

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy

The Company firmly believes in transparency, professionalism, accountability, risk management, compliance 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

The Board has at present 7 Directors comprising a President & Whole time Director and 6 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 6 times on 03.05.2013, 14.08.2013, 26.10.2013, 20.11.2013, 01.02.2014 and 22.03.2014.

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 23.09.2013	No. of other Directorships	Committee Membership	
					Member	Chairman
Shri B Rajkumar (From 29.06.2013)	Non Executive Director	4	No	2	9	-
Shri. T M Nagarajan	Non Executive & Independent Director	5	Yes	1	1	-
Shri. P M Venkatasubramanian	Non Executive & Independent Director	6	Yes	5	2	9
Smt. Chitra Murali (From 20.11.2013)	Non Executive & Independent Director	-	NA	-	-	-
Shri G R Sundaravadivel (From 20.11.2013)	Non Executive & Independent Director	2	NA	3		
Shri G Rajeevan Pillai (From 29.06.2013)	Non Executive Director	5	Yes	1	2	-
Shri Banabihari Panda	President & Whole time Director	6	Yes	1	-	-
Shri Rajeev Rishi (Up to 29.06.2013)	Non Executive Director	1	NA	2	9	-
Shri. P V Rajaraman (Up to 23.09.2013)	Non Executive & Independent Director	2	Yes	2	1	1
Shri N Eswaran (Up to 29.06.2013)	Non Executive Director	1	NA	1	2	-

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 4 members. The Audit Committee met 4 times during the year on 03.05.2013, 14.08.2013, 26.10.2013 and 01.02.2014.

The attendance of members at the meeting is as follows:

Name of Member	Status	No. of meetings attended
Shri. T M Nagarajan	Chairman	3
Shri P M Venkatasubramanian	Member	4
Smt.Chitra Murali (From 20.11.2013)	Member	-
Shri G Rajeevan Pillai (From 29.06.2013)	Member	3
Shri. P V Rajaraman (Up to 23.09.2013)	Member	2
Shri N Eswaran (Up to 29.06.2013)	Member	1
Shri G R Sundaravadivel (From 22.03.2014)	Member	-

President and Whole Time Director is a permanent invitee to the Committee. Vice President & 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 members of the company. In view of the above the company does not have a Remuneration Committee.

Managerial Remuneration

(Rs. In lakhs)

Name	Designation		2013-14	2012-13
Mr. Banabihari Panda	President & Whole time Director	Salary	12.64	11.29
		Contribution to PF	0.65	0.64

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:

(Rs. in lakhs)

Name of Directors	Fees paid (for attending Board & Committee Meetings)
Shri T M Nagarajan	0.32
Shri P M Venkatasubramanian	0.40
Shri P V Rajaraman (Up to 23.09.2013)	0.16
Shri G R Sundaravadivel (From 20.11.2013)	0.08
Total	0.96

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 Shri Banabihari Panda, President & Whole Time Director as Chairman and Shri G Rajeevan Pillai, Director as a Member. Vice President & 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 once in every quarter the status regarding the letters received through Stock Exchanges/SEBI and letters received directly from parties etc. and the replies given.

No complaints were received during the year from the shareholders/investors. As on March 31, 2014, no correspondence/complaint remains unattended.

The Committee met 19 times during the year and the attendance of members is as follows:

Name of member	Status	No. of meetings attended
Shri Banabihari Panda	Chairman/Member	19
Shri N Eswaran (Up to 29.06.2013)	Chairman	4
Shri G Rajeevan Pillai	Member	12

5. General Body Meetings

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

Financial year	Date	Time	Venue
31.03.2011	29.07.2011	3.00 p.m.	Indian Bank Management Academy for Growth & Excellence, Chennai
31.03.2012	06.07.2012	3.00 p.m.	Indian Bank Management Academy for Growth & Excellence, Chennai
31.03.2013	23.09.2013	11.00 a.m.	Indian Bank Management Academy for Growth & Excellence, Chennai

Postal Ballot

The Company had issued Postal Ballot Notice dated 14th August 2013 for obtaining the approval of the members by Special Resolution under Section 17 of Companies Act, 1956 to amend the Clause III A (1) of the Main Objects of the Memorandum of Association of the company to undertake all the activities, functions and obligations of the depository participant and such other activities which are incidental or ancillary thereto.

The results were announced on 23rd September, 2013. Summary of the Voting Pattern is as under:

Voting	No. of Equity shares	% of total valid votes
Votes cast in favour of the resolution	28985120	99.98
Votes cast against the resolution	6609	0.02

Result: Resolution passed with the requisite majority.

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. News Today in English and Malai Chudar in Tamil. The quarterly results and Annual Report is also hosted in your company's website: www.indbankonline.com.

The annual report containing the accounts is sent to every shareholder of the company.

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

8. General Shareholder Information

25 th Annual General Meeting	
Date & Time	27 th September, 2014 11.00 a.m.
Venue	IMAGE, Chennai
Financial Year	1 st April 2013 to 31 st March 2014
Book closure dates	25.09.2014 to 27.09.2014
Listing of equity shares	The company's shares are listed in the Bombay Stock Exchange and National Stock Exchange. The Listing fees for the financial year 2014-15 have been paid to Bombay Stock Exchange and National Stock Exchange where the company's shares are listed.
Stock Code	BSE – 511473 NSE – INDBANK

Market price data
Performance in comparison with stock exchange index

Month	Indbank Merchant Banking Services Ltd				BSE Sensex		NSE Nifty	
	BSE		NSE		BSE		NSE	
	High	Low	High	Low	High	Low	High	Low
April 2013	5.75	4.40	5.50	4.50	19622.68	18144.22	5962.30	5477.20
May 2013	5.49	4.40	5.40	4.10	20443.62	19451.26	6229.45	5910.95
June 2013	4.58	3.45	4.55	3.25	19860.19	18467.16	6011.00	5566.25
July 2013	4.25	2.75	4.40	2.80	20351.06	19126.82	6093.35	5675.75
August 2013	4.90	2.26	4.55	2.35	19569.20	17448.71	5808.50	5118.85
September 2013	3.72	3.05	3.75	3.10	20739.69	18166.17	6142.50	5318.90
October 2013	3.99	3.39	3.90	3.45	21205.44	19264.72	6309.05	5700.95
November 2013	3.90	3.27	3.80	3.25	21321.53	20137.67	6342.95	5972.45
December 2013	4.18	2.70	4.20	2.75	21483.74	20568.70	6415.25	6129.95
January 2014	4.81	3.20	4.80	3.15	21409.66	20343.78	6358.30	6027.25
February 2014	3.69	3.19	3.55	3.20	21140.51	19963.12	6282.70	5933.30
March 2014	4.81	3.15	4.80	3.15	22467.21	20920.98	6730.05	6212.25

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

Shri V S Srinivasan
 Vice President & Company Secretary
 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 31.03.2014

	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	97000	0.22
	B Banks, financial institutions, insurance companies (Central/ State Government institutions/Non Government institutions)	5	49900	0.11
	C FIs	1	2700	0.01
	Sub-total	16	149600	0.34
C	Others			
	A Private Corporate Bodies	390	2162791	4.87
	B Indian Public	44040	12709089	28.64
	C NRIs/OCBs	88	361964	0.82
	D Clearing Member and others	285	220956	0.49
	Sub-total	44803	15454800	34.82
	Grand Total	44820	44378200	100.00

Dematerialisation of Shares & Liquidity

The Company's shares are traded in the Stock Exchanges only in electronic mode and 91.82% of the shareholdings have already been dematerialised. The shares of the company are traded in National Stock Exchange and Bombay Stock Exchange. The shares transferred during the last 3 years are given below:

Details	2013-14	2012-13	2011-12
No. of transfer deeds	31	89	98
No. of shares transferred	4000	9201	11700

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.

With regard to the Auditors observation in the certificate on Corporate Governance regarding Circular No. SEBI/CFD/DIL/CG/1/2008/08/04 dated April 08, 2008 which requires one half of the Board to consist of Independent Directors, which was not complied with for the period 23.09.2013 to 20.11.2013 as one of an Independent Non Executive Director expressed his unwillingness to get reappointed on his retirement by rotation at the Annual General Meeting held on 23.09.2013. The company has taken immediate steps to induct independent directors and inducted two Independent Non Executive Directors viz. Mrs. Chitra Murali and Shri G R Sundaravadivel on the Board on 20.11.2013 to comply with the Corporate Governance requirements.

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 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges, with the relevant records and documents maintained by the Company and furnished to us and the Report on Corporate Governance as approved by the Board of Directors

The compliance of conditions of 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.

Circular no. SEBI/CFD/DIL/CG/2008/08/04 dated April 08, 2008 requires 50% of the Board to consist of Independent Directors. This was not complied with for the period 23.09.2013 to 20.11.2013, as one of the Independent Non Executive Directors expressed his unwillingness to get reappointed on his retirement by rotation at the Annual General Meeting held on 23.09.2013. The company has however complied with the requirements, in November 2013.

In our opinion and to the best of our information and according to the explanations given to us, subject to the above, 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 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 M/s A V DEVEN & CO.,
Chartered Accountants
FRN No.:000726S

Place: Chennai-83
Date : 23.04.2014

(CA R.Raghuraman)
Partner
(M.No.201760)