurai, President & Whole time Director is a permanent invitee. Mr. P Mugundan, Vice President (Finance) & Company Secretary is the Secretary of the Committee.

3. Remuneration Committee

President & Whole time Director of the company is on deputation from Indian Bank and the remuneration is in accordance with the service rules of Indian Bank and also in terms of appointment as Whole time Director by the shareholders of the company. An aggregate amount of Rs.5.71 lakhs (including Employers' Contribution to Provident Fund Rs.0.36 lakhs) was paid as remuneration for the year to President & Whole time Director. In view of the above the company does not have a Remuneration Committee.

For Non-Executive Directors (other than Directors nominated by Indian Bank) sitting fees are paid for attending Board and Committee Meetings. The amount paid to them is as follows:

Name of Directors	Fees paid (for attending Board & Committee Meetings)
Dr. Raja J Chelliah	0.20
Mr. T M Nagarajan	0.36

(Rs. in lakhs)

4. Share Transfer & Investors' Grievance Committee

A Terms of reference

The functions of the Committee include approval, rejection of transfer, transmission, transposition of shares, issue of duplicate shares in lieu of lost, mutilated share certificates, redressal of investor grievances and other issues relating to shares.

B Composition

The Committee comprises of 2 members with Mr. V Ganesan, Director as Chairman and Mr. S Annadurai, President & Whole time Director as a Member. Vice President (Finance) & Company Secretary and Compliance Officer reviews the routine letters received from the shareholders/investors and also the letters received through Stock Exchanges/SEBI. These letters are replied immediately. The Committee reviews the status regarding the letters received through Stock Exchanges/SEBI and letters received directly from parties etc. and the replies given once in every quarter.

Twenty-Six complaints were received and attended during the year from the shareholders/investors. As on March 31, 2008, no correspondence/complaint remains unattended.

The Committee met 15 times during the year and the attendance of members is as follows:

Name of member	Status	No. of meetings attended
Mr. V Ganesan	Chairman	15
Mr. S Annadurai	Member	15

5. General Body Meetings

The details of Annual General Meetings held in the last three years are given below:

Financial year	Date	Time	Venue
31.03.2005	24.09.2005	11.00 a.m.	Indian Bank Management Academy for Growth & Excellence, Chennai
31.03.2006	24.06.2006	11.00 a.m.	Indian Bank Management Academy for Growth & Excellence, Chennai
31.03.2007	18.08.2007	11.00 a.m.	Indian Bank Management Academy for Growth & Excellence, Chennai

No resolutions are proposed to be voted on through Postal Ballot this year.

6. Disclosures

- A There were no transactions of material nature with the Directors or the management or their subsidiaries or relatives
- B There were no instances of non-compliance on any matter relating to the capital market, during the last three years. No penalties or strictures were imposed on the company by Stock Exchanges or SEBI or any Statutory Authority on any matter relating to the capital market during the last three years.

7. Means of Communication

The quarterly results are published in national daily newspapers viz. Business Line in English and Dinamani in Tamil. As required by SEBI and the Listing Agreement, your company has been filing its financial and other information on the EDIFAR (Electronic Data Information Filing and Retrieval) website (www.sebi.gov.in) & at the National Information Centre (NIC) website (www.nic.in) from December 2002. The Annual Report is also hosted in your company's website: www.indbankonline.com.

The annual report containing the accounts are posted to every shareholder of the company.

Management Discussion & Analysis Report forms part of this annual report, which is being posted to all shareholders of the company.

8. General Shareholder Information

19th Annual General Meeting

Date & Time

Saturday, the 21st June 2008

Venue

IMAGE, Chennai

Financial Year

1st April to 31st March

Book closure dates

16.6.2008 to 21.6.2008

Listing of equity shares

The company's shares are listed in the Mumbai Stock Exchange

The Listing fees for the financial year 2007-08 has been paid to

Mumbai Stock Exchange where the company's shares are listed.

Stock Code

Mumbai Stock Exchange

511473

Market price data

Performance in comparison with stock exchange index

	Indbank Merchant Banking Services Ltd		BSE Sensex	
	High	Low	High	Low
April 2007	20.45	15.00	14383.72	12425.52
May 2007	25.70	19.35	14576.37	13545.34
June 2007	21.95	17.65	14683.36	13946.99
July 2007	31.75	18.75	15868.85	14638.88
August 2007	38.00	25.15	15542.40	13779.88
September 2007	39.70	32.10	17361.47	15332.05
October 2007	35.55	27.75	20238.16	17144.58
November 2007	31.40	24.05	20204.21	18182.83
December 2007	39.10	26.95	20498.11	18886.40
January 2008	52.30	27.40	21206.77	15332.42
February 2008	35.90	26.10	18895.34	16457.74
March 2008	28.40	15.50	17227.56	14677.24

Registrar & Transfer Agent

(For physical and electronic mode)

Cameo Corporate Services Ltd.

'Subramanian Building'

1, Club House Road, Chennai 600 002

Telephone Nos. (044) 28460390 (6 lines)

Fax No. (044) 28460129

Address for correspondence

Mr. P Mugundan

Vice President (Finance) & Company Secretary & Compliance Officer

Indbank Merchant Banking Services Limited

Registered Office: First Floor, Khivraj Complex 1

No.480, Anna Salai, Nandanam, Chennai 600035

Telephone Nos. (044) 24313094-97

Email ID: investors@indbankonline.com

Website: www.indbankonline.com

Share Transfer System

The power to approve transfer, transmission, transposition, issue of duplicate shares in lieu of lost, mutilated share certificates etc. have been delegated to the Share Transfer & Investors' Grievance Committee. All the requests received from the shareholders are processed within 20 days from the date of receipt.

Distributions of Shareholding as on 31.03.2008

Category	No. of Folios	No. of shares held	% of shareholding
A Promoters holding			
1 Promoters			
-Indian Promoters	1	28773800	64.84
-Foreign Promoters	-	-	-
2 Person acting in concert	-	-	-
Sub-total	1	28773800	64.84
B Non-Promoters holding			
Institutional Investors			
A Mutual funds and UTI	10	553300	1.25
B Banks, financial institutions, insurance companies (Central/State Government institutions/Non Government institutions)	6	50000	0.11
C FIIs	1	2700	0.01
Sub-total	17	606000	1.37
C Others			
A Private Corporate Bodies	394	3493937	7.88
B Indian Public	44448	10863953	24.48
C NRIs/OCBs	74	495726	1.11
D Clearing Member and others	197	144784	0.32
Sub-total	45113	14998400	33.79
Grand Total	45131	44378200	100.00

Dematerialisation of shares & Liquidity

The Company's shares are traded in the Stock Exchanges only in electronic mode and 90.90 % of the shareholdings have already been dematerialised. The shares of the company are traded in Mumbai Stock Exchange. The shares transferred during the last 3 years are given below:

Details	2005-06	2006-07	2007-08
No. of transfer deeds	1433	643	923
No. of shares transferred	1028400	95600	113504

CEO and CFO Certification

As stipulated under Clause 49 of the Listing Agreement, the CEO & CFO of the company have submitted a certificate to the Board with respect to financial statements.

Compliance Certificate

A certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Indbank Merchant Banking Services Limited, Chennai

We have examined the compliance of the conditions of Corporate Governance by **Indbank Merchant Banking Services Limited** ("the Company") for the year ended 31st March 2008 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of the Corporate Governance is the responsibility of the management. Our examination was limited to the review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that no investor grievance is pending for a period exceeding one month against the Company as per records maintained by Registrar and Share Transfer Agent.

We further state that our examination of such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For & on behalf of
RGN Price & Co
Chartered Accountants
Mahesh Krishnan
Partner
Membership No: 206520

Place : Chennai
Date : 16th April 2008