

23RD ANNUAL REPORT 2011-2012

GROWING AND GOING BEYOND...



BOARD OF DIRECTORS



Rajeev Rishi
Chairman



T M Nagarajan



P M Venkatasubramanian



P V Rajaraman



N Eswaran



Banabihari Panda
President & Wholetime Director



P Mugundan
Executive Vice President
& Company Secretary



S Selvaraj
Executive Vice President

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Board of Directors

Rajeev Rishi
Chairman

T M Nagarajan
P V Rajaraman

P M Venkatasubramanian
N Eswaran

Banabihari Panda
President and Whole Time Director

Committees of the Board

Audit Committee

T M Nagarajan
P V Rajaraman
P M Venkatasubramanian
N Eswaran

Share Transfer & Investors'
Grievance Committee

N Eswaran
Banabihari Panda

Management
President and Wholetime Director

Banabihari Panda

Executive Vice President & Company Secretary
P Mugundan

Executive Vice President
S Selvaraj

Auditors
Raman Associate
Chartered Accountants
No.13, Luz Avenue, Mylapore
Chennai 600004

Bankers
Indian Bank

Registrar & Transfer Agents
Cameo Corporate Services Ltd
'Subramanian Buildings'
No.1, Club House Road
Chennai 600002

Registered Office

First Floor, Khivraj Complex 1
No. 480, Anna Salai,
Nandanam, Chennai 600035

Terminals

Chennai-Harbour, Anna Nagar, Mylapore, CMDA-Egmore, T Nagar,
Adyar, Alwarpet, Ashok Nagar, Nanganallur, Vellore
Mumbai - Mumbai, Ville Parle,
New Delhi - New Delhi, Shantiniketan, Preet Vihar, Noida, Jaipur
Bangalore - Bangalore, Mangalore
Coimbatore- Coimbatore, R S Puram, Tiruppur, Salem Karur, Udumalpet
Ahmedabad - Ashram Road, S.G. Road,
Tirunelveli - Tirunelveli, Palaymakottai Sivakasi, Nagerkoil, Tuticorion,
Tenkasik, Kovilpatti, Rajapalayam
Madurai - Madurai, K K Nagar-Madurai
Hyderabad -Hyderabad, Secunderabad, Srinagar Colony
Erode - Erode, Kangeyam
Ernakulam - Ernakulam, Calicut, Thrissur
Trichy-Trichy Contonment, Srirangam
Vijayawada-Vijayawada, Guntur
Visakhapatnam-Visakhapatnam, Rajamundry
Cuddalore, Puducherry, Kumbakonam, Thanjavur, Pune

NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of the Shareholders of the Company will be held on Friday the 6th July 2012 at 3 p.m.at Indian Bank Management Academy for Growth & Excellence (IMAGE), MRC Nagar, Raja Annamalaipuram, Chennai 600 028 to transact the following business:

ORDINARY BUSINESS

- 1 To receive, consider and adopt the Directors' Report and the Audited Balance Sheet as at 31.03.2012 and Profit and Loss Account for the year ended 31.03.2012 and the Auditors' Report thereon.
- 2 To elect a Director in place of Shri P M Venkatasubramanian who retires by rotation and being eligible offers himself for reappointment
- 3 To elect a Director in place of Shri N Eswaran who retires by rotation and being eligible offers himself for reappointment.

By Order of the Board
For **Indbank Merchant Banking Services Ltd.**

Place: Chennai
Date: 24.04.2012

P Mugundan
Executive Vice President & Company Secretary

Notes:

1. A member entitled to attend and vote, is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member.
2. Proxies should be lodged at the Registered Office of the Company atleast 48 hours before the commencement of the meeting.
3. Members/Proxies should bring the attendance slip duly filled in for attending the Meeting. Members are requested to communicate the change of address, if any, to enable us to register the same in our records.
4. The Register of Members and Share Transfer Books of the company will remain closed from 02.07.2012 to 06.07.2012 both days inclusive.
5. Under the provisions of the Companies Act, 1956, shareholders desirous of availing nomination facility for their shareholdings, may file Nomination Forms in respect of their shareholdings. Any shareholder willing to avail of this facility may submit the prescribed form to the Registrars & Transfer Agent of the company M/s Cameo Corporate Services Ltd. Chennai 600 002.
6. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
7. At this Annual General Meeting Shri P M Venkatasubramanian, Director retires by rotation and being eligible offers himself for reappointment.

Shri P M Venkatasubramanian, aged 73 years is B.Com (Honours) Degree holder, Fellow of Institute of Insurers. He has more than 40 years of experience in various positions in the General insurance industry and he retired as the Managing Director of General Insurance Corporation of India. He was associated with several companies as Nominee Directors of Financial Institutions.

Details of other Directorships/Committee memberships held by him

Name of the company	Directorship	Committee membership
Royal Sundaram Insurance Company Ltd	Director & Chairman	Investment Committee Risk Management Committee Audit Committee
Bimetal Bearings Ltd	Director	Audit Committee Remuneration Committee
I P Rings Ltd	Director	Audit Committee Remuneration Committee
INXS Technologies Ltd	Director	Audit Committee Remuneration Committee
T Stanes & Co Limited	Director	Audit Committee

8. At this Annual General Meeting Shri N Eswaran Director retires by rotation and being eligible offers himself for reappointment.

Shri N Eswaran aged 59 is a Graduate in Commerce, and has obtained the CAIIB qualification from the Indian Institute of Bankers. He is currently occupying the position of General Manager of Indian Bank. He has 36 years of experience in various areas in the banking industry.

Details of other Directorships/Committee memberships held by him

Name of the company	Directorship	Committee membership
Ind Bank Housing Limited	Director	Audit Committee
Indfund Management Limited	Director	Audit Committee

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their Depository Participants concerned.

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty Third Annual Report together with the Audited Statement of Accounts of the Company for the Year ended March 31, 2012.

Business of the Company

Relocation of terminals

Your company is pleased to inform that Indian Bank, the parent bank has consented for relocating our Stock Broking terminals, located on rented premises in various places, inside Indian Bank branches to tap the business potential to the optimum level. Accordingly, your company has relocated all the terminals to Indian Bank premises.

Operations

During the year your company has earned a gross income of Rs. 1233.68 lakhs as against Rs. 672.09 lakhs in the previous year. Under Stock broking your company has a mix of Institutional and individual clients and has achieved a turnover of Rs. 3993.56 crores during the year. Your company also provides Depository services to Institutions and retail customers and has 41934 accounts under DP operations (including 19161 transferred on 30.09.2011 from Indian Bank on merger of their DP with our DP) and 16867 under broking operations.

Your company has reported a net profit of Rs. 11.17 lakhs during the year 2011-12 as against a net loss of Rs.992.65 lakhs in the previous year as under.

Financial Results

Rs. in lakhs

	Particulars	2011-12	2010-11
I	Revenue from Operations	701.32	642.69
II	Other Income	76.55	29.40
	Interest on Income tax/interest tax refund due	455.81	0.00
III	Total Revenue	1233.68	672.09
IV	EXPENSES		
	Employee Benefit expenses	406.51	458.80
	Depreciation & Amortization expenses	52.60	61.53
	Other Expenses	365.31	340.58
	Provisions made/(Reversal of Provisions) (Net)	114.97	57.62
	Total expenses	939.39	918.53
V	Profit Before Exceptional and Extraordinary items and Tax	294.29	(246.43)
VI	Exceptional Items	247.48	250.00
VII	Profit Before Extraordinary Items and Tax	46.81	(496.43)
VIII	Extraordinary Items	0.00	0.00
IX	PROFIT/(LOSS) BEFORE TAX	46.81	(496.43)

	Particulars	2011-12	2010-11
X	Tax Expenses - Current	0.00	0.00
	- Deferred	11.62	132.87
	-Prior years	122.94	
XI	PROFIT/(LOSS) for the period from continuing operations	(87.75)	(629.31)
XII	PROFIT/(LOSS) for the period from discontinuing operations	98.92	(363.33)
XIII	Tax expenses of discontinuing operations	0.00	0.00
XIV	PROFIT/(LOSS) from discontinuing operations after tax	98.92	(363.33)
XV	PROFIT/(LOSS) for the period	11.17	(992.65)
XVI	Add: Balance brought forward from Previous Year	(382.61)	110.03
XVII	Less: Transferred from General Reserves		500.00
XVIII	Balance carried to Balance Sheet	(371.45)	(382.61)
XIX	Earnings Per Share - Basic & Diluted	0.03	(2.24)

Dividend

After adjusting the profits for the year against the carried forward loss there is no profit. Hence, your Directors do not recommend any dividend for the year.

Board of Directors

Shri V Rama Gopal, Director, nominee of Indian Bank resigned from the Board with effect from 03.06.2011 consequent to change in the nomination by Indian Bank.

Shri Rajeev Rishi, Executive Director, Indian Bank was Co-opted as a Director (nominee of Indian Bank) on the Board with effect from 13.06.2011.

Shri R Ravi, Director, nominee of Indian Bank resigned from the Board with effect from 30.04.2011 consequent to change in the nomination by Indian Bank.

Shri N Eswaran, General Manager, Indian Bank was Co-opted as a Director (nominee of Indian Bank) on the Board with effect from 30.04.2011.

Shri Banabihari Panda, General Manager, Indian Bank was appointed as the President & Whole Time Director (nominee of Indian Bank on deputation) with effect from 26.05.2011 in place of Shri G Rangarajan, Deputy General Manager, Indian Bank on deputation, who has been repatriated to the bank.

At the Annual General Meeting, Shri P M Venkatasubramaniam and Shri N Eswaran, Directors retire by rotation and being eligible offer themselves for reappointment.

Directors Responsibility Statement

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

- In the preparation of the annual accounts for the financial year ended 31st March 2012, the applicable accounting standard has been followed along with proper explanation relating to departures.
- 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 profit or loss of the Company for the year under review.

- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors have prepared the accounts for the financial year ended 31st March 2012 on a going concern basis.

Auditors

The provisions of Section 619 (2) of the Companies Act, 1956 being applicable to the Company, the Comptroller and Auditor General of India has appointed M/s Raman Associate, Chartered Accountants, Chennai as the auditors of the Company for the year 2011-12.

Auditors' observations in the Audit report

With reference to the observations of the Auditors in the Audit report in respect to note no: 17 of Notes on Accounts regarding non consideration of liability towards interest claim of Rs.650.00 lakhs under right of recompense on settled borrowings availed earlier from Indian Bank, the holding company, the note is self explanatory.

Particulars of Employees

Details required under Section 217 (2A) of The Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 regarding particulars of employees drawing remuneration of more than Rs.2,00,000/- per month: Nil.

Report on Corporate governance

A report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

Outlook

With the relocation of stock broking terminals within Indian Bank branches, your Company will have savings in administrative cost, the full effect of which is expected in the next year, in addition to the potential business opportunities available to your Company. Your company will continue to focus its efforts to increase its activities under fee-based business in addition to concentrating on recovery of overdues and reduction of Non Performing Assets, disinvestment of quoted and unquoted investments. Your company's network, satisfied clientele, quality manpower and diligent internal control and cost control measures will enable your company to continue to report better performance in the coming years.

General

Your Directors wish to place on record their gratitude to the Ministry of Finance, Government of India, SEBI, Comptroller and Auditor General of India and the Reserve Bank of India for their valuable guidance.

Your Directors also wish to place on record their thanks to the Bankers of the Company and their appreciation for the assistance, support and guidance received from Indian Bank and its Employees.

Your Directors express their appreciation for the contribution made by the Company's Employees.

In conclusion, your Directors thank you, the shareholders of the company for your support and seek your continued patronage for achieving better results.

Place: Chennai
Date: 24.04.2012

For and on behalf of the Board of Directors
Rajeev Rishi
Chairman

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

The Board has at present 6 Directors comprising a President & Wholetime Director and 5 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 six times on 18.04.2011, 25.07.2011, 16.09.2011, 20.10.2011, 02.02.2012 and 22.03.2012.

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 29.7.2011	No. of other Director Ships	Committee Membership	
					Member	Chairman
Shri Rajeev Rishi (From 13.06.2011)	Non Executive Director & Chairman	5	Yes	3	9	-
Shri. T M Nagarajan	Non Executive & Independent Director	4	Yes	3	1	-
Shri. P V Rajaraman	Non Executive & Independent Director	6	Yes	2	1	1
Shri. P M Venkatasubramanian	Non Executive & Independent Director	6	Yes	5	2	8
Shri N Eswaran (From 30.04.2011)	Non Executive Director	5	Yes	2	2	-
Shri Banabihari Panda (from 26.05.2011)	President & Whole time Director	5	Yes	1	-	-
Shri G Rangarajan (upto 26.05.2011)	President & Whole time Director	1	N.A.	1	-	-
Shri. V Rama Gopal (upto 03.06.2011)	Non Executive Director	1	N.A.	4	9	-
Shri. R Ravi (upto 30.04.2011)	Non Executive Director	1	N.A.	2	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 five times during the year on 18.04.2011, 25.07.2011, 16.09.2011, 20.10.2011 and 02.02.2012.

The attendance of members at the meeting is as follows:

Name of Member	Status	No. of meetings attended
Shri. T M Nagarajan	Chairman	4
Shri. P V Rajaraman	Member	5
Shri P M Venkatasubramanian	Member	5
Shri N Eswaran (From 30.04.2011)	Member	4
Shri. R Ravi (Upto 30.04.2011)	Member	1

President and Whole time Director is a permanent invitee. Executive 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 shareholders of the company. In view of the above the company does not have a Remuneration Committee.

Managerial Remuneration

Rs. In lakhs

Name	Designation		2011-12	2010-11
Mr. G Rangarajan From 01.4.2011 to 26.05.2011	President & Wholetime Director	Salary (including arrears and terminal benefits)	1.58	8.42
		Contribution to PF	0.09	0.51
Mr. Banabihari Panda From 26.05.2011 to 31.03.2012	President & Wholetime Director	Salary	8.00	N.A.
		Contribution to PF	0.49	N.A.

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 V Rajaraman	0.44
Shri P M Venkatasubramanian	0.44
Total	1.20

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. N Eswaran, Director as Chairman and Shri. Banabihari Panda, President & Whole time Director as a Member. Executive 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.

13 complaints were received and attended during the year from the shareholders/investors. As on March 31, 2012, no correspondence/complaint remains unattended.

The Committee met 17 times during the year and the attendance of members is as follows:

Name of member	Status	No. Of meetings attended
Shri N Eswaran (From 30.04.2011)	Chairman	17
Shri Banabihari Panda (From 26.05.2011)	Member	15
Shri G Rangarajan (upto 26.05.2011)	Member	2

5. General Body Meetings

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

Financial year	Date	Time	Venue
31.03.2009	19.08.2009	3.00 p.m.	Indian Bank Management Academy for Growth & Excellence, Chennai
31.03.2010	28.07.2010	3.00 p.m.	Indian Bank Management Academy for Growth & Excellence, Chennai
31.03.2011	29.07.2011	3.00 p.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 newspapers viz. News Today in English and Malai Chudra 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 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

23rd Annual General Meeting

Date & Time	6th July 2012 at 3.00 p.m.
Venue	IMAGE, Chennai
Financial Year	1st April 2011 to 31st March 2012
Book closure dates	2-7-2012 to 6-7-2012
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 2012-13 has been paid to Mumbai Stock Exchange and to 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 (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)	High	Low	High	Low
April 2011	14.45	10.72	14.45	10.75	19811.14	18976.19	5944.45	5693.25
May 2011	12.10	10.30	12.45	10.45	19253.87	17786.13	5775.25	5328.70
June 2011	11.75	10.15	11.90	10.25	18873.39	17314.38	5657.90	5195.90
July 2011	11.00	9.86	11.35	9.85	19131.70	18131.86	5740.40	5453.95
August 2011	10.24	7.25	10.10	7.40	18440.07	15765.53	5551.90	4720.00
September 2011	9.35	7.15	9.45	7.50	17211.80	15801.01	5169.25	4758.85
October 2011	8.78	7.15	9.45	7.10	17908.13	15745.43	5399.70	4728.30
November 2011	8.60	6.40	8.10	6.15	17702.26	15478.69	5326.45	4639.10
December 2011	7.60	4.70	7.80	5.15	17003.71	15135.86	5099.25	4531.15
January 2012	8.25	6.12	8.10	6.45	17258.97	15358.02	5217.00	4588.05
February 2012	9.15	6.50	9.25	7.15	18523.78	17061.55	5629.95	5159.00
March 2012	7.99	6.00	7.95	6.15	18040.69	16920.61	5499.40	5135.95

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. P Mugundan
 Executive 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 31.03.2012

Category	No. of Folios	No. of shares held	% of shareholding
A Promoters holding			
Promoters			
1. -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	5	49900	0.11
C FIIs	1	2700	0.01
Sub-total	16	605900	1.37
C Others			
A Private Corporate Bodies	436	2423053	5.46
B Indian Public	45277	12076322	27.21
C NRIs/OCBs	87	277271	0.62
D Clearing Member and others	270	221854	0.50
Sub-total	46070	14998500	33.79
Grand Total	46087	44378200	100.00

Dematerialisation of shares & Liquidity

The Company's shares are traded in the Stock Exchanges only in electronic mode and 91.74% of the shareholdings have already been dematerialised. The shares of the company are traded in Bombay Stock Exchange. The shares transferred during the last 3 years are given below:

Details	2011-12	2010-11	2009 - 10
No. of transfer deeds	98	184	161
No. of shares transferred	11700	25100	18100

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 2012 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.

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 & on behalf of
Raman Associate
 Chartered Accountants

Place: Chennai
 Date: 24.04.2012

G Vasudevan
 Partner
 Membership No.020739
 Firm No: 0029105

Management Discussion & Analysis Report

Areas of Business Operations

Your company is engaged in Merchant Banking, Stock Broking, Depository Participant and allied activities. Your company is a member of NSE, BSE, MSE and registered with NSDL as a Depository Participant. Your company is also registered with Association of Mutual Funds of India (AMFI) for distribution of Mutual Fund products.

Relocation of terminals

Your company is pleased to inform that Indian Bank, the parent bank has consented for relocating our Stock Broking terminals located on rented premises in various places inside Indian Bank branches to tap the business potential to the optimum level. Accordingly, your company has relocated all the terminals to Indian Bank premises

Operations during the year

During the year your company has earned a gross income of Rs. 1233.68 lakhs as against Rs. 672.09 lakhs in the previous year. Under Stock broking your company has a mix of Institutional and individual clients and has achieved a turnover of Rs. 3993.56 crores during the year. Your company also provides Depository services to Institutions and retail customers and has 41934 accounts under DP operations (including 19161 transferred from Indian Bank on 30.09.2011 on merger of their DP with our DP) and 16867 under broking operations.

Risk Management & Internal Control Systems

The major risks among others that your company manages include credit risk, liquidity risk, interest rate risk and operational risk. In view of the discontinuance of fund based activities the credit risks on appraisal and disbursement do not arise. The company has put in place an aggressive recovery mechanism for realisation of existing fund-based exposures.

Your company has detailed operating manuals and well laid down delegation of powers to ensure that operational controls are maintained on the business. The policies and procedures are continuously reviewed through interaction between office heads and other support functional heads. Your company has also an adequate internal audit system to ensure feedback on adherence to the defined policies and procedures.

Human Resources

Human Resources of your company comprise a mix of 10 Officers on deputation from Indian Bank and 122 employees on direct rolls. The employees are well qualified and experienced in their field of operations.

Financial Performance

Balance Sheet items

Share Capital

The Share Capital of your company comprises Equity shares of Rs.10/- each. Your company's shares are listed with Bombay Stock Exchange and National Stock Exchange. There is no change in share capital of the company during the year.

Reserves & Surplus

After adjusting the net profit for the year of Rs. 11.17 lakhs, the accumulated losses brought forward from previous year of Rs.382.61 lakhs stands reduced to Rs. 371.45 lakhs as on 31.3.2012.

Current Liabilities

The current liabilities have increased from Rs. 668.08 lakhs to Rs.847.05 lakhs mainly in view of increase in clients' payable under Broking compared to previous year. The provisions have increased from Rs. 59.03 lakhs to Rs. 69.17 lakhs on account of incremental provisions made for encashment of leave on actuarial valuation as at the end of the year.

Fixed Assets

Fixed assets have increased by Rs. 93.57 lakhs in view of the capital expenditure incurred for providing 24X7 services to the clients, in addition to catering to replacement of fixed assets for normal operations.

Investments

The investments of your company comprise Quoted shares, unquoted investments acquired under Bought Out Deals and Debentures. Gross investments have decreased from Rs. 2596.44 lakhs as on 31.03.2011 to Rs.2514.18 lakhs as on 31.03.2012 on account of disinvestments. Net investments after adjusting provisions have decreased in view of provisions made for depreciation in the value of the investments. Your company made a net profit of Rs. 110.30 lakhs from investments during the year.

The market value of quoted investments (cost - Rs.623.48 lakhs) of the company as on 31.03.2012 was Rs.236.41 lakhs.

Deferred Tax Assets

During the year the company has provided Rs. 11.62 lakhs towards deferred tax liability in the profit and loss account. Accordingly, the Net Deferred Tax Assets have reduced from Rs.573.88 lakhs in the previous year to Rs.562.26 lakhs in the current year.

Current Assets

The current assets have increased from Rs. 2934.06 lakhs to Rs. 3318.94 lakhs in view of the increase in Trade receivables, cash & cash equivalents, Short term loans & advances and interest accrued on fixed deposits.

Revenue from Operations

Merchant Banking income has increased from Rs.103.92 lakhs in 2010-11 to Rs.243.76 lakhs in 2011-12 in view of increase in Issue Management and Advisory Income and income from distribution of Mutual funds.

Stock Broking income has come down from Rs.538.77 lakhs in 2010-11 to Rs.457.55 lakhs in 2011-12 in view of subdued capital market conditions. Other income has increased in view of income from fixed deposits consequent to amount of deposit increasing from Rs. 463.42 lakhs as on 31.3.2011 to Rs. 833.28 lakhs as on 31.3.2012.

Based on the assessment orders received during the year, the interest allowed by the department on the refunds due under income tax / interest tax for various assessment years amounting to Rs. 455.81 lakhs has been reckoned in the accounts.

As a result of higher recovery in NPAs and investments under discontinuing (fund based) operations the company has made a profit of Rs. 98.92 lakhs in the current year as against loss of Rs. 363.33 lakhs incurred in the previous year.

Expenses

Employee benefit expenses have reduced from Rs. 458.88 lakhs in the previous year to Rs. 406.51 lakhs in the current year in view of reduction in number of employees and due to the results of various steps taken for rationalization. Depreciation and amortization expenses have marginally reduced from Rs. 61.53 lakhs in the previous year to Rs. 52.60 lakhs in the current year in view of lower depreciation and majority of the addition into assets were made in the last month of the current year. Other expenses have increased marginally from Rs. 340.58 lakhs to Rs. 365.31 lakhs due to booking of Rs. 49.64 lakhs as loss on sale of assets consequent to relocation of terminals to branches of Indian Bank. Provisions for NPAs have increased from Rs. 57.62 lakhs in the previous year to Rs. 114.96 lakhs in the current year in view of higher provisions required for NPAs.

Financial Results

Rs. in lakhs

	Particulars	2011-12	2010-11
I	Revenue from Operations	701.32	642.69
II	Other Income	76.55	29.40
	Interest on Income tax/interest tax refund due	455.81	0.00
III	Total Revenue	1233.68	672.09
IV	EXPENSES		
	Employee Benefit expenses	406.51	458.80
	Depreciation & Amortization expenses	52.60	61.53
	Other Expenses	365.31	340.58

	Particulars	2011-12	2010-11
	Provisions made/(Reversal of Provisions) (Net)	114.97	57.62
	Total expenses	939.39	918.53
V	Profit Before Exceptional and Extraordinary items and Tax	294.29	(246.43)
VI	Exceptional Items	247.48	250.00
VII	Profit Before Extraordinary Items and Tax	46.81	(496.43)
VIII	Extraordinary Items	0.00	0.00
IX	PROFIT/(LOSS) BEFORE TAX	46.81	(496.43)
X	Tax Expenses - Current	0.00	0.00
	- Deferred	11.62	132.87
	-Prior years	122.94	0.00
XI	PROFIT/(LOSS) for the period from continuing operations	(87.75)	(629.31)
XII	PROFIT/(LOSS) for the period from discontinuing operations	98.92	(363.33)
XIII	Tax expenses of discontinuing operations	0.00	0.00
XIV	PROFIT/(LOSS) from discontinuing operations after tax	98.92	(363.33)
XV	PROFIT/(LOSS) for the period	11.17	(992.65)
XVI	Add: Balance brought forward from Previous Year	(382.61)	110.03
XVII	Less: Transferred from General Reserves	0.00	500.00
XVIII	Balance carried to Balance Sheet	(371.45)	(382.61)
XIX	Earnings Per Share - Basic & Diluted	0.03	(2.24)

Outlook

With the relocation of stock broking terminals within Indian Bank branches, your Company will have savings in administrative cost, the full effect of which is expected in the next year, in addition to the potential business opportunities available to your Company. Your company will continue to focus its efforts to increase its activities under fee-based business in addition to concentrating on recovery of overdues and reduction of Non Performing Assets, disinvestment of quoted and unquoted investments. Your company's network, satisfied clientele, quality manpower and diligent internal control and cost control measures will enable your company to continue to report better performance in the coming years.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF INDBANK MERCHANT BANKING SERVICES LIMITED, CHENNAI FOR THE YEAR ENDED 31ST MARCH 2012

The preparation of financial statements of Indbank Merchant Banking Services Limited for the year ended 31st March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 24th April 2012.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Indbank Merchant Banking Services Limited for the year ended 31 March 2012. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under Section 619(4) of the Companies Act, 1956.

Place: Chennai
Date: 24.05.2012

(S RAJANI)
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
AND EX-OFFICIO MEMBER AUDIT BOARD

**AUDITOR'S REPORT TO THE MEMBERS OF
INDBANK MERCHANT BANKING SERVICES LIMITED**

We have audited the attached Balance Sheet of INDBANK MERCHANT BANKING SERVICES LIMITED as at 31st March 2012 and the Profit and Loss Account for the year ended 31st March 2012 and also the Cash Flow Statement for the year ended 31st March 2012 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the 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 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - I. 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;
 - II. In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of these books;
 - III. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - IV. In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - V. On the basis of written representations received from the Directors, as on 31st March 2012, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
 - VI. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the 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, subject to Note No.17 regarding non-consideration of liability towards interest claim of Rs.650.00 lakhs under the right of recompense clause on certain settled borrowings by the Holding Company. Had the liability been recognized in the Books, the profit of Rs.11.17 lakhs would have become a loss of Rs.638.83 lakhs.
 - a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
 - b) in the case of Profit and Loss Account, of the Loss for the year ended 31st March 2012; and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended 31st March 2012.

For & on behalf of
Raman Associate
Chartered Accountants

Place: Chennai
Date: 24.04.2012

G Vasudevan
Partner
Membership No.020739
Firm No: 0029105

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of our Report of even date.

Re: Indbank Merchant Banking Services Ltd.

- (i) a. The company has maintained records showing full particulars including situation and quantity of fixed assets.
- b. Fixed assets of the Company have been physically verified by the Company during the year.
- c. The fixed assets that have been sold during the year do not constitute a substantial part of the total fixed assets of the Company.
- (ii) Clause (ii) of Paragraph 4 of Companies (Auditor's Report) Order, 2003, relating to inventory, is not applicable to the Company.
- (iii) The Company has not granted or taken any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clauses (iii)b to (iii)g of Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and rendering of services. During the course of our audit, we have not observed any major weaknesses in internal controls.
- (v) In our opinion and according to the information and explanation given to us, there are no transactions that have been made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.
- (ix) a. The Company is regular in depositing with appropriate authorities all applicable undisputed statutory dues viz. Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Service Tax, and Cess. The other statutory dues viz. ESI, Excise duty, Customs duty and Cess are not applicable to this organization. There are no arrears of outstanding undisputed statutory dues as at 31st March 2012 for a period of more than six months from the date they become payable.
- b. According to the records of the Company and the information and explanations given to us, the following are the particulars of disputed dues in respect of sales tax that have not been deposited.

Name of the Statute	Assessment Year	Amount (Rs.Lakhs)	Forum where the dispute is pending
Sales Tax	1993-94	5.05	Joint Commissioner of Commercial Taxes (Appeals)
	1994-95	8.63	
	1995-96	12.05	
	1998-99	10.64	

- (x) The Company has accumulated losses of Rs. 382.61 lakhs as at 31.03.2011 which has been reduced to Rs. 371.44 lakhs after adjusting the net profit of Rs. 11.17 lakhs for the year. The Company has not incurred cash losses during this financial year.
- (xi) The Company has not defaulted in repayment of dues to its bankers. There are no borrowings from financial institutions. The Company has not issued any debentures.
- (xii) Adequate documents and records are maintained by the Company for the loans and advances granted on the basis of security by way of pledge of shares and other securities.
- (xiii) The provisions of special statute applicable to chit funds / nidhi / mutual benefit funds / society do not apply to the Company.
- (xiv) In our opinion and according to the information given to us, proper records have been maintained by the Company for the transactions and contracts relating to trading in shares, securities, debentures and other investments and timely entries have been made therein. The investments of the Company are held in its own name.
- (xv) In our opinion and according to the explanations and information given to us the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (xvi) The Company has not availed any term loans.
- (xvii) No short-term funds have been raised during the year.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) No debentures have been issued by the Company during the year.
- (xx) During the year, the Company has not raised any money by public issue.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For & on behalf of
Raman Associate
 Chartered Accountants

Place: Chennai
 Date: 24.04.2012

G Vasudevan
 Partner
 Membership No.020739
 Firm No: 0029105

BALANCE SHEET AS AT 31st March 2012

Particulars	NOTE No.	As at 31/03/2012 Rs.	As at 31/03/2011 Rs.
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	44,37,82,000	44,37,82,000
(b) Reserves & Surplus	2	(3,71,44,816) 40,66,37,184	(3,82,61,420) 40,55,20,580
(2) Current Liabilities			
(a) Other Current Liabilities	3	8,47,04,601	6,68,08,222
(b) Short Term Provisions		69,17,235	59,03,572
Total		49,82,59,020	47,82,32,374
II ASSETS			
Noncurrent Assets			
(1) Fixed Assets:			
(a) Fixed Assets - Tangible assets	4	6,12,68,831	6,30,71,918
(b) Non current Investments	5	4,64,69,374	6,19,65,858
(c) Deferred Tax Assets (Net)	6	5,62,26,454	16,39,64,659
(2) Current Assets			
Trade Receivables	7	5,42,76,986	4,94,91,403
Cash and Cash equivalents	8	10,51,12,698	9,12,13,380
Short term Loans & Advances	9	16,79,86,044	15,03,36,987
Interest accrued on Fixed Deposits		41,00,903	19,06,144
Other Current Assets	10	4,17,730	33,18,94,361
(3) Assets under Discontinuing Operations	11	24,00,000	24,00,000
Total		49,82,59,020	47,82,32,374

See accompanying Notes to the financial statements 1-31

RAJEEV RISHI
CHAIRMAN

T M NAGARAJAN
DIRECTOR

P V RAJARAMAN
DIRECTOR

P M VENKATASUBRAMANIAN
DIRECTOR

N ESWARAN
DIRECTOR

BANABIHARI PANDA
PRESIDENT &
WHOLETIME DIRECTOR

P MUGUNDAN
EXECUTIVE VICE PRESIDENT &
COMPANY SECRETARY

As per our report of even date attached
For & on behalf of
Raman Associate
Chartered Accountants
G VASUDEVAN
PARTNER
Membership No.020739
Firm No. 0029105

Place: Chennai
Date: 24.04.2012

STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2012

Particulars	NOTE No.	2011-12 Rs.	2010-11 Rs.
I Revenue from Operations	12	7,01,31,718	6,42,69,476
II Other Income		76,55,062	29,39,603
Interest on Income tax/interest tax refund due	13	4,55,81,155	0
III Total Revenue		12,33,67,935	6,72,09,079
IV EXPENSES			
Employee Benefit expenses	14	4,06,50,776	4,58,80,171
Depreciation & Amortization expenses	4	52,60,311	61,53,012
Other Expenses	15	3,65,30,596	3,40,57,505
Provisions made/(Reversal of Provisions) (Net)	16	1,14,96,940	57,62,133
Total expenses		9,39,38,623	9,18,52,821
V Profit Before Exceptional and Extraordinary items and Tax		2,94,29,312	(2,46,43,742)
VI Exceptional Items	17	2,47,48,000	2,50,00,000
VII Profit Before Extraordinary Items and Tax		46,81,312	(4,96,43,742)
VIII Extraordinary Items		0	0
IX PROFIT/(LOSS) BEFORE TAX		46,81,312	(4,96,43,742)
X Tax Expenses - Current	18	0	0
- Deferred		11,62,002	1,32,87,583
-Prior years		1,22,94,385	0
XI PROFIT/(LOSS) for the period from continuing operations		(87,75,075)	(6,29,31,325)
XII PROFIT/(LOSS) for the period from discontinuing operations	19	98,91,678	(3,63,33,485)
XIII Tax expenses of discontinuing operations		0	0
XIV PROFIT/(LOSS) from discontinuing operations after tax		98,91,678	(3,63,33,485)
XV PROFIT/(LOSS) for the period		11,16,603	(9,92,64,810)
XVI Add: Balance brought forward from Previous Year		(3,82,61,419)	1,10,03,390
XVII Less: Transferred from General Reserves		0	5,00,00,000
XVIII Balance carried to Balance Sheet		(3,71,44,816)	(3,82,61,420)
XIX Earnings Per Share - Basic & Diluted	20	0.03	(2.24)

RAJEEV RISHI
CHAIRMAN

T M NAGARAJAN
DIRECTOR

P V RAJARAMAN
DIRECTOR

P M VENKATASUBRAMANIAN
DIRECTOR

N ESWARAN
DIRECTOR

BANABIHARI PANDA
PRESIDENT &
WHOLETIME DIRECTOR

P MUGUNDAN
EXECUTIVE VICE PRESIDENT &
COMPANY SECRETARY

As per our report of even date attached
For & on behalf of
Raman Associate
Chartered Accountants
G VASUDEVAN
PARTNER
Membership No.020739
Firm No. 0029105

Place: Chennai
Date: 24.04.2012

Notes on Accounts forming part of Balance Sheet as at 31.03.2012 and statement of Profit & Loss account for the year ended 31.03.2012

1. Share Capital

(Amount in Rs.)

Sl.No	Details	2011-12	2010-11
(a)	Authorised Capital 10,00,00,000 Equity Shares of Rs 10 each	100,00,00,000	100,00,00,000
(b)(i)	Issued capital 4,44,10,000 equity shares of Rs. 10 each	44,41,00,000	44,41,00,000
(b)(ii)	Subscribed and fully paid 4,43,78,200 equity shares of Rs. 10 each	44,37,82,000	44,37,82,000
(c)	Par value per share	10	10
(d)	Reconciliation of No. of shares outstanding at the beginning and at the end of the year	Not Applicable	Not Applicable
(e)	Out of the above, 2,87,73,800 equity shares are held by Indian Bank, the holding bank	28,77,38,000 64.84 %	28,77,38,000 64.84 %
(f)	Shares held by each share holder holding more than 5 %	Nil	Nil
(g)	Shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestment, including the terms and amounts	Nil	Nil
(h)(i)	Aggregate number of shares allotted as fully paid up pursuant to contract without payment being received in cash in the preceding 5 years	Nil	Nil
(h)(ii)	Aggregate number of shares allotted as fully paid up by way of bonus shares in the preceding 5 years	Nil	Nil
(h)(iii)	Aggregate number of shares brought back	Nil	Nil
(i)	Terms of any Securities convertible in to equity shares / preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date	Nil	Nil
(j)	Calls unpaid	Nil	Nil
(k)	Forfeited Shares	Nil	Nil

2. Reserves and Surplus

Details	2011-12	2010-11
Opening Balance	0	5,00,00,000
Less: Transfer to Profit & Loss account	0	5,00,00,000
Closing Balance	0	0
Balance in Profit & Loss account	(3,71,44,816)	(3,82,61,420)
Total	(3,71,44,816)	(3,82,61,420)

3 Current Liabilities

Details	2011-12		2010-11	
	Rs.	Rs.	Rs.	Rs.
Current Liabilities				
Other current liabilities				
Sundry Creditors for Expenses	2,78,54,307		12,98,581	
Unpaid Dividend(unclaimed as per contra)	38,25,185		38,34,204	
Other current liabilities	5,30,25,109	8,47,04,601	6,16,75,437	6,68,08,222
Short Term Provisions - Provision for leave encashment		69,17,235		59,03,572

4. Fixed Assets - Tangible assets

Description	Gross Block at Cost				Depreciation				Net Block	
	As at 1-Apr-11	Addition during the year	Deletions	As at 31-Mar-12	As at 1-Apr-11	For the year	On Deletions	As at 31-Mar-12	As at 31-Mar-12	As at 31-Mar-11
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Buildings*	4,84,78,385	0	0	4,84,78,385	1,26,78,720	7,90,198	0	1,34,68,918	3,50,09,467	3,57,99,665
Furniture & Fixtures	1,79,04,416	19,51,084	54,84,743	1,43,70,757	86,68,447	6,43,506	22,44,133	70,67,820	73,02,937	92,35,969
Motor Vehicle	11,17,978	0	0	11,17,978	22,23,29	1,00,475	0	3,22,804	7,95,174	8,95,649
Office equipment	1,63,64,155	8,86,837	35,86,348	1,36,64,644	65,85,831	5,67,973	9,92,021	61,61,783	75,02,861	97,78,324
Data Processing Machines	2,25,47,556	60,30,208	33,25,899	2,52,51,865	1,66,57,229	19,43,858	32,73,576	1,53,27,511	99,24,354	58,90,327
Software	95,52,894	4,88,972	91,146	99,50,720	80,80,910	12,14,301	78,529	92,16,662	7,34,068	14,71,984
Total Other Assets - (A)	11,59,65,384	93,57,101	1,24,88,136	11,28,34,349	5,28,93,466	52,60,311	65,88,259	5,15,05,518	6,12,08,831	6,30,71,918
* Includes cost of un-divided portion of land separately not identifiable										
Previous Year 31.03.2011	11,36,98,947	25,05,983	2,39,546	11,59,65,384	4,67,85,967	61,53,012	45,514	5,28,93,466	6,30,71,918	

5. Non current Investments

	As at 31-Mar-12		As at 31-Mar-11	
	Rs.	Rs.	Rs.	Rs.
Non current Investments				
Shares at cost	24,02,76,890		24,85,03,785	
Less: Provision for Diminution in value of Investments	19,38,07,516	4,64,69,374	18,65,37,927	6,19,65,858
Debentures at cost	1,11,41,400		1,11,41,400	
Less: Provision for Diminution in value of Investments	1,11,41,400	0	1,11,41,400	0
		4,64,69,374		6,19,65,858

NON CURRENT INVESTMENTS -Details

(i) INVESTMENT IN EQUITY SHARES OF LIMITED COMPANIES

a) QUOTED - NON TRADE

Sl. No.	Name of the Company	No. of Shares	Face Value Rs.	Paid up Value Rs.	Cost as on 31.03.2012 Rs.	No. of Shares	Cost as on 31.03.2011 Rs.
1	Engineers India Ltd	300	5	5	1,35,000	300	1,35,000
2	Hind Industries Ltd	100	10	10	-	100	-
3	NHPC Ltd	35000	10	10	12,76,343	35000	12,76,343
4	NTPC Ltd	5000	10	10	10,52,250	5000	10,52,250
5	Numeric Power Systems Ltd	200	10	10	-	200	-
6	Punj Lloyd Ltd	356344	2	2	5,03,76,298	356344	5,03,76,298
7	Seasons Furnishings Ltd	185001	10	10	18,50,010	185001	18,50,010
8	Steel Authority of India Ltd	5000	10	10	11,15,500	5000	11,15,500
9	Suryachakra Power Corporation Ltd	12000	10	10	2,40,000	12000	2,40,000
10	Suzlon Energy Ltd	10000	2	2	6,55,500	10000	6,55,500
11	Tulsi Extrusions Ltd	5500	10	10	4,15,800	5500	4,15,800
12	Wanbury Ltd	42387	2	2	52,31,751	42387	52,31,751
	Total - (A)				6,23,48,452		6,23,48,452

 (Market value as on 31.03.2012 - **Rs.2,36,40,960/-** Previous year - Rs. 2,88,74,074/-)

b) UNQUOTED - NON TRADE

Sl. No.	Name of the Company	No. of Shares	Face Value Rs.	Paid up Value Rs.	Cost as on 31.03.2012 Rs.	No. of Shares	Cost as on 31.03.2011 Rs.
1	Alan Scot Industries Ltd	18600	10	10	2,72,942	18600	2,72,942
2	Core Organics Ltd	3800	10	10	38,000	3800	38,000
3	Datar Switchgear Ltd	40100	10	10	19,04,750	40100	19,04,750
4	Doon Valley Rice Ltd	254300	10	10	76,29,000	254300	76,29,000
5	G S L (India) Ltd	1200000	10	10	1,20,00,000	1200000	1,20,00,000
6	Greenfield Corporation Ltd	84600	10	10	8,46,000	84600	8,46,000
7	Indo Gulf Industries Ltd	2000	10	10	1,95,250	2000	1,95,250
8	Karnav Leather Chemicals Ltd	162416	10	10	16,24,160	162416	16,24,160
9	KJ International Ltd	5300	10	10	1,32,500	5300	1,32,500
10	Krisons Electronic Systems Ltd	70800	10	10	7,08,000	70800	7,08,000
11	Malanpur Leathers Ltd	225000	10	10	25,87,500	225000	25,87,500
12	MSEFSL Ltd	20445	10	10	2,45,340	20445	2,45,340
13	Nonmag India Ltd	26600	10	10	2,62,430	26600	2,62,430
14	Nova Dhatu Udyog Ltd	469700	10	10	46,97,000	469700	46,97,000
15	Nova International Ltd	125600	10	10	12,56,000	125600	12,56,000
16	Pondicherry Spinners Ltd	34500	10	10	3,47,900	34500	3,47,900
17	Rakan Steels Ltd	150876	10	10	22,63,140	150876	22,63,140
18	Sagar Tourist Resorts Ltd	214600	10	10	21,46,000	214600	21,46,000
19	Salstar Foods Ltd	51300	10	10	8,20,800	51300	8,20,800
20	Saurashtra Chemicals Ltd	5750	10	10	-	5750	-
21	Shri Vardhaman Overseas Ltd	100000	10	10	70,35,000	100000	70,35,000
22	Sivananda Pipe Ltd	12600	10	10	2,52,000	12600	2,52,000
23	Sri Jayalakshmi Spinning Mills Ltd	57400	10	10	5,74,000	57400	5,74,000
24	Tebma Shipyard Ltd	41699	10	10	17,59,747	41699	17,59,747
25	Veekay Fibres Ltd	196400	10	10	43,20,800	196400	43,20,800
26	Vikram Projects Ltd	402158	10	10	1,40,75,530	402158	1,40,75,530
27	Xylon Liquitur Ltd	146700	10	10	44,01,000	146700	44,01,000
	Total - (B)				7,23,94,789		7,23,94,789

c) UNLISTED - NON TRADE

1	Amaravathi Sri Venkatesa Paper Mills Ltd	421482	10	10	1,85,45,472	589090	2,59,20,000
2	Armour Pharmaceuticals Ltd	1587500	10	10	2,54,00,000	1587500	2,54,00,000
3	Arraycom India Ltd (Restructured into 75000 shares of Rs. 10/- each as per scheme approved by Gujarat High court)	75000	10	10	75,00,000	300000	75,00,000

Sl. No.	Name of the Company	No. of Shares	Face Value Rs.	Paid up Value Rs.	Cost as on 31.03.2012 Rs.	No. of Shares	Cost as on 31.03.2011 Rs.
4	Benechlor Chemicals Ltd	200000	10	10	20,00,000	200000	20,00,000
5	Galaxy Surfactanants Ltd (Including 4400 bonus shares received during the year)	8800	10	10	73,128	4400	73,128
6	Indo Deutsche Metallo Ltd	114286	10	10	2,00,00,050	114286	2,00,00,050
7	Madras Stock Exchange Ltd	285000	10	10	15,000	285000	15,000
8	Prasanth Textiles Ltd	833333	10	10	3,20,00,000	833333	3,20,00,000
	Total - (C)				10,55,33,650		11,29,08,178

(ii) Cumulative Preference Shares

1	Kirloskar Electric Company Ltd	0	100	100	0	25571	8,52,366
	Total - (D)				0		8,52,366
	Total shares (A)+(B)+(C)+(D)				24,02,76,891		24,85,03,785

(ii) INVESTMENT IN DEBENTURES OF LIMITED COMPANIES

UNQUOTED - NON TRADE

1	14% Khaitan Hostambe Spinning Mills Ltd	125000	100	100	1,11,41,400	125000	1,11,41,400
	Total - (E)				1,11,41,400		1,11,41,400
	GRAND TOTAL OF INVESTMENTS (A) + (B) +(C) + (D)+(E)				25,14,18,291		25,96,45,185

6. Deferred Tax Assets (Net)

The major components of deferred tax asset/liability are as below:

Deferred Tax (Rs)

	As on 31.3.2012		As on 31.3.2011	
	Asset	Liability	Asset	Liability
i) Timing difference in depreciable assets		3,69,30,816		3,75,22,039
ii) Provision for Bad debts and NPAs	9,06,44,827		9,29,01,899	
iii) Others	25,12,443		20,08,596	
Total	5,62,26,454		5,73,88,456	

7. Trade Receivables

	As at 31-Mar-12 Rs		As at 31-Mar-11 Rs	
Trade Receivables				
Debt outstanding for a period exceeding six months				
- Considered Good(Secured)	57,10,507		2,44,77,276	
- Considered Good(Unsecured)	35,624		14,89,178	
- Considered Doubtful(Unsecured)	3,99,56,467		4,21,21,944	
	4,57,02,598		6,80,88,398	
Others - Considered Good	4,85,30,855		2,35,24,949	
	9,42,33,453		9,16,13,347	
Less: Provision for Bad & Non Performing Assets	3,99,56,467	5,42,76,986	4,21,21,944	4,94,91,403

8. Cash and Cash equivalents

	As at 31-Mar-12 Rs		As at 31-Mar-11 Rs	
Cash and Cash equivalents				
Cash on Hand	1,21,875		1,98,497	
Cheques on Hand	0		0	
Stamps on hand	0		0	
	1,21,875		1,98,497	
Balances with Scheduled Banks				
In Term Deposits	8,33,28,039		4,63,42,628	
In Current Accounts	1,78,37,599		4,08,38,051	
Unclaimed Dividend(as per contra)	38,25,185		38,34,204	
	10,49,90,823	10,51,12,698	9,10,14,883	9,12,13,380

Term deposits include the following which are given as security deposit:

Name of the organization	Amount (Rs. Lakhs)	Purpose	Previous Year (Rs.lakhs)
Indian Bank	119.29	For Guarantee facility availed	111.15
National Stock Exchange	75.00	Margin	31.26
Bombay Stock Exchange	10.00	Margin	11.63

9. Short term Loans & Advances

	As at 31-Mar-12 Rs		As at 31-Mar-11 Rs	
(Unsecured & considered good unless otherwise stated)				
Loans - Secured		7,62,252		9,71,744
Prepaid Expenses		0		3,88,409
Advance Tax & TDS (Net of Provisions)		11,07,95,014		7,53,46,176
Advances Recoverable in Cash or in Kind or for value to be received - Considered good	1,81,92,719		1,73,99,267	
- Considered Doubtful	63,63,286		69,51,998	
	2,45,56,005		2,43,51,265	
Less: Provision for Bad & Non Performing Assets	63,63,286	1,81,92,719	69,51,998	1,73,99,267
Security & Other Deposits		3,82,36,059		5,62,31,391
		16,79,86,044		15,03,36,987

Loans and Advances include the following:

Rs.Lakhs

	2011-12	2010-11
Amount due from Director	0.68	0.00
Maximum amount due during the year	0.85	0.50
Amount due from Officer	1.73	2.49
Maximum Amount due during the year	2.48	3.14

10. Other Current Assets

	As at 31-Mar-12 Rs		As at 31-Mar-11 Rs	
Other Current Assets				
(Unsecured & considered good unless otherwise stated)				
Interest accrued on Staff Loans - Secured	2,82,277		3,36,961	
- Unsecured	1,35,453	4,17,730	1,21,267	4,58,228

11. Assets under Discontinuing Operations

	As at 31-Mar-12 Rs		As at 31-Mar-11 Rs	
Stock on Hire	12,96,24,025		13,36,38,686	
Less: Provision for Bad & Non Performing Assets	12,96,24,025	0	13,36,38,686	0
Lease Rentals Receivable				
- Considered Good	24,00,000		24,00,000	
- Considered Doubtful	1,38,22,583		1,38,22,583	
Less: Provision for Bad & Non Performing Assets	1,38,22,583	24,00,000	1,38,22,583	24,00,000
Intercompany Deposits - Unsecured- Considered Doubtful	1,04,41,421		1,04,41,421	
Less: Provision for Bad & Non Performing Assets	1,04,41,421	0	1,04,41,421	0
Assets on Lease under discontinuing operations				
Gross Block	19,78,97,152		19,78,97,152	
Depreciation & Lease terminal adjustment	19,78,97,152	0	19,78,97,152	0
		24,00,000		24,00,000

12. Revenue from Operations

	As at 31-Mar-12 Rs		As at 31-Mar-11 Rs	
Fee Based Income				
Merchant Banking Income	2,43,76,348		1,03,91,935	
Stock Broking Membership Operations	4,57,55,370	7,01,31,718	5,38,77,541	6,42,69,476
Other Income				
Interest on FDs	70,73,103		27,50,976	
Profit on sale of assets (Net)	0		9,600	
Others	5,81,959	76,55,062	17,90,27	29,39,603

13. Interest on Income tax/interest tax refund due

Based on the orders received during the year, the interest allowed by the department on the refunds due under Income Tax/Interest Tax has been reckoned in the accounts for various assessment years as under:

Assessment Year	Particulars	Amount (Rs.)
1997-98	Interest on income tax refund due	64,10,700
2000-01	Interest on income tax refund due	8,60,527
2001-02	Interest on income tax refund due	10,96,400
2003-04	Interest on income tax refund due	1,77,345
2004-05	Interest on income tax refund due	83,58,201
2005-06	Interest on income tax refund due	2,01,68,303
2006-07	Interest on income tax refund due	45,25,128
2008-09	Interest on income tax refund due	6,00,864
2009-10	Interest on income tax refund due	7,18,704
2011-12	Interest on income tax refund due	42,995
1996-97	Interest on interest tax refund due	25,52,088
1999-2000	Interest on interest tax refund due	69,900
	Total	4,55,81,155

14. Employee Benefit expenses

	As at 31-Mar-12 Rs	As at 31-Mar-11 Rs
Employee Benefit expenses		
Salaries, Wages & Bonus	3,53,73,168	3,96,37,838
Contribution to PF & Other Funds	39,90,998	46,86,969
Staff Welfare Expenses	12,86,610	15,55,364
	4,06,50,776	4,58,80,171

15. Other Expenses

	As at 31-Mar-12 Rs	As at 31-Mar-11 Rs
Rent	50,11,155	78,08,888
Postage & Telephone	73,03,015	72,47,464
Printing & Stationery	17,01,742	21,81,499
Depository Participant Charges	8,67,633	6,54,298
Travelling & Conveyance	26,71,804	21,33,086
Repairs & Maintenance - Equipment	23,01,211	21,70,466
Repairs & Maintenance - Others	19,83,639	26,75,539
Electricity Charges	23,63,734	29,69,457
Subscription & Membership	9,36,417	6,82,591
Loss on sale of assets (Net)	49,64,108	11,378
Professional Charges	16,64,361	10,23,851
Miscellaneous Expenses	47,61,777	44,98,988
Total	3,65,30,596	3,40,57,505

Miscellaneous Expenses includes remuneration to Auditors as under:

	2011-12 Rs. In Lakhs	2010-11 Rs. In Lakhs
i) Audit Fees	3.00	3.00
ii) Tax Audit	0.60	0.60
ii) Fees for certification	1.28	1.40

16. Provisions made/(Reversal of Provisions) (Net)

	As at 31-Mar-12 Rs		As at 31-Mar-11 Rs	
Bad debts/NPAs written off		1,41,66,824		0
Provision for Bad Debts & Non-Performing Assets	1,86,26,645		58,70,839	
Less: Reversal of Provision made for NPAs in earlier years no longer required	2,12,96,529	(26,69,884)	1,08,706	57,62,133
Total		1,14,96,940		57,62,133

17. Exceptional items

Loans availed by the company from Indian Bank in the earlier years was secured by first charge on Assets given on Lease, Stock on Hire & other Current Assets and has been fully repaid during the year 2007-08. During the year 2009-10, the company had received a claim from Indian Bank for payment of interest of Rs.2397.48 lakhs (involving a waiver of Rs.1808.84 lakhs) under the right of recompense clause, out of the interest waived by them in the past aggregating to Rs. 4206.32 lakhs. The company has paid Rs 1250 lakhs in the year 2009-10 and Rs. 250 lakhs in the year 2010-11 which was considered in the accounts of the respective years. During the current year (2011-12) based on profits made a provision of Rs. 247.48 lakhs has been considered in the accounts, leaving a balance of Rs.650 lakhs. The bank has permitted the company to pay the balance on or before 30.9.2013.

18. Tax expenses

- In view of losses (as per Income tax) as well as book losses (as per MAT computation) no provision for tax is required for the year.
- No provision is made for the disputed demands of income tax keeping in view the judicial pronouncements and/or legal opinion on the issues.
- Based on the orders received during the year, provision for taxation under Income Tax/Interest Tax has been made in the accounts for various assessment years as under:

Assessment Year	Particulars	Amount (Rs.)
1992-93	Reversal of excess provision for income tax	(3,05,781)
1997-98	Provision for Income tax - Shortfall	38,25,955
1998-99	Provision for Income tax - Shortfall	52,42,127
2007-08	Provision for Income tax - Shortfall	24,56,856
2011-12	Reversal of excess provision for income tax	(75,281)
1996-97	Provision for interest tax - Shortfall	37,184
1997-98	Provision for interest tax - Shortfall	10,56,022
2009-10	Provision for Fringe Benefit Tax - Shortfall	57,303
	Total	1,22,94,385

- The provision for deferred tax (net) for the year is Rs.11.62 lakhs (Previous year Rs.132.88 lakhs) which has been charged to profit & loss account.

19. Income from discontinued operations

	As at 31-Mar-12 Rs		As at 31-Mar-11 Rs	
Lease Income				
Gross income from Lease	70,91,200		57,20,000	
Less: Depreciation	26,05,617		30,26,616	
Less: Lease Equalisation	(19,25,617)		(14,30,284)	
Net income from lease	64,11,200		41,23,668	
Hire Purchase Income	0	6411200	0	41,23,668
Investment Income				
Profit on Sale of Investments (Net)	1,10,30,125		(91,06,054)	
Dividend	4,30,198	1,14,60,323	5,48,289	(85,57,765)
Total income		1,78,71,523		(44,34,097)
Less: Expenses attributable to income		19,40,256		19,05,637
Reversal of Provisions/(provisions made) (Net)		60,39,589		2,99,93,751
Net Income from discontinued operations		98,91,678		(3,63,33,485)

20. AS-20 - Earnings per share (basic and diluted)

Sl no	Description	2011-12 Rs.	2010-11 Rs.
1	Profit/(Loss) for the year After Tax	11,16,603	(9,92,64,810)
2	No of Equity shares of face value Rs 10 each outstanding	4,43,78,200	4,43,78,200
3	Basic and diluted earnings per share(1/2)	0.03	(2.24)

21. Significant Accounting Policies:

The financial statements are prepared by following the going concern concept on historical cost convention using the accrual method of accounting, unless otherwise stated.

Use of Estimates:

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements, disclosure of contingent liabilities and reported amounts to revenues and expenses for the year. Estimates are based on historical experience, where applicable and other assumptions that management believes are reasonable under the circumstances. Actual results could vary from these estimates and any such differences are dealt with in the period in which the results are known/materialize.

A Revenue recognition

- Issue Management Fee and fees for other managerial services - Considered on the completion of assignment.
- Underwriting Commission and brokerage on distribution of financial products - Considered on receipt of subscription particulars.
- Brokerages under stock broking operations are accounted on completion of contract.

- (d) Interest on overdue lease rentals and hire purchase installments are accounted for on receipt basis.
- (e) Dividend income is recognized when the right to receive is established.

B Fixed Assets

Fixed Assets are stated at historical cost less accumulated depreciation & provision for impairment (if any). Assets given on lease (Contracted prior to December 1997) are further adjusted for the balance in lease adjustment account.

C Depreciation

- a) On Assets other than given on lease

In respect of assets other than assets given on lease, the Company provides depreciation on the assets on the Straight Line Method (SLM) at the rates prescribed in Schedule XIV to the Companies Act, 1956, on pro-rata basis, the month in which the assets are installed taken as full month. Software costs are amortised on SLM over a period of three years, from the year of acquisition.

- b) On Assets given on lease under discontinuing operations

In respect of Assets given on lease under discontinuing operations, the Company provides depreciation on the assets in the WDV method at the rates prescribed in Schedule XIV to the Companies Act 1956 on pro-rata basis, the month in which the assets are installed taken as full month. The cost of the Assets given on lease are amortised fully during the Lease period. (In accordance with the Guidance note on Accounting for Leases (revised) issued by the Institute of Chartered Accountants of India.) The difference between the statutory depreciation and the annual lease charge is adjusted through the Lease Equalisation, which is adjusted with the lease income.

D Investments

The investments held by the Company are all long-term investments. Long term investments are carried at cost less provision for diminution, other than temporary in nature. The Company has reckoned diminution in value of shares / debentures as permanent in nature by relying on market value of quoted shares and book value/ fair value whichever is higher in respect of unquoted shares.

E Employee Benefits

- a) Short Term employee benefits/obligations are estimated and provide for.
- b) Gratuity - The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days' salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The company annual contribution to gratuity fund established as a Trust through a Group Gratuity Policy with Life Insurance Corporation of India. The Company's liability towards Gratuity is actuarially determined at balance sheet date using the Project Unit Credit (PUC) method. Actuarial gains and losses are recognized in revenue.
- c) Provident Fund - The eligible employees of the company are entitled to receive benefits under Provident Fund, a defined contribution plan in which both employees and the company makes monthly contributions at a specified percentage of the covered employees salary, the contributions as specified under the Law are paid to the Provident fund and pension fund to the provident fund authorities.
- d) Leave encashment - The eligible Leave encashment liability to the employees other than those deputed by Indian Bank has been provided for on the basis of actuarial valuation based on number of days un-utilised leave at each balance sheet date.
- e) The retirement benefit liability to staff on deputation from Indian Bank is borne by Indian Bank except eligible Provident Fund contribution.

F Segment Reporting

The Segment Reporting is prepared in conformity with the accounting policies of the Company.

G Discontinuing Operations

The accounting policies adopted for discontinuing Operations are in line with the accounting policies adopted for Continuing Operations.

H Income Tax

Income Tax comprises the current tax provision and the net change in the deferred tax asset or liability during the year. Deferred tax assets and liabilities are recognized for the future tax consequences arising out of temporary differences between the carrying values of the assets and liabilities and their respective tax bases. Deferred tax assets are recognized and carried forward to the extent that there is a reasonable/virtual certainty (as applicable) that sufficient future taxable income will be available against which such deferred tax asset can be realized. The effect on deferred tax assets and liabilities resulting from change in tax rates is recognized in the income statement in the period of enactment of the change.

22. AS-15 - Employee Benefits
Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized as expense for the year are as under:

(Rs.)

Details	2011-12	2010-11
Employer's contribution to Provident Fund	31,25,100	35,13,822
Employees Deposit Linked Insurance Scheme contribution to LIC	57,566	44,307

Defined Benefit Plan
I Reconciliation of opening and closing balances of Defined benefit obligation

(Rs.)

Details	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2011-12	2010-11	2011-12	2010-11
Defined benefit obligation at the beginning of the year	51,66,832	44,91,957	59,03,571	50,11,647
Current service cost	6,28,584	6,47,332	10,28,232	7,36,969
Interest cost	4,13,347	3,59,357	4,72,286	4,00,932
Actuarial (gain)/ loss	1,89,681	30,074	(4,86,854)	(24,59,77)
Benefits paid	6,50,746	3,61,888	-	-
Settlement cost	-	-	-	-
Defined benefit obligation at the year end	57,47,698	51,66,832	69,17,235	59,03,571

II Reconciliation of opening and closing balances of fair value of plan assets (Rs.)

Details	Gratuity (Funded)	
	2011-12	2010-11
Fair value of plan assets at the beginning of the year	56,02,358	37,90,874
Expected return on plan assets	4,63,188	4,35,526
Contributions	7,65,898	17,37,846
Actuarial (gain)/ loss	-	-
Benefits paid	6,50,746	3,61,888
Settlement cost	-	-
Fair value of plan assets at year end	61,80,698	56,02,358
Actual return on plan assets	4,63,188	4,35,526

III Reconciliation of fair value of assets and obligations (Rs.)

Details	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2011-12	2010-11	2011-12	2010-11
Fair value of plan assets	61,80,698	56,02,358	69,17,235	59,03,571
Present value of obligation	57,47,698	51,66,832	59,03,571	50,11,647
Amount recognized in Balance Sheet	4,33,000	4,35,526	10,13,664	8,91,924

IV Expense recognized during the year (Rs.)

Details	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2011-12	2010-11	2011-12	2010-11
Current Service Cost	6,28,584	6,47,332	10,28,232	7,36,969
Interest Cost	4,13,347	3,59,357	4,72,286	4,00,932
Expected return on plan assets	4,63,188	4,35,526	-	-
Actuarial (gain) / loss	1,89,681	30,074	(4,86,854)	(2,45,977)
Net Cost	7,68,424	6,01,237	10,13,664	891,924

V Actuarial assumptions

Details	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2011-12	2010-11	2011-12	2010-11
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	8%	8%	8%	8%
Expected rate of return (per annum)	8%	8%	--	--
Rate of escalation of salary (per annum)	5%	5%	5%	5%
Attrition Rate	1% to 3%	1% to 3%	1% to 3%	1% to 3%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The expected rate of return is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the company's policy for plan assets management. The retirement benefit liability in respect of staff on deputation from Indian Bank is borne by Indian Bank.

The company has contributed Rs. 8.66 Lakhs (P Y Rs. 7.92 lakhs) towards Gratuity liability in the year 2011-12.

23. AS-18 - Related Party Transactions

The Company has identified all related parties and transactions with the related parties as per details given below:

Name	Relationship
Indian Bank	Holding Company
Ind Bank Housing Limited	Fellow Subsidiary
Indfund Management Limited	Fellow Subsidiary
Key Management Personnel	Mr. Banabihari Panda, President & Wholetime Director

The transactions with Holding company and fellow subsidiaries has not been disclosed in view of exemption for State-controlled enterprises from making any disclosure pertaining to their transactions with other related parties which are also state-controlled enterprises.

The related party transactions with key management personnel have been disclosed in Managerial Remuneration - Note 27 of Notes on Accounts.

24. AS-19 - Leases

In case of assets taken on lease, the company has operating leases for office premises at various locations with Indian Bank. The future minimum payments required under non-cancellable operating leases at year-end are as follows:

	As on 31.03.2012	As on 31.03.2011	Rs.Lakhs
Lease payments for the year	50.11	78.09	
Minimum Lease payments:			
Not later than one year	0.00	55.70	
Later than one year but not later than five years	0.00	82.90	
Later than five years	0.00	27.03	

25. AS-24 - Discontinuing operations and Segment reporting

The Company had discontinued fund-based activities consequent to SEBI regulations coming into force with effect from December 1997 and had decided to undertake only fee-based activities. The existing fund based exposures as on December 1997 are continued to run down to their contracted period. The Company had obtained cancellation of registration as NBFC from RBI consequent to repayment of fixed deposits. The Company is now governed only by SEBI regulations.

The business segments have been identified as the Primary Segment considering the nature of service, organisational structure and internal financial reporting system. The services of the reported domestic business segments are classified as "Discontinuing operations" (Fund Based) and "Continuing Operations" (Fee Based). Discontinuing operations consists of Leasing, Hire purchase, Intercorporate deposits and Investments. Continuing operations include Merchant Banking, Stock Broking, Depository Participant services, distribution of Financial Products and allied activities. There is no Secondary Reportable Segment.

Rs.Lakhs

Particulars	2011-12				2010-11			
	Continuing Operations (Fee based)	Discontinued Operations (Fund based)	Un Allocated	Total	Continuing Operations (Fee based)	Discontinued Operations (Fund based)	Un-Allocated	Total
Income from Operations	1233.68	178.71	0.00	1412.39	642.69	15.32	0.00	658.01
Expenses								
Administration & Other exp	771.81	19.40	0.00	791.21	799.38	19.05	0.00	818.43
Depreciation	52.60	0.00	0.00	52.60	61.53	30.27	0.00	91.80
Provisions	114.97	60.39	0.00	175.36	57.62	299.94	0.00	357.56
Total - Expenses	939.38	79.79	0.00	1019.17	918.53	349.26	0.00	1267.79
Profit/(Loss) before Tax	294.30	98.92	0.00	393.22	(275.84)	(333.94)	0.00	(609.78)
Exceptional item - Interest	0.00	0.00	247.48	247.48	0.00	0.00	0.00	250.00
Provision for tax - Deferred	0.00	0.00	11.62	11.62	0.00	0.00	132.87	132.87
Provision for tax - Prior period	0.00	0.00	122.94	122.94	0.00	0.00	0.00	0.00
Profit/(Loss) after Tax	294.30	98.92	(382.04)	11.18	(275.84)	(333.94)	(132.87)	(992.65)
Total Assets	2823.68	488.69	1670.21	4982.58	2772.98	643.66	1327.35	4743.99
Total liabilities	668.73	0.00	247.48	916.21	688.78	0.00	0.00	688.78
Capital Expenditure	93.57	0.00	0.00	93.57	25.06	0.00	0.00	25.06
Non cash expenditure	155.38	19.98	0.00	175.36	57.62	299.94	0.00	357.56
Net Cash flow from operating activities	(42.29)	(15.69)	11.62	(46.36)	(6.77)	30.10	(257.85)	(234.52)
Net Cash flow from Investment activities	(404.42)	269.57	0.00	(134.85)	(127.82)	304.15	0.00	176.33
Net Cash flow from financing activities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

26. AS-29 - Contingent Liability
A Disputed demand on taxes
i) Income Tax

Rs.Lakhs

Asst Year	2011-12			2010-11		
	Tax Demand	Interest	Total	Tax Demand	Interest	Total
1996-97	0.00	0.00	0.00	0.00	0.00	0.00
1997-98	0.00	0.00	0.00	55.35	0.37	55.72
1998-99	0.00	0.00	0.00	52.42	5.42	57.84
2000-01	0.00	0.00	0.00	100.14	94.20	194.34
2001-02	0.00	0.00	0.00	311.31	139.07	450.38
2003-04	0.00	0.00	0.00	11.33	10.48	21.81
2004-05	0.00	0.00	0.00	232.58	160.90	393.48
2005-06	0.00	0.00	0.00	181.56	58.60	240.16
2006-07	0.00	0.00	0.00	237.51	78.38	315.89
2007-08	0.00	0.00	0.00	778.39	254.95	1033.34
2008-09	0.00	0.00	0.00	881.37	272.39	1153.76
2009-10	72.23	0.00	72.23	0.00	0.00	0.00
Total	72.23	0.00	72.23	2841.96	1074.76	3916.72

ii) Interest Tax

Rs.Lakhs

Asst Year	2011-12			2010-11		
	Tax Demand	Interest	Total	Tax Demand	Interest	Total
1996-97	0.00	0.00	0.00	17.21	18.45	35.66
1997-98	0.00	0.00	0.00	5.01	11.24	16.25
2000-01	0.00	0.00	0.00	3.36	2.45	5.81
Total	0.00	0.00	0.00	25.58	32.14	57.72

iii) Sales Tax demand disputed in appeal - Rs.110.72 lakhs (Previous year Rs.110.72 lakhs). (Rs. 67.94 lakhs at Bangalore and Rs. 42.78 lakhs at Chennai)

B Guarantees - Counter guarantee issued to bank for guarantees - Rs.200.00 lakhs (Previous Year- Rs.200.00 lakhs)

C Estimated amount of contracts remaining to be executed on capital account and not provided for -Rs.109.40 lakhs (Previous Year Rs. 124 lakhs).

27. Managerial Remuneration:
Rs.Lakhs

Name	Designation		2011-12	2010-11
Mr. G Rangarajan From 01.4.2011 to 26.05.2011	President & Wholetime Director	Salary (including arrears and terminal benefits)	1.58	8.42
		Contribution to PF	0.09	0.51
Mr. Banabihari Panda From 26.05.2011 to 31.03.2012	President & Wholetime Director	Salary	8.00	N.A.
		Contribution to PF	0.49	N.A.
Sitting Fees paid to Non - Wholetime Directors			1.20	0.84

President and Whole Time Director of the Company is on deputation from Indian Bank and the remuneration is in accordance with the service rules of the said Bank and also in terms of appointment as 'Whole Time Director' by the shareholders of the Company.

28. Profit on sale of investments (Net) under investment income includes loss on sale of investments of Rs.Nil (Previous year - Loss of Rs.108.79 lakhs). Loss incurred under Proprietary Trading of Rs.1.47 lakhs (Previous year - Loss of Rs.189.80 lakhs) and income from reversal of provisions made for investments no longer required of Rs.Nil (Previous year Rs.207.52 lakhs).
29. As at March 31, 2012, the Company has no outstanding dues to medium and small enterprises. There is no liability towards interest on delayed payments under the Micro, Small and Medium Enterprises Development Act, 2006 during the year.
30. In the opinion of the Management all Fixed Assets, Current Assets, Loans & Advances will have value on realisation in the ordinary course of business atleast equal to the amounts at which they are stated in the accounts.
31. The previous year's figures in the Balance Sheet, Profit and Loss Account and Cash Flow Statement have been regrouped and reclassified, wherever necessary, to conform to the current year's classification.

RAJEEV RISHI
CHAIRMAN

T M NAGARAJAN
DIRECTOR

P V RAJARAMAN
DIRECTOR

P M VENKATASUBRAMANIAN
DIRECTOR

N ESWARAN
DIRECTOR

BANABIHARI PANDA
PRESIDENT &
WHOLETIME DIRECTOR

P MUGUNDAN
EXECUTIVE VICE PRESIDENT &
COMPANY SECRETARY

As per our report of even date attached
For & on behalf of
Raman Associate
Chartered Accountants
G VASUDEVAN
PARTNER
Membership No.020739
Firm No. 0029105

Place: Chennai
Date: 24.04.2012

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
I Registration Details

Registration No.

1	8	-	1	7	8	8	3
---	---	---	---	---	---	---	---

 State Code

1	8
---	---

Balance Sheet Date

3	1	0	3	2	0	1	2
---	---	---	---	---	---	---	---

Date Month Year
31 03 2012

II Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue
N I L	N I L
Bonus Issue	Private / Preferential Offer
N I L	N I L

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

	Total Liabilities		Total Assets														
Sources of Funds	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>0</td><td>4</td><td>9</td><td>8</td><td>2</td><td>5</td><td>9</td></tr></table>	0	4	9	8	2	5	9	Application of Funds	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>0</td><td>4</td><td>9</td><td>8</td><td>2</td><td>5</td><td>9</td></tr></table>	0	4	9	8	2	5	9
0	4	9	8	2	5	9											
0	4	9	8	2	5	9											
	Paid - Up Capital		Reserves & Surplus														
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>0</td><td>4</td><td>4</td><td>3</td><td>7</td><td>8</td><td>2</td></tr></table>	0	4	4	3	7	8	2		<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>0</td><td>0</td><td>3</td><td>7</td><td>1</td><td>4</td><td>5</td></tr></table>	0	0	3	7	1	4	5
0	4	4	3	7	8	2											
0	0	3	7	1	4	5											
	Secured Loans		Current Liabilities														
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td><td></td></tr></table>		N	I	L					<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>9</td><td>1</td><td>6</td><td>2</td><td>1</td></tr></table>			9	1	6	2	1
	N	I	L														
		9	1	6	2	1											
	Net Fixed Assets		Investments														
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>6</td><td>1</td><td>2</td><td>6</td><td>8</td></tr></table>			6	1	2	6	8		<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>4</td><td>9</td><td>6</td><td>4</td><td>9</td></tr></table>			4	9	6	4	9
		6	1	2	6	8											
		4	9	6	4	9											
	Net Current Assets		Deferred tax assets														
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td>2</td><td>4</td><td>0</td><td>2</td><td>7</td><td>2</td></tr></table>		2	4	0	2	7	2		<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>5</td><td>6</td><td>2</td><td>2</td><td>6</td></tr></table>			5	6	2	2	6
	2	4	0	2	7	2											
		5	6	2	2	6											
	Accumulated losses		Assets under Discontinued operations														
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>-</td><td></td><td></td><td></td></tr></table>				-					<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>2</td><td>4</td><td>0</td><td>0</td></tr></table>				2	4	0	0
			-														
			2	4	0	0											

IV Performance of Company (Amount in Rs. Thousands)

	Turnover		Total Expenditure														
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td>1</td><td>2</td><td>3</td><td>3</td><td>6</td><td>8</td></tr></table>		1	2	3	3	6	8		<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>9</td><td>3</td><td>9</td><td>3</td><td>9</td></tr></table>			9	3	9	3	9
	1	2	3	3	6	8											
		9	3	9	3	9											
	(Please tick Appropriate box + for Profit, - for Loss)																
	Profit / Loss before Tax	Profit / Loss after Tax															
+	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>4</td><td>6</td><td>8</td><td>1</td></tr></table>				4	6	8	1	+	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>1</td><td>1</td><td>1</td><td>6</td></tr></table>				1	1	1	6
			4	6	8	1											
			1	1	1	6											
	Earning Per Share in Rs.	Dividend Rate %															
+	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>0</td><td>.</td><td>0</td><td>3</td></tr></table>				0	.	0	3	+	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>-</td><td></td><td></td><td></td></tr></table>				-			
			0	.	0	3											
			-														

V Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)

N	O	T		A	P	P	L	I	C	A	B	L	E
---	---	---	--	---	---	---	---	---	---	---	---	---	---

Product Description

M	E	R	C	H	A	N	T		B	A	N	K	I	N	G
---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---

Product Description

S	T	O	C	K		B	R	O	K	I	N	G			
---	---	---	---	---	--	---	---	---	---	---	---	---	--	--	--

Product Description

D	E	P	O	S	I	T	O	R	Y		S	E	R	V	C	E	S
---	---	---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---

Cash Flow Statement for the Year ended 31.03.2012

	2011-12 Rs. in Lakhs	2010-11 Rs. in Lakhs
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit after tax	11.17	(992.65)
Adjustments for:		
Add : Depreciation/Lease Adjustments	52.60	77.49
Provision for		
- Current	0.00	0.00
- Fringe Benefit Tax	0.00	0.00
- Deferred	11.62	132.88
Loss on sale of assets (net)	49.64	0.11
Interest expense	247.48	250.00
	372.51	(532.17)
Less:		
Profit on sale of investments(net)	110.30	(91.06)
Dividend income	4.30	5.48
	114.60	(85.58)
Operating Profit before working capital changes	257.91	(446.59)
Less : Decrease in Current liabilities	(189.10)	572.51
	447.01	(1019.10)
Add:		
Decrease in other current assets	(245.89)	677.02
Cash generated from operations	201.12	15.48
Less : Interest expense	247.48	250.00
Less : Taxes	0.00	0.00
Cash Flow before Extraordinary Items	(46.36)	(234.52)
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(93.57)	(25.06)
Decrease in Term Deposits with banks	(369.85)	(104.59)
Sale of Fixed Assets	9.36	1.83
Sale of investments	265.27	298.67
Dividend received	4.30	5.48
Net cash from Investing Activities	(184.50)	176.33
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Short term loans & Adv.	0.00	0.00
Dividend paid (including taxes thereon)	0.00	0.00
Net Cash used in Financing Activities	0.00	0.00
Net increase in cash & cash equivalents	(230.86)	(58.19)
Cash & Cash equivalents as at 01.04.11 (opg. bal.)	448.71	506.90
Cash & Cash equivalents as at 31.03.12 (clg. bal.)	217.85	448.71

RAJEEV RISHI
CHAIRMAN

T M NAGARAJAN
DIRECTOR

P V RAJARAMAN
DIRECTOR

P M VENKATASUBRAMANIAN
DIRECTOR

N ESWARAN
DIRECTOR

BANABIHARI PANDA
PRESIDENT &
WHOLETIME DIRECTOR

P MUGUNDAN
EXECUTIVE VICE PRESIDENT &
COMPANY SECRETARY

As per our report of even date attached
For & on behalf of
Raman Associate
Chartered Accountants
G VASUDEVAN
PARTNER
Membership No.020739
Firm No. 0029105

Place: Chennai
Date: 24.04.2012



Registered Office: First Floor, Khivraj Complex 1, No.480 Anna Salai, Nandanam, Chennai - 600 035.

DP ID No.	
Client ID No.	

PROXY FORM

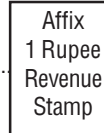
Folio No.	
No. of shares held	

I/We _____ of _____ in the district of _____ being a member(s) of INDBANK MERCHANT BANKING SERVICES LTD., hereby appoint _____ of _____ in the district of _____ or failing him _____ of _____ the District of _____ as my / our Proxy to vote for me/ us on my/our behalf, at the Twenty Third Annual General Meeting of the Company to be held on Friday, 6th July, 2012 at 3.00 p.m at Indian Bank Management Academy for Growth & Excellence, MRCNagar, RajaAnnamalaipuram, Chennai-600028 and at any adjournment thereof.

Signed this day of 2012

Note: 1. The Proxy to be valid must be deposited at the Regd. Office of the Company at First Floor, Khivraj Complex, 1. No.480 Anna Salai, Nandanam, Chennai-600 035 not less than 48 hours before the commencement of the meeting.
 2. In the case of a Corporation, the Proxy shall be given under the Common Seal or signed on its behalf by an Attorney or officer of the Corporation.

Signature.....



Registered Office: First Floor, Khivraj Complex 1, No.480 Anna Salai, Nandanam, Chennai - 600 035.

ATTENDANCE SLIP

To be handed over at the entrance of the meeting hall

Name of the Member attending.....

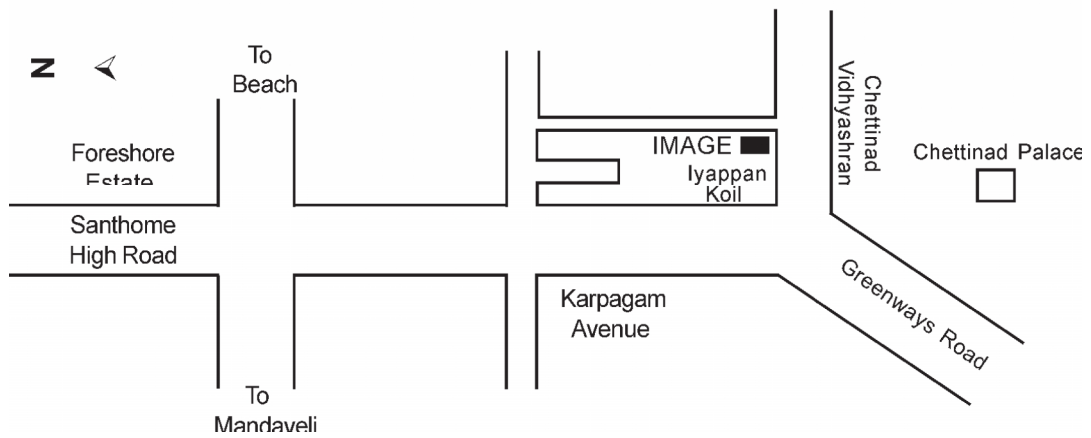
Name of the Proxy.....

I hereby record my presence at the Twenty Third Annual General Meeting of the Company being held at Indian Bank Management Academy for Growth & Excellence, MRC Nagar, Raja Annamalaipuram, Chennai-600028 on Friday, the 6th July, 2012 at 3.00 p.m.

DP ID No.	
Client ID No.	
Registered Folio No.	
No. of Shares held	

NOTE: Please note that no gifts will be given at the Annual General Meeting

Venue :
**INDIAN BANK MANAGEMENT ACADEMY FOR
GROWTH & EXCELLENCE (IMAGE)**





Adayar - 2nd September 2011



Puducherry - 29.10.2011



T Nagar - 28.10.2011



Preet Vihar, New Delhi



Calicut - 9.11.2011



Cuddalore - 29.10.2011



Srirangam, Trichy - 14.10.2011

GROWING AND GOING BEYOND...

Your company has relocated all the terminals to Indian Bank premises to tap the business potential to the optimum level



Regd. Office: First Floor, Khivraj Complex I
No.480, Anna Salai, Nandanam, Chennai 600 035.