

25th ANNUAL REPORT 2013-14



Indbank

Merchant Banking Services Ltd
(A Subsidiary of Indian Bank)



B Raj Kumar



T M Nagarajan



P M Venkatasubramanian



G R Sundaravadivel



Chitra Murali



Rajeevan Pillay G
(upto 09.08.2014)



K Udaya Bhaskara Reddy
(from 09.08.2014)



Banabihari Panda
President & Wholetime Director

CONTENTS

Notice To Shareholders	3
Directors' Report	10
Report on Corporate Governance	12
Management Discussion & Analysis Report	18
Auditors' Report	21
Balance Sheet	24
Profit and Loss Account	25
Schedules	26
Cash Flow Statement	40



Board of Directors

B Raj Kumar

T M Nagarajan

Rajeevan Pillay G
(upto 09.08.2014)

P M Venkatasubramanian

G R Sundaravadivel

Chitra Murali

K Udaya Bhaskara Reddy
(from 09.08.2014)

Banabihari Panda

President and Whole Time Director

Committees of the Board

Audit Committee

T M Nagarajan

P M Venkatasubramanian

G R Sundaravadivel

Chitra Murali

Rajeevan Pillay G (upto 09.08.2014)

K Udaya Bhaskara Reddy (from 09.08.2014)

Share Transfer & Investors'
Grievance Committee

Rajeevan Pillay G (upto 09.08.2014)

K Udaya Bhaskara Reddy (from 09.08.2014)

Banabihari Panda

Management

President and Wholetime Director

Banabihari Panda

Vice President & Company Secretary

V S Srinivasan

Auditors

A V Deven & Co.

Chartered Accountants

"NU-TECH JANAKI", Flat-E, Third Floor,

No. 9, (Old No. 1), 27th Street,

Ashok Nagar, Chennai 600083

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 – Nandanam, Harbour, Anna Nagar, Mylapore, CMDA-Egmore,
Purasawalkam, Ashok Nagar, Nanganallur, Adyar

Mumbai – Mumbai, Matunga Bazaar

New Delhi – New Delhi, Shantiniketan

Bangalore – Bangalore, Bangalore Cantonment

Coimbatore- Coimbatore, R S Puram, Tiruppur, Udumalpet

Ahmedabad – Ashram Road

Tirunelveli – Tirunelveli, Sivakasi, Tuticorin, Rajapalayam

Madurai – Madurai, K K Nagar-Madurai

Hyderabad – Hyderabad, Secunderabad, Srinagar Colony

Erode – Erode, Kangeyam

Trichy – Trichy Cononment, Srirangam

Vijayawada – Vijayawada, Guntur

Visakhapatnam, Ernakulam, Calicut, Thrissur, Salem, Mangalore, Vellore,

Puducherry, Kumbakonam, Thanjavur, Pune, Kolkata, Chandigarh,

Thiruvananthapuram, Tirupathi

NOTICE

Notice is hereby given that the Twenty Fifth Annual General Meeting of the Company will be held on **Saturday the 27th September 2014** at 11.00 a.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 31.03.2014 and Profit and Loss Account for the year ended 31.03.2014 and the Auditors' Report thereon.
- 2 To appoint a Director in place of Shri B Raj Kumar (DIN 05204091) who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment.

SPECIAL BUSINESS

- 3 To appoint Shri T M Nagarajan (DIN 00518074) as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution.

"Resolved that pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification (s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri T M Nagarajan (DIN 00518074) who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting be and is hereby appointed as a non-executive and independent Director of the Company to hold office for 5 consecutive years from the conclusion of 25th Annual General Meeting till the conclusion of 30th Annual General Meeting and who shall not be liable to retire by rotation".

- 4 To appoint Shri P M Venkatasubramanian (DIN 00124505) as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution.

"Resolved that pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification (s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri P M Venkatasubramanian (DIN 00124505) who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting be and is hereby appointed as a non-executive and independent Director of the Company to hold office for 5 consecutive years from the conclusion of 25th Annual General Meeting till the conclusion of 30th Annual General Meeting and who shall not be liable to retire by rotation".

- 5 To appoint Shri G R Sundaravadivel (DIN 00353590) as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution.

"Resolved that pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification (s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri G R Sundaravadivel (DIN 00353590) who was appointed as a Director by the Board of Directors with effect from 20.11.2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as a non-executive and independent Director of the Company to hold office for 5 consecutive years from the conclusion of 25th Annual General Meeting till the conclusion of 30th Annual General Meeting and who shall not be liable to retire by rotation".

- 6 To appoint Smt. Chitra Murali (DIN 06751105) as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution.

"Resolved that pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification (s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Smt. Chitra Murali (DIN 06751105) who was appointed as a Director by the Board of Directors with effect 20.11.2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as a non-executive and independent Director of the Company to hold office for 5 consecutive years from the conclusion of 25th Annual General Meeting till the conclusion of 30th Annual General Meeting and who shall not be liable to retire by rotation".

- 7 To appoint Shri K Udaya Bhaskara Reddy (DIN 06926054) as a Director whose period of office shall be liable to determination by retirement of Directors by rotation and in this regard to consider and if thought fit, to pass with or without modification (s) the following resolution as an ordinary resolution.

“Resolved that pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification (s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri K Udaya Bhaskara Reddy (DIN06926054) who was appointed as an additional Director under Section 161 of the Companies Act, 2013 by the Board of Directors with effect 09.08.2014 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director whose period of office shall be liable to determination by retirement of Directors by rotation”.

- 8 To consider delisting of shares from the BSE Ltd. and if thought fit, to pass with or without modification the following Resolution as a Special Resolution.

“Resolved that subject to the provisions of the Companies Act, 2013, (including any statutory modifications thereof or reenactments thereof for the time being in force), Securities and Exchange Board of India (Delisting of Securities) Guidelines 2009, Securities Contract (Regulations) Act, 1956 and the rules framed thereunder, Listing Agreements and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the company (hereinafter referred to as ‘the Board’ which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by the Resolution), the consent of the Company be and is hereby accorded to delist the equity shares of the Company from the BSE Ltd.”

9 **Borrowing Limits of the Company**

To consider and if deemed fit, to pass the following resolution as a Special Resolution:

RESOLVED THAT in supersession of the Ordinary Resolution passed on 10.07.1996 and pursuant to the provisions of section 180(1) (c) of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), consent is hereby accorded to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute for this purpose) of the Company, for borrowing any sum or sums of money from time to time whether in Indian rupees or in foreign currency, whether unsecured or secured, notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company (apart from the temporary loans obtained, if any from the Company’s Bankers in the ordinary course of business) will or may exceed the aggregate of paid-up capital and free reserves of the Company and that the total amount up to which the moneys borrowed by the Board of Directors and outstanding shall not exceed the sum of Rs. 1000/- crores (Rupees One Thousand Crores only) at any point of time.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds and things as it may in its absolute discretion deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution.

10 **Creation of Mortgage/ Charge on the movable and immovable properties of the Company**

To consider and if deemed fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Section 180 (1) (a) of the Companies Act, 2013 and the rules made thereunder, the consent of the Company be and is hereby accorded to mortgage and charge all the immovable and movable properties of the Company by the Board of Directors of the company, where so ever situate, present and future to or in favour of Financial institutions / banks (hereinafter referred to as the “Lenders”) of the Company to secure the Financial assistances granted/ to be granted by the Lenders up to an amount in the aggregate not exceeding Rs. 1000 Crores, together with all interest thereon, commitment charge, costs, charges, expenses, and all the moneys payable by the Company to the Lenders in terms of the respective facility agreements entered into by the company in respect of the aforesaid assistances.”

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalize with the lenders, as the case may be the documents for creating the aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution.

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

Place: Chennai
Date: 09.08..2014

V S Srinivasan
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 at least 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 explanatory statement, pursuant to Section 102 of the Companies Act, 2013 in respect of the special businesses, as set out in the Notice, is annexed hereto.
5. The Register of Members and Share Transfer Books of the company will remain closed from **25.09.2014 to 27.09.2014** (both days inclusive).
6. Members desirous of availing nomination facility for their shareholdings may file Nomination Forms in respect of their shareholdings. Any member 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.
7. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
8. Pursuant to the provisions of Section 205A of the erstwhile Companies Act, 1956, the amount of dividend which remains unclaimed for a period of 7 years from the date of declaration would be transferred to the "Investor Education and Protection Fund" (IEPF) constituted by the Central Government and the members would not be able to make any claims as to the amount of dividend so transferred to the Fund. Accordingly, the due date of transfer of unclaimed dividend pertaining to the Financial Year 2007-2008 to IEPF is 1st July 2015 and for the Financial Year 2008-2009 is 8th September 2016. Members who have not yet encashed their dividend warrants for the above years are requested to make their claims to the Company immediately.
9. Electronic Copy of the Annual Report and the Notice of the Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance slip and Proxy form are being sent to all the members whose email IDs are registered with the Company/Depository Participant (s) for communication purposes, unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the above document are being sent in the permitted mode.
10. Members are requested to notify any change in their addresses to the Company immediately. Members holding shares in demat form are requested to advise change of addresses to their Depository Participants.
11. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are, therefore, requested to bring their copies of the Annual Report to the meeting.
12. Members are requested to affix their signatures at the space provided on the Attendance Slip annexed to Proxy Form and handover the Slip at the entrance of the meeting hall. Corporate members are requested to send a duly certified copy of the board resolution/ power of attorney authorizing their representatives to attend and vote at the Annual General Meeting.
13. Members may also note that the Notice of the Annual General Meeting and the Annual Report will also be available on the Company's website www.indbankonline.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Chennai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post, free of cost.
14. Voting through electronic means:
 - (a) The Company is pleased to provide members a facility to exercise their right to vote on the resolutions as set out in the Notice calling for the Annual General Meeting by 'electronic means' and all the businesses may be transacted through e-Voting services provided by Central Depository Services (India) Limited (CDSL), in compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014.
 - (b) Voting rights are reckoned on the basis of the shares registered in the names of the members / beneficial owners as on the cut off date fixed for this purpose, viz. 22.08.2014.
 - (c) Mr P Sriram, M/s. P Sriram & Associates, Company Secretaries, Chennai has been appointed as scrutiner for conducting the e-Voting process in a fair and transparent manner.
 - (d) Members are requested to read the instructions given below for e-voting:
 - (i) Open your web browser during the voting period and log on to the e-voting website www.evotingindia.com
 - (ii) Click on "Members" tab to cast your votes.
 - (iii) Select the company "Indbank Merchant Banking Services Ltd." from the drop down menu and click on submit.
 - (iv) Enter the user id and the CAPTCHA code as appearing on the screen.
 - (v) If you are holding shares in Demat form and have already voted earlier on www.evotingindia.com for voting of any other Company, then your existing password are to be used.

- (vi) If you are a first time user follow the steps given below:

Fill up the following details in the appropriate boxes:

	For Members holding shares in Demat form	For Members holding shares in Physical form
User ID	For NSDL, 8 Character DP ID followed by 8 Digits Client ID. For CDSL, 16 Digits Beneficiary ID	Folio No. registered with the Company
PAN	Enter your 10 digit alpha numeric PAN issued by Income Tax Department and updated with the Company when prompted by the system while e-voting (applicable for both demat members as well as physical members)	
DOB@	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or Folio No. in dd/mm/yyyy format.	
Bank Details@	Enter the bank details as recorded in your demat account or in the company records for the said demat account or folio.	

@ Please enter any one of the details in order to login. In case either of the details is not recorded with the depository/ company, please enter the number of shares held by you in the Bank details field.

- (vii) After entering these details appropriately click on "Submit" tab.
- (viii) Members holding shares in physical form will then reach directly the EVSN selection screen. However members holding shares in demat form will now reach "Password Creation" menu wherein they are required to mandatorily enter their login password in the new password field. The new password has to be a minimum of 8 characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep the password confidential.
- (ix) Click on the EVSN for Indbank Merchant Banking Services Ltd. (EVSN 140819009) on which you choose to vote.
- (x) On the voting page, you will see the Resolution Description and against the same the option "Yes/No" for voting. Select the option "Yes" or "No" as desired. The option "Yes" implies that you assent to the Resolution and option "No" implies that you dissent to the Resolution.
- (xi) Click on the "Resolutions File" link if you wish to view the entire Resolution.
- (xii) After selecting the resolutions you have decided to vote on, click on "Submit". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) If Demat Account holders have forgotten the changed password, then enter the User ID and Captcha Code, click on Forgot Password and enter the details as prompted by the system.
- (xv) Institutional members (i.e., other than individuals, HUF, NRI, etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate, link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board resolution or Power of Attorney in favour of the Custodian who they have authorized to vote on their behalf, if any, in PDF format in the system for the scrutinizer to verify the same.
- (xvi) The voting period begins on **18.09.2014 and ends on 20.09.2014**. During this period members of the company holding shares either in physical form or in dematerialized form, as on the cut-off date of **22.08.2014** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- (xvii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (FAQs) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cDSLindia.com.
- (xviii) The voting rights of the members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cutoff date.
- (xix) The scrutinizer shall, within a period of not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of atleast two witnesses not in the employment of the Company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (xx) The results of the e-voting along with the scrutinizers report shall be placed on the Company's website www.indbankonline.com and on the website of CDSL, within two days of passing of the said resolution at the AGM of the company. The results will also be communicated to the stock exchanges where the shares of the Company are listed.

Ordinary Business

Item No. 1 – Adoption of Accounts for the year ended 31.03.2014.

Item No. 2 – At this Annual General Meeting Shri B Rajkumar, Director retires by rotation and being eligible, offers himself for reappointment. Shri B Rajkumar, aged 59 years, is a Post Graduate in Engineering with MBA and CAIIB. He has more than 34 years of experience in various position in the banking industry and is now occupying the position of Executive Director of Indian Bank.

Details of Directorship/Committee Memberships held by him

Name of the company	Directorship	Committee membership
Indian Bank	Executive Director	Management Committee
		Audit Committee
		Members'/Investors' Grievance Committee
		Share Transfer Committee
		Risk Management Committee
		IT Strategy Committee
		Committee of Directors (Vigilance)
		Special Committee (monitoring large value frauds)
		Customer Service Committee
		Committee for monitoring of recovery
		HR Committee
Ind Bank Housing Limited	Director	

STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013 (“the Act”).

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice.

Item No. 3

Shri T M Nagarajan aged 71 years is M.Com CAIIB is an Independent Director and has held the position as such for more than 5 years. He has more than 42 years of experience in various positions and was the former Whole time Member, SEBI, former Deputy Managing Director, IDBI and former Chairman, Stock Holding Corporation Ltd. It is proposed to appoint Shri T M Nagarajan as Independent Director under Section 149 of the Companies Act 2013 and Clause 49 of the listing agreement to hold office for 5 (five) consecutive years for a term up to the conclusion of the 30th Annual General Meeting of the Company in the calendar year 2019.

Shri T M Nagarajan is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act 2013 and has given his consent to act as Director.

The Company has also received declaration from Shri T M Nagarajan that the criteria of independence as prescribed both under section 149 (6) of the Companies Act 2013 and Clause 49 of the Listing Agreement has been met.

Details of other Directorships/Committee memberships held by him

Name of the company	Directorship	Committee membership
IDBI MF Trustee Company Ltd	Director	Audit Committee

Item No. 4

Shri P M Venkatasubramanian, aged 75 years is B.Com (Honours) Degree holder, Fellow of Institute of Insurers is an Independent Director and has held the position as such for more than 5 years. 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. It is proposed to appoint Shri P M Venkatasubramanian as Independent Director under Section 149 of the Companies Act 2013 and Clause 49 of the listing agreement to hold office for 5 (five) consecutive years for a term up to the conclusion of the 30th Annual General Meeting of the Company in the calendar year 2019.

Shri P M Venkatasubramanian is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act 2013 and has given his consent to act as Director.

The Company has also received declarations from Shri P M Venkatasubramanian that the criteria of independence as prescribed both under section 149 (6) of the Companies Act 2013 and Clause 49 of the Listing Agreement has been met.

Details of other Directorships/Committee memberships held by him.

Name of the company	Directorship	Committee membership
Royal Sundaram Alliance Insurance Co. Ltd.	Director/Chairman	Investment Committee & Risk Management Committee Audit Committee
I P Rings	Director	Audit Committee Remuneration Committee
Bimetal Bearings	Director	Audit Committee Remuneration Committee
Market Simplified I Ltd.	Director	Audit Committee Remuneration Committee
T Stanes & Co. Ltd.	Director	Audit Committee Remuneration Committee

Item No. 5

Shri G R Sundaravadivel aged 72 years holds Post Graduate Degree in Commerce with BGL and CAIIB is an Independent Director and was co-opted as a Director on 20 11 2013 on the Board. He has more than 37 years of experience in various positions in the Banking industry and is a retired General Manager of Indian Bank and retired Executive Director of United Bank of India. It is proposed to appoint Shri G R Sundaravadivel as Independent Director under Section 149 of the Companies Act 2013 and Clause 49 of the listing agreement to hold office for 5 (five) consecutive years for a term up to the conclusion of the 30th Annual General Meeting of the Company in the calendar year 2019.

Shri G R Sundaravadivel is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act 2013 and has given his consent to act as Director.

The Company has received notice in writing from a member along with deposit of requisite amount under section 160 of the Companies Act 2013 proposing the candidature of Shri G R Sundaravadivel for the office of Director of the Company. The Company has also received declaration from Shri G R Sundaravadival that the criteria of independence as prescribed both under section 149 (6) of the Companies Act 2013 and Clause 49 of the Listing Agreement has been met.

Details of other Directorships/Committee memberships held by him.

Name of the company	Directorship	Committee membership
Andhra Bank	Director	Risk Management Committee Audit Committee
Repco Home Finance Ltd.	Director	Management Committee Audit Committee Remuneration Committee
Hindustan Photo Films Manufacturing Co. Ltd.	Director	Audit Committee

Item No. 6

Smt. Chitra Murali aged 50 years holds Post Graduate Degree in Commerce with CISA (ISACA, USA), CIA is an Independent Director and was co-opted as a Director on 20 11 2013 on the Board. She has more than 25 years of experience in the field of audit and hands on experience in various facets of audit including Information System Audit and Internal Audit. It is proposed to appoint Smt. Chitra Murali as Independent Director under Section 149 of the Companies Act 2013 and Clause 49 of the listing agreement to hold office for 5 (five) consecutive years for a term up to the conclusion of the 30th Annual General Meeting of the Company in the calendar year 2019.

Smt. Chitra Murali is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act 2013 and has given her consent to act as Director.

The Company has received notice in writing from a member along with deposit of requisite amount under section 160 of the Companies Act 2013 proposing the candidature of Smt. Chitra Murali for the office of Director of the Company. The Company has also received declarations from Smt. Chitra Murali that the criteria of independence as prescribed both under section 149 (6) of the Companies Act 2013 and Clause 49 of the Listing Agreement has been met.

Details of other Directorships/Committee memberships held by her - Nil

Item No. 7

Shri K Udaya Bhaskara Reddy, General Manager, Indian Bank aged 54 years was co-opted as a Director on 09.08.2014 on the Board. He has more than 30 years of experience in various positions in the Banking industry. He holds office up to the date of this Annual General Meeting. It is proposed to appoint Shri K Udaya Bhaskara Reddy as Director whose period of office shall be liable to determination by retirement of Directors by rotation.

Shri K Udaya Bhaskara Reddy is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director.

The Company has received notice in writing from a member along with deposit of requisite amount under section 160 of the Companies Act 2013 proposing the candidature of Shri K Udaya Bhaskara Reddy for the office of Director of the Company.

Details of other Directorships/Committee memberships held by him.

Name of the company	Directorship	Committee membership
Ind Bank Housing Ltd.	Director	Audit Committee Stakeholders' Committee

Item No. 8

Presently the Company's shares are listed at the following Stock Exchanges:

- 1 National Stock Exchange
- 2 BSE Ltd.

With the extensive networking of the National Stock Exchange (NSE), investors have access to online dealings in the Company's shares across the country. The bulk of the trading in the Company's shares in any case takes place on the NSE and there has been thin trading in the Company's shares in the BSE Ltd.

Hence the listing fee paid to BSE is not in proportion with the trades done in the Exchange. As part of cost reduction measures, the Company has proposed this resolution which will enable it to delist its shares from the BSE Ltd.

The Company's shares are one of the scrips which the Securities and Exchange Board of India (SEBI) has specified for settlement only in dematerialized form by all the investors since October 2000.

The Securities and Exchange Board of India (Delisting of Securities) Guidelines 2009 provides for delisting of shares on a voluntary basis. As the shares are listed in National Stock Exchange (NSE), there is no requirement to provide an exit opportunity to the members in terms of Clause 6 of the SEBI (Delisting of Securities) Guidelines 2009. The company has to abide by clause 7 of the above said regulations which requires only Board approval. As part of transparency and corporate governance, Members approval is being sought by a Special Resolution for enabling voluntary delisting of its shares from the said Stock Exchange.

The proposed delisting of the Company's shares from the BSE Ltd. as and when the same takes place will not adversely affect the investors. The Company's shares will continue to be listed on the National Stock Exchange (NSE). The delisting will take place after all approvals, permissions and sanctions are received. The exact date on which delisting will take effect will be notified at that time.

Item No.9 & 10

Section 180 of the Companies Act, 2013 (the Act) (corresponding to Section 293 of the Companies Act, 1956) has been notified by Ministry of Corporate Affairs (MCA) with effect from September 12, 2013. In terms of Section 180(1)(c) borrowings by a Company apart from temporary loans obtained from the Company's bankers in excess of its paid-up capital and free reserves, require the approval of the Members by way of special resolution.

Section 180(1)(a) of the Companies Act, 2013 effective from 12th September, 2013 requires that the Board of Directors shall not, without the consent of members in general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company.

Members of the Company vide resolution dated 10.07.1996 passed at the 7th Annual General Meeting of the Company had pursuant to Section 293 of the Companies Act, 1956, approved the borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs.1000 Crore (Rupees One Thousand crore).

The members of the Company, under Section 293 of the Companies Act, 1956, had also approved creating mortgages/ charges/ hypothecations on the movable and immovable properties of the Company in favour of the lending agencies/debenture trustees up to a limit of Rs.1000 Crore.

The Ministry of Corporate Affairs (MCA) has vide its Circular dated March 25, 2014 clarified that the resolution passed under Section 293 of the Companies Act, 1956 prior to September 12, 2013 with reference to borrowings (subject to the limits prescribed) and/or creation of security on assets of the company will be effective for a period of one year from the date of notification of Section 180 of the Act which would be September 11, 2014. Pursuant to the above clarification a fresh approval of the Members is being sought under Section 180 of the Companies Act, 2013.

The Board recommends the Special Resolutions at Item Nos. 8&9 for approval by the Members.

Memorandum of Interest

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise in the resolutions.

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 Fifth Annual Report together with the Audited Statement of Accounts of the Company for the Year ended March 31, 2014.

Business of the Company

Operations

During the year your company has earned a gross income of Rs. 744.62 lakhs as against Rs. 703.36 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. 3894.14 crore during the year. Your company also provides Depository services to Institutions and retail customers and has 42972 accounts under DP operations and 19343 under broking operations.

Your company has reported a net profit of Rs.30.02 lakhs during the year 2013-14 as against a net profit of Rs. 72.94 lakhs in the previous year as under.

Financial Results

Rs. in lakhs

	Particulars	2013-14	2012-13
I	Revenue from Operations	608.26	524.53
II	Other Income	136.36	128.74
	Interest on Income tax/interest tax refund due	0.00	50.08
III	Total Revenue	744.62	703.35
IV	EXPENSES		
	Employee Benefit expenses	321.18	335.55
	Depreciation & Amortization expenses	67.11	70.85
	Finance Cost	4.39	0.63
	Interest on Income tax refund - Excess int reversed	9.42	0.00
	Other Expenses	221.83	307.43
	Bad debts written off	3.89	8.44
	Provisions made	12.66	11.60
	Reversal of Provisions	(6.82)	(19.58)
	Total expenses	633.66	714.92
V	Profit Before Exceptional and Extraordinary items and Tax	110.96	(11.57)
VI	Exceptional Items	0.00	0.00
VII	Prior Period adjustments	0.83	42.86
VIII	Profit Before Extraordinary Items and Tax	110.13	31.29
IX	Extraordinary Items	0.00	0.00
X	PROFIT/(LOSS) BEFORE TAX	110.13	31.29
XI	Tax Expenses - Current	0.00	0.00
	- Deferred	1.37	29.35
XII	PROFIT/(LOSS) for the period from continuing operations	108.76	1.94
XIII	PROFIT/(LOSS) for the period from discontinuing operations	(78.74)	71.00
XIV	Tax expenses of discontinuing operations	0.00	0.00
XV	PROFIT/(LOSS) from discontinuing operations after tax	(78.74)	71.00
XVI	PROFIT/(LOSS) for the period	30.02	72.94
XVII	Add: Balance brought forward from Previous Year	(298.51)	(371.45)
XVIII	Less: Transferred from General Reserves	0.00	0.00
XIX	Balance carried to Balance Sheet	(268.49)	(298.51)
XX	Earnings Per Share - Basic & Diluted	0.07	0.16

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 Rajeev Rishi, Director, nominee of Indian Bank resigned from the Board with effect from 29.06.2013 consequent to his appointment as Chairman & Managing Director of Central Bank of India.

Shri B Rajkumar, Executive Director, Indian Bank was Co-opted as a Director (nominee of Indian Bank) on the Board with effect from 29.06.2013.

Shri N Eswaran, Director, nominee of Indian Bank resigned from the Board with effect from 29.06.2013 consequent to his retirement from the services of Indian Bank on attaining superannuation on 31.05.2013.

Shri G Rajeevan Pillai, General Manager, Indian Bank was Co-opted as a Director (nominee of Indian Bank) on the Board with effect from 29.06.2013 and resigned from the Board consequent to his retirement from the services of Indian Bank on his attaining superannuation on 31.05.2014. His resignation was taken on record by the Board on 09.08.2014. In his place, Indian Bank has nominated Shri K Udaya Bhaskara Reddy, General Manager, Indian Bank and he was co-opted as an additional Director at the meeting held on 09.08.2014. He will be appointed as Director at the ensuing Annual General Meeting as Director liable to retire by rotation.

Your Directors also wish to place on record the quality contribution and valuable guidance of Shri Rajeev Rishi, Shri N Eswaran and Shri G Rajeevan Pillai during their tenure as Directors of the company.

Shri G R Sundaravadivel and Mrs. Chitra Murali were Co-opted as Independent Directors on the Board with effect from 20.11.2013 and they hold office up to the date of the ensuing Annual General Meeting.

All the four Independent Directors ie., Shri T M Nagarajan, Shri P M Venkatasubramanian, Shri G R Sundaravadivel and Mrs. Chitra Murali will be appointed at the ensuing annual general meeting for a fixed term of 5 years and they are not liable to retire by rotation. In the opinion of the Board, the Independent Directors fulfill the conditions specified in the Companies Act, 2013 and the rules made thereunder and are independent of the management.

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:

- a) In the preparation of the annual accounts for the financial year ended 31st March 2014, the applicable accounting standard has been followed along with proper explanation relating to departures.
- b) 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 2014 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 A V Deven & Co., Chartered Accountants, Chennai as the auditors of the Company for the year 2013-14.

Auditors' observations in the Audit report

With reference to the observations of the Auditors in the Audit report in respect to note No. 27 of Notes on Accounts regarding non consideration of liability towards interest claim of Rs. 897.48 lakhs under right of recompense on settled borrowings availed earlier from Indian Bank, the holding company, the note is self explanatory.

Information as per Section 217 (1-E) of the Companies Act, 1956

- a. The company has no activity relating to conservation of energy or technology absorption.
- b. The company did not have any foreign exchange earnings as well as expenses.

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, 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 involved management 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 members of the company for your support and seek your continued patronage for achieving better results.

For and on behalf of the Board of Directors

Place: Chennai
Date: 09.08.2014

B Raj Kumar
Director

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy

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

2. Board of Directors

The Board has at present 7 Directors comprising a President & Whole time Director and 6 Non Executive Directors. The Board functions as a full Board or through Committees.

The Board of Directors and its Committees meet at regular intervals. During the year the Board met 6 times on 03.05.2013, 14.08.2013, 26.10.2013, 20.11.2013, 01.02.2014 and 22.03.2014.

The composition of Directors and their attendance at the Board Meetings during the year as also the number of other Directorships/ Membership of Committees are given below:

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

Audit Committee

A Terms of reference

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

B Composition

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

The attendance of members at the meeting is as follows:

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

President and Whole Time Director is a permanent invitee to the Committee. Vice President & Company Secretary is the Secretary of the Committee.

3. Remuneration Committee

President & Whole Time Director of the company is on deputation from Indian Bank and the remuneration is in accordance with the service rules of Indian Bank and also in terms of appointment as Whole Time Director by the members of the company. In view of the above the company does not have a Remuneration Committee.

Managerial Remuneration

(Rs. In lakhs)

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

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

(Rs. in lakhs)

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

4. Share Transfer & Investors' Grievance Committee

A Terms of reference

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

B Composition

The Committee comprises of 2 members with Shri Banabihari Panda, President & Whole Time Director as Chairman and Shri G Rajeevan Pillai, Director as a Member. Vice President & Company Secretary and Compliance Officer reviews the routine letters received from the shareholders/investors and also the letters received through Stock Exchanges/SEBI. These letters are replied immediately. The Committee reviews once in every quarter the status regarding the letters received through Stock Exchanges/SEBI and letters received directly from parties etc. and the replies given.

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

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

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

5. General Body Meetings

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

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

Postal Ballot

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

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

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

Result: Resolution passed with the requisite majority.

6. Disclosures

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

7. Means of Communication

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

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

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

8. General Shareholder Information

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

Market price data

Performance in comparison with stock exchange index

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

Registrar & Transfer Agent (For physical and electronic mode)

Cameo Corporate Services Ltd.
 'Subramanian Building'
 1, Club House Road, Chennai 600 002
 Telephone Nos. (044) 28460390 (6 lines) Fax No. (044) 28460129

Address for correspondence

Shri V S Srinivasan
 Vice President & Company Secretary
 Indbank Merchant Banking Services Limited
 Registered Office:
 First Floor, Khivraj Complex 1
 No.480, Anna Salai, Nandanam
 Chennai 600035
 Telephone Nos. (044) 24313094-97
 Email ID: investors@indbankonline.com
 Website: www.indbankonline.com

Share Transfer System

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

Distributions of Shareholding as on 31.03.2014

	Category	No. of Folios	No. of shares held	% of shareholding
A	Promoters holding			
1	Promoters -Indian Promoters	1	28773800	64.84
	-Foreign Promoters	--	--	--
2	Person acting in concert	--	--	--
	Sub-total	1	28773800	64.84
B	Non-Promoters holding			
	Institutional Investors			
	A Mutual funds and UTI	10	97000	0.22
	B Banks, financial institutions, insurance companies (Central/ State Government institutions/Non Government institutions)	5	49900	0.11
	C FIs	1	2700	0.01
	Sub-total	16	149600	0.34
C	Others			
	A Private Corporate Bodies	390	2162791	4.87
	B Indian Public	44040	12709089	28.64
	C NRIs/OCBs	88	361964	0.82
	D Clearing Member and others	285	220956	0.49
	Sub-total	44803	15454800	34.82
	Grand Total	44820	44378200	100.00

Dematerialisation of Shares & Liquidity

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

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

CEO and CFO Certification

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

Compliance Certificate

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

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

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Indbank Merchant Banking Services Limited, Chennai

We have examined the compliance of the conditions of Corporate Governance by Indbank Merchant Banking Services Limited ("the Company") for the year ended 31st March 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges, with the relevant records and documents maintained by the Company and furnished to us and the Report on Corporate Governance as approved by the Board of Directors

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

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

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

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

**For M/s A V DEVEN & CO.,
Chartered Accountants
FRN No.:000726S**

Place: Chennai-83
Date : 23.04.2014

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

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 (Equity, Derivatives & Debt segments), BSE (Equity), MCX-SX (Equity & Derivatives) 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.

Operations during the year

During the year your company has earned a gross income of Rs.744.62 lakhs as against Rs.703.36 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. 3894.14 crores during the year. Your company also provides Depository services to Institutions and retail customers and has 42972 accounts under DP operations and 19343 accounts 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 and regulatory guidelines.

Human Resources

Human Resources of your company comprise a mix of 6 Officers on deputation from Indian Bank and 91 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 44378200 number of Equity shares of Rs.10/- each. Your company's shares are listed in 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. 30.02 lakhs, the accumulated losses brought forward from previous year of Rs.298.51 lakhs stands reduced to Rs.268.49 lakhs as on 31.03.2014.

Current Liabilities

The current liabilities have increased from Rs. 494.93 lakhs to Rs.900.09 lakhs mainly in view of increase in amount payable to trading clients under Broking compared to previous year. The provisions have reduced from Rs. 65.09 lakhs to Rs.61.49 lakhs **on account of reversal of provisions made for encashment of leave on actuarial valuation as at the end of the year.**

Fixed Assets

Fixed assets have decreased by Rs.68.11 lakhs consequent to disposal of old and unusable items.

Investments

The investments of your company comprise Quoted shares, unquoted investments acquired under Bought Out Deals (BOD) and Debentures. Gross investments have decreased from Rs.2488.42 lakhs as on 31.03.2013 to Rs.2484.04 lakhs as on 31.03.2014 on account of recovery from BOD account under investments. Net investments after adjusting provisions have decreased in view of provisions made for depreciation in the value of the investments. Your company made a profit of Rs.9.51 lakhs from BOD during the year. The market value of quoted investments (cost - Rs.623.48 lakhs) of the company as on 31.03.2014 was Rs.135.59 lakhs.

Deferred Tax Assets

During the year the company has provided Rs.1.37 lakhs towards deferred tax liability in the profit and loss account. Accordingly, the Net

Deferred Tax Assets have reduced from Rs.532.91 lakhs in the previous year to Rs.531.54 lakhs in the current year.

Current Assets

The current assets have increased from Rs. 3056.99 lakhs as on 31 03 2013 to Rs.3669.15 lakhs as on 31 03 2014 in view of the decrease in trade receivables & increase in Cash & cash equivalents consequent upon the corresponding increase in current liabilities discussed above.

Revenue from Operations

Merchant Banking income has decreased from Rs.41.85 lakhs in 2012-13 to Rs.25.10 lakhs in 2013-14 in view of sluggish market conditions in the primary market and decline in brokerage income from distribution of mutual funds.

Stock Broking income has increased from Rs.482.68 lakhs in 2012-13 to Rs.583.16 lakhs in 2013-14. Other income has increased in view of interest earned from fixed deposits and rental income consequent to better cash management.

Based on the orders, under section 154 of the Income Tax Act, received during the year, the interest reduced by the department on the refunds due under Income Tax which were earlier allowed and booked during 2011-12 for various assessment years amounting to Rs. 9.42 lakhs were reversed in the accounts.

The company has incurred a loss of 78.74 lakhs in the current year from discontinued operations as against profit of Rs. 70.99 lakhs earned in the previous year as a result of higher provision made for diminution in value of investments and lower recovery from fund based discontinued operations.

Expenses

Employee benefit expenses have reduced from Rs.335.55 lakhs in the previous year to Rs.321.18 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 decreased from Rs.70.85 lakhs in the previous year to Rs.67.11 lakhs in the current year. Other expenses have decreased from Rs.307.43 lakhs to Rs.221.83 lakhs due to cost control measures initiated which are yielding results. Provisions for NPAs have marginally increased from Rs.11.60 lakhs in the previous year to Rs.12.66 lakhs in the current year.

Financial Results

Rs.Lakhs

	Particulars	2013-14	2012-13
I	Revenue from Operations	608.26	524.53
II	Other Income	136.36	128.74
	Interest on Income tax/interest tax refund due	0.00	50.08
III	Total Revenue	744.62	703.35
IV	<u>EXPENSES</u>		
	Employee Benefit expenses	321.18	335.55
	Depreciation & Amortization expenses	67.11	70.85
	Finance Cost	4.39	0.63
	Interest on Income tax refund - Excess int reversed	9.42	0.00
	Other Expenses	221.83	307.43
	Bad debts written off	3.89	8.44
	Provisions made	12.66	11.60
	Reversal of Provisions	(6.82)	(19.58)
	Total expenses	633.66	714.92
V	Profit Before Exceptional and Extraordinary items and Tax	110.96	(11.57)
VI	Exceptional Items	0.00	0.00
VII	Prior Period adjustments	0.83	42.86
VIII	Profit Before Extraordinary Items and Tax	110.13	31.29
IX	Extraordinary Items	0.00	0.00

	Particulars	2013-14	2012-13
X	PROFIT/(LOSS) BEFORE TAX	110.13	31.29
XI	Tax Expenses - Current	0.00	0.00
	- Deferred	1.37	29.35
XII	PROFIT/(LOSS) for the period from continuing operations	108.76	1.94
XIII	PROFIT/(LOSS) for the period from discontinuing operations	(78.74)	71.00
XIV	Tax expenses of discontinuing operations	0.00	0.00
XV	PROFIT/(LOSS) from discontinuing operations after tax	(78.74)	71.00
XVI	PROFIT/(LOSS) for the period	30.02	72.94
XVII	Add: Balance brought forward from Previous Year	(298.51)	(371.45)
XVIII	Less: Transferred from General Reserves	0.00	0.00
XIX	Balance carried to Balance Sheet	(268.49)	(298.51)
XX	Earnings Per Share - Basic & Diluted	0.07	0.16

Outlook

With the relocation of stock broking terminals to within Indian Bank branches, your Company will have savings in administrative cost, 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 involved management 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 2014**

The preparation of financial statements of Indbank Merchant Banking Services Limited for the year ended 31st March 2014 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 23rd April 2014.

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 2014. 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.

(G SUDHARMINI)
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
AND EX-OFFICIO MEMBER AUDIT BOARD

Place: Chennai
Date: 03.06.2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INDBANK MERCHANT BANKING SERVICES LIMITED, CHENNAI 600035

REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the accompanying financial statements of **M/s. INDBANK MERCHANT BANKING SERVICES LIMITED** ("the Company") which comprise the Balance Sheet as at **March 31, 2014** and the Statement of Profit and Loss and Statement of Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Sub section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

OPINION

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our audit opinion.
6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, subject to Note No.27 regarding non-consideration of liability towards interest claim of Rs.897.48 lakhs under the right of recompense clause on settled borrowings availed earlier from Indian Bank, the Holding Company. Had the liability been recognized in the Books, the profit of Rs.30.02 lakhs would have become a loss of Rs.867.46 lakhs.
 - a) in the case of Balance Sheet, of the state of affairs of the Company as at **March 31, 2014**;
 - b) in the case of Profit and Loss Account, of the **Profit** for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the Directors as on March 31, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2014 from being appointed as a Director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which, the cess is to be paid under Section 441A of the Companies Act, 1956, nor has it issued any rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For M/s A V DEVEN & CO.,
Chartered Accountants
FRN No.:000726S

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

Place: Chennai-83
Date : 23.04.2014

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in paragraph 1 of the our Report of even date to the members of M/s.INDBANK MERCHANT BANKING SERVICES LIMITED on the accounts of the company for the year ended March 31, 2014.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) As explained to us fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- c) Fixed assets sold during the year do not constitute a substantial part of the total fixed assets of the Company.
2. Clause 2 of Paragraph 4 of Companies (Auditor's Report) Order, 2003, relating to inventory, is not applicable to the Company.
3. According to the information and explanations, given to us and on the basis of our examination of the books of account, the Company has not granted or taken any loans secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clauses iii (b) to iii (g) of the order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. Based on the audit procedures applied by us and according to the information and explanation provided by the management, there are no transactions that have been made in pursuance of contracts or arrangements referred to in section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public covered under Section 58A and 58AA of the Companies Act, 1956.
7. As per information and explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. The Central Government has not prescribed the maintenance of cost records under clause (d) of Sub-section (1) of Section 209 of the Companies Act, 1956.
9. a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Service Tax, and Cess to the extent applicable have generally been regularly deposited with the appropriate authorities. The other statutory dues viz. ESI, Excise duty, Customs duty and Cess are not applicable to this Company. According to the information and explanations given to us there were no outstanding statutory dues as on March 31, 2014 for a period of more than six months from the date they become payable.
- b) According to the information and explanations given to us, the following are the particulars of disputed dues in respect of income tax and sales that have not been deposited.

Income Tax:

Assessment Year	Amount (Rs.Lakhs)	Forum Where the Dispute is pending
2007-08	617.47	High Court, Madras
2008-09	1129.05	High Court, Madras

Sales Tax – Chennai:

Assessment Year	Amount (Rs.Lakhs)	Forum Where the Dispute is pending
1993-94	6.20	Appeal filed by the department pending before the sales tax tribunal
1994-95	10.33	
1998-99	14.20	

Sales Tax – Rajasthan:

Assessment Year	Amount (Rs.Lakhs)	Forum Where the Dispute is pending
1995-96	1.27	Joint Commissioner of Commercial Taxes (Appeals)
1996-97	9.73	
1997-98	3.10	
1998-99	0.49	

10. The Company has accumulated losses of Rs.298.51 lakhs as at 31.03.2013 which has been reduced to Rs.268.49 lakhs after adjusting the net profit of Rs.30.02 lakhs for the year and the Company has not incurred cash losses during this financial year 2013-14.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has defaulted in the payment of interest claim of Rs.897.48 lakhs under right of recompense on settled borrowings availed earlier from Indian Bank, the holding company. However, it is reported that company has requested its Parent Company – Indian Bank, for waiver of this amount.
12. According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. According to information and explanation given to us, proper records & timely entries have been maintained by the Company for the transactions and contracts relating to trading in Shares, Mutual funds, Debentures & other Investments. The Investments of the company are held in its own name.
15. According to information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at March 31, 2014, we report that no funds raised on short term basis have been used for long term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the company has not made any preferential allotment of shares during the year.
19. The Company has not issued debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For M/s A V DEVEN & CO.,
 Chartered Accountants
 FRN No.: 000726S

Place: Chennai-83
 Date : 23.04.2014

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

BALANCE SHEET AS AT 31ST MARCH 2014

Particulars	NOTE No.	As at 31-Mar-14 Rs.	As at 31-Mar-13 Rs.
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	44,37,82,000	44,37,82,000
(b) Reserves & Surplus	2	(2,68,49,324) 41,69,32,676	(2,98,51,083) 41,39,30,917
(2) Current Liabilities			
(a) Other Current Liabilities	3	9,00,08,621	4,94,93,190
(b) Short Term Provisions		61,49,448 9,61,58,069	65,09,130 5,60,02,320
Total		<u>51,30,90,745</u>	<u>46,99,33,237</u>
II ASSETS			
Noncurrent Assets			
(1) Fixed Assets:			
(a) Fixed Assets - Tangible assets	4	5,47,46,932	6,14,45,599
(b) Fixed Assets - In-tangible assets		18,30,992	33,66,717
(c) Non current Investments	5	3,40,43,927	4,37,30,207
(d) Deferred Tax Assets (Net)	6	5,31,54,007 14,37,75,858	5,32,90,983 16,18,33,506
(2) Current Assets			
Trade Receivables	7	2,95,26,699	4,53,11,922
Cash and Cash equivalents	8	18,67,09,887	9,69,18,008
Short term Loans & Advances	9	14,33,47,141	15,39,59,560
Interest accrued on Fixed Deposits		71,34,644	93,07,476
Other Current Assets	10	1,96,516 36,69,14,887	2,02,765 30,56,99,731
(3) Assets under Discontinuing Operations	11	<u>24,00,000</u>	<u>24,00,000</u>
Total		<u>51,30,90,745</u>	<u>46,99,33,237</u>

See accompanying Notes to the financial statements 1-32

B RAJ KUMAR
DIRECTOR

T M NAGARAJAN
DIRECTOR

P M VENKATASUBRAMANIAN
DIRECTOR

G R SUNDARAVADIVEL
DIRECTOR

CHITRA MURALI
DIRECTOR

BANABIHARI PANDA
PRESIDENT & WHOLETIME
DIRECTOR

RAJEEVAN PILLAY G
DIRECTOR

As per our report of even date attached
For A V DEVEN & CO
CHARTERED ACCOUNTANTS
(Firm Reg. No. 000726S)

V S SRINIVASAN
VICE PRESIDENT & COMPANY
SECRETARY

CA. R RAGHURAMAN
PARTNER
(M.No: 201760)

Place: Chennai
Date : 23.04.2014

STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2014

Particulars	NOTE No.	Year ended 31-Mar-14 Rs.	Year ended 31-Mar-13 Rs.
INCOME			
I Revenue from Operations	12	6,08,26,660	5,24,53,100
II Other Income		1,36,35,858	1,28,74,049
Interest on Income tax/interest tax refund due		-	50,08,386
III Total Revenue		7,44,62,518	7,03,35,535
IV EXPENSES			
Employee Benefit expenses	13	3,21,17,554	3,35,54,964
Depreciation & Amortization expenses	4	67,10,958	70,85,463
Finance Cost	14	4,39,449	63,094
Other Expenses	15&26	2,31,25,706	3,07,42,500
Bad debts written off	16	3,88,657	8,43,925
Total expenses		6,27,82,324	7,22,89,946
V Profit Before Provisions, Exceptional and Extraordinary items and Tax		1,16,80,194	(19,54,411)
Provisions made	16	12,65,679	11,60,178
Reversal of Provisions	16	(6,81,939)	(19,57,902)
VI Profit Before Exceptional and Extraordinary items and Tax		1,10,96,454	(11,56,687)
VII Exceptional item		-	-
VIII Prior period Adjustments	17	83,633	42,86,154
IX Profit Before Extraordinary Items and Tax		1,10,12,821	31,29,467
X Extraordinary Items		-	-
XI PROFIT/(LOSS) BEFORE TAX		1,10,12,821	31,29,467
XII Tax Expenses - Current		-	-
- Deferred	18	1,36,976	29,35,471
-Prior years		-	-
XIII PROFIT/(LOSS) for the period from continuing operations		1,08,75,845	1,93,996
XIV PROFIT/(LOSS) for the period from discontinuing operations	19	(78,74,086)	70,99,737
XV Tax expenses of discontinuing operations		-	-
XVI PROFIT/(LOSS) from discontinuing operations after tax		(78,74,086)	70,99,737
XVII PROFIT/(LOSS) for the period		30,01,759	72,93,733
XVIII Add: Balance brought forward from Previous Year		(2,98,51,083)	(3,71,44,816)
XIX Less: Transferred from General Reserves		-	-
XX Balance carried to Balance Sheet		(2,68,49,324)	(2,98,51,083)
XXI Earnings Per Share - Basic & Diluted	20	0.07	0.16

B RAJ KUMAR
DIRECTOR

CHITRA MURALI
DIRECTOR

T M NAGARAJAN
DIRECTOR

BANABIHARI PANDA
PRESIDENT & WHOLETIME
DIRECTOR

P M VENKATASUBRAMANIAN
DIRECTOR

G R SUNDARAVADIVEL
DIRECTOR

RAJEEVAN PILLAY G
DIRECTOR

As per our report of even date attached
For A V DEVEN & CO
CHARTERED ACCOUNTANTS
(Firm Reg. No. 000726S)

V S SRINIVASAN
VICE PRESIDENT & COMPANY
SECRETARY

CA. R RAGHURAMAN
PARTNER
(M.No: 201760)

Place: Chennai
Date : 23.04.2014

Notes on Accounts forming part of Balance Sheet as at 31.03.2014 and Statement of Profit & Loss account for the year ended 31.03.2014

1. Share Capital

(Amount in Rs.)

Sl.No	Details	2013-14	2012-13
(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
(f)	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%
(g)	Shares held by each shareholder holding more than 5 %	Nil	Nil
(h)	Shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestment, including the terms and amounts	Nil	Nil
(i)(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
(i)(ii)	Aggregate number of shares allotted as fully paid up by way of bonus shares in the preceding 5 years	Nil	Nil
(i)(iii)	Aggregate number of shares brought back	Nil	Nil
(j)	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
(k)	Calls unpaid	Nil	Nil
(l)	Forfeited Shares	Nil	Nil

2. Reserves and Surplus

(Amount in Rs.)

Details	2013-14	2012-13
Opening Balance	0	0
Less: Transfer to Profit & Loss account	0	0
Closing Balance	0	0
Balance in Profit & Loss account	(2,68,49,324)	(2,98,51,083)
Total	(2,68,49,324)	(2,98,51,083)

3 Current Liabilities

(Amount in Rs.)

	Details	2013-14		2012-13	
(a)	Other current liabilities				
	Sundry Creditors for Expenses	19,69,611		69,15,923	
	Unpaid Dividend(unclaimed as per contra)	38,22,523		38,22,673	
	Overdraft against Deposits from Indian Bank	0		87,60,032	
	Other current liabilities	8,42,16,487	9,00,08,621	2,99,94,562	4,94,93,190
(b)	Short Term Provisions - Provision for leave encashment		61,49,448		65,09,130

4. Fixed Assets

Description	Gross Block at Cost			Depreciation		Net Block			
	As at 1-Apr-13 Rs.	Addition during the year Rs.	Deletions Rs.	As at 31-Mar-14 Rs.	As at 1-Apr-13 Rs.	For the year Rs.	On Deletions Rs.	As at 31-Mar-14 Rs.	As at 31-Mar-13 Rs.
Fixed Assets - Tangible assets									
Buildings*	4,84,78,385	0	0	4,84,78,385	1,42,59,116	7,90,198	0	1,50,49,314	3,42,19,269
Furniture & Fixtures	1,20,20,381	0	16,32,836	1,03,87,545	63,44,825	5,20,234	9,63,488	59,01,571	56,75,556
Motor Vehicle	14,45,005	0	0	14,45,005	3,03,747	1,37,275	0	4,41,022	11,41,258
Office equipment	1,14,19,139	1,33,971	15,84,118	99,68,992	49,52,026	4,91,348	8,06,718	46,36,656	64,67,113
Data Processing Machines	2,96,51,909	57,625	21,60,959	2,75,48,575	1,57,09,506	32,38,121	18,94,620	1,70,53,007	1,39,42,403
Total Other Assets - (A)	10,30,14,819	1,91,596	53,77,913	9,78,28,502	4,15,69,220	51,77,176	36,64,826	4,30,81,570	6,14,45,599
Fixed Assets - In-tangible assets									
Software	95,23,814	0	14,33,200	80,90,614	61,57,097	15,33,782	14,31,257	62,59,622	33,66,717
Total Other Assets - (B)	95,23,814	0	14,33,200	80,90,614	61,57,097	15,33,782	14,31,257	62,59,622	33,66,717
Grand Total Other Assets-(A)+(B)	11,25,38,633	1,91,596	68,11,113	10,59,19,116	4,77,26,317	67,10,958	50,96,083	4,93,41,192	6,48,12,316
* Includes cost of un-divided portion of land separately not identifiable									
Previous Year 31.03.2013	11,28,34,349	1,26,47,524	1,29,43,240	11,25,38,633	5,15,65,518	70,85,463	1,09,24,664	4,77,26,317	6,48,12,316

5. Non current Investments

Description	As at 31-Mar-14		As at 31-Mar-13	
	Rs		Rs	
Non current Investments				
Shares at cost	23,72,62,670		23,77,01,130	
Less: Provision for Diminution in value of Investments	20,32,18,743	3,40,43,927	19,39,70,923	4,37,30,207
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
		3,40,43,927		4,37,30,207

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 31.03.2014 Rs.	No. of Shares	Cost as on 31.03.2013 Rs.
1	Engineers India Ltd	300	5	5	1,35,000	300	1,35,000
2	NHPC Ltd	35000	10	10	12,76,343	35000	12,76,343
3	NTPC Ltd	5000	10	10	10,52,250	5000	10,52,250
4	Punj Lloyd Ltd	356344	2	2	5,03,76,298	356344	5,03,76,298
5	Seasons Furnishings Ltd	185001	10	10	18,50,010	185001	18,50,010
6	Steel Authority of India Ltd	5000	10	10	11,15,500	5000	11,15,500
7	Suryachakra Power Corporation Ltd	12000	10	10	2,40,000	12000	2,40,000
8	Suzlon Energy Ltd	10000	2	2	6,55,500	10000	6,55,500
9	Tulsi Extrusions Ltd	5500	10	10	4,15,800	5500	4,15,800
10	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 31.03.2014 - Rs. 1,35,59,303 Previous year – Rs.2,34,76,889/-)

b) UNQUOTED - NON TRADE

Sl. No.	Name of the Company	No. of Shares	Face Value Rs.	Paid up Value Rs.	Cost as on 31.03.2014 Rs.	No. of Shares	Cost as on 31.03.2013 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

Sl. No.	Name of the Company	No. of Shares	Face Value Rs.	Paid up Value Rs.	Cost as on 31.03.2014 Rs.	No. of Shares	Cost as on 31.03.2013 Rs.
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

Sl.No.	Name of the Company	No. of Shares	Face Value Rs.	Paid up Value Rs.	Cost as on 31.03.2014 Rs.	No. of Shares	Cost as on 31.03.2013 Rs.
1	Amaravathi Sri Venkatesa Paper Mills Ltd	352977	10	10	1,55,31,252	362942	1,59,69,712
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	75000	75,00,000
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 2011-12)	8800	10	10	73,128	8800	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	1	1	15,000	285000	15,000
8	Prasanth Textiles Ltd	833333	10	10	3,20,00,000	833333	3,20,00,000
	Total - (C)				10,25,19,430		10,29,57,890
	Total cost (A)+(B)+(C)				23,72,62,670		23,77,01,130

(ii) INVESTMENT IN DEBENTURES OF LIMITED COMPANIES
UNQUOTED - NON TRADE

Sl.No.	Name of the Company	No. of Shares	Face Value Rs.	Paid up Value Rs.	Cost as on 31.03.2014 Rs.	No. of Shares	Cost as on 31.03.2013 Rs.
1	14% Khaitan Hostambe Spinning Mills Ltd	125000	100	100	1,11,41,400	125000	1,11,41,400
	Total - (D)				1,11,41,400		1,11,41,400
	GRAND TOTAL OF INVESTMENTS (A)+(B)+(C)+(D)				24,84,04,070		24,88,42,530

6. Deferred Tax Assets (Net)

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

	Deferred Tax (Rs)			
	As on 31.3.2014		As on 31.3.2013	
	Asset	Liability	Asset	Liability
i) Timing difference in depreciable assets		3,87,90,042		3,87,97,180
ii) Provision for Bad debts and NPAs	8,98,19,530		8,97,97,499	
iii) Others	21,24,519		22,90,664	
Total		5,31,54,007		5,62,26,454

7. Trade Receivables

Amount in Rs.

	As at 31.3.2014		As at 31.3.2013	
Debt outstanding for a period exceeding six months				
- Considered Good(Secured)	52,14,122		52,14,122	
- Considered Good(Unsecured)	9,87,229		1,59,01,659	
- Considered Doubtful(Unsecured)	3,96,73,132		3,90,89,392	
	4,58,74,483		6,02,05,173	
Others - Considered Good	2,33,25,348		2,41,96,141	
	6,91,99,831		8,44,01,314	
Less: Provision for Bad & Non Performing Assets	3,96,73,132	2,95,26,699	3,90,89,392	4,53,11,922

8. Cash and Cash equivalents

Amount in Rs.

	As at 31.3.2014		As at 31.3.2013	
Cash and Cash equivalents				
Cash on Hand	32,481		27,009	
Stamps on Hand	1,52,395		0	
Cheques on Hand	0		0	
	1,84,876		27,009	
Balances with Scheduled Banks				
In Term Deposits	14,53,80,292		8,87,91,806	
In Current Accounts	3,73,22,196		42,76,520	
Unclaimed Dividend (as per contra)	38,22,523		38,22,673	
	18,65,25,011	18,67,09,887	9,68,90,999	9,69,18,008

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	142.60	For Guarantee facility availed	119.29
Indian Bank	599.64	For overdraft against deposits	184.29
National Stock Exchange	25.00	Margin	75.00
Bombay Stock Exchange	30.00	Margin	10.00
MCX SX Stock Exchange	32.29	Margin	28.47

9. Short term Loans & Advances

Amount in Rs.

	As at 31-Mar-14		As at 31-Mar-13	
(Unsecured & considered good unless otherwise stated)				
Loans - Secured		5,87,520		4,70,712
Prepaid Expenses		5,77,812		3,94,062
Advance Tax & TDS (Net of Provisions)		10,24,29,496		9,69,69,045
Advances Recoverable in Cash or in Kind or for value to be received				
- Considered good	68,20,301		1,34,05,941	
- Considered Doubtful	63,53,083		63,53,083	
	1,31,73,384		1,97,59,024	
Less: Provision for Bad & Non Performing Assets	63,53,083	68,20,301	63,53,083	1,34,05,941
Security & Other Deposits		3,29,32,012		4,27,19,800
		14,33,47,141		15,39,59,560

Loans and Advances include the following:

Rs.Lakhs

	2013-14	2012-13
Amount due from Director	0.00	0.75
Maximum amount due during the year	0.66	0.94
Amount due from Officer	0.20	0.22
Maximum Amount due during the year	0.65	0.55

10. Other Current Assets

Amount in Rs.

	As at 31.03.2014	As at 31.03.2013
Interest accrued on Staff Loans	1,96,516	2,02,765

11. Assets under Discontinued Operations

Amount in Rs.

	As at 31.03.2014		As at 31.03.2013	
Stock on Hire	12,86,93,225		12,86,93,225	
Less: Provision for Bad & Non Performing Assets	12,86,93,225	0	12,86,93,225	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
Intercorporate 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 discontinued 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

Amount in Rs.

	As at 31-Mar-14		As at 31-Mar-13	
Fee Based Income				
Merchant Banking Income	25,10,418		41,85,152	
Stock Broking Membership Operations	5,83,16,242	6,08,26,660	4,82,67,948	5,24,53,100
Other Income				
Interest on FDs	1,06,49,214		96,79,510	
Others	29,86,644	1,36,35,858	31,94,539	1,28,74,049

13. Employee Benefit expenses

Amount in Rs.

	As at 31-Mar-14	As at 31-Mar-13
Salaries, Wages & Bonus	2,81,01,664	2,86,91,071
Contribution to PF & Other Funds	31,26,686	36,47,470
Staff Welfare Expenses	8,89,204	12,16,423
Total	3,21,17,554	3,35,54,964

14. Finance Cost

Amount in Rs.

	As at 31-Mar-14	As at 31-Mar-13
Interest on overdraft availed from Indian Bank	4,21,464	63,094
Interest – Others	17,985	0
Total	4,39,449	63,094

15. Other Expenses

Amount in Rs.

	As at 31-Mar-14	As at 31-Mar-13
Rent	20,62,753	21,49,804
Courier, Postage & Telephone	14,62,685	20,82,599
MPLS & other connectivity charges	28,10,706	65,93,538
Data Center charges	8,21,276	11,74,540
Printing & Stationery	8,78,343	11,40,495
Depository Participant Charges	1,33,314	8,06,177
NSDL Transaction Charges	8,18,536	0
Travelling & Conveyance	14,62,817	15,64,432
Equipment Maintenance & AMC	17,61,751	18,26,850
Repairs, Upkeep & Maintenance	11,88,899	18,81,478
Electricity Charges	16,11,499	17,40,609
Subscription & Membership	7,23,590	24,08,480
Loss on sale of assets (Net)	14,53,505	14,12,647
Professional Charges	9,65,439	7,61,940
Miscellaneous and other Expenses	40,28,166	51,98,911
Total	2,21,83,277	3,07,42,500

Miscellaneous Expenses includes remuneration to Auditors as under:

Rs. In Lakhs

		2013-14	2012-13
i)	Audit Fees	3.00	3.00
ii)	Tax Audit	0.60	0.60
ii)	Fees for certification	1.84	1.55

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

Amount in Rs.

	31-Mar-14		31-Mar-13	
Bad debts/NPAs written off		3,88,657		8,43,925
Provision for Bad Debts & Non-Performing Assets	12,65,679		11,60,178	
Less: Reversal of Provision made for NPAs in earlier years no longer required	6,81,939	5,83,740	19,57,902	(7,97,724)
Total		9,72,397		46,201

17. Prior period adjustments

During the year 2013-14 a sum of Rs. 83633 pertaining to expenses of previous year has been shown under prior period expenses.

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.
- The provision for deferred tax (net) for the year is Rs. 1.37 lakhs (Previous year Rs. 29.35 lakhs) which has been charged to profit & loss account.

19. Income from discontinued operations

Amount in Rs.

	31-Mar-14		31-Mar-13	
Lease Income				
Gross income from Lease	5,18,922		6,95,000	
Less: Depreciation	19,31,148		22,43,175	
Less: Lease Equalisation	(14,12,226)		(15,48,175)	
Net income from lease		0		0
Hire Purchase Income		0		0
<u>Investment Income</u>				
Profit on Sale of Investments	3,70,142		21,74,240	
Interest on investment	5,81,398		22,66,809	
Dividend	88,273	10,39,813	4,55,945	48,96,994
Total income		10,39,813		48,96,994
Less: Expenses attributable to income		5,35,000		14,86,650
Recovery from written off account		3,50,000		0
Provisions made for NPAs/Diminution in value of Investments		1,00,11,569		4,36,425
Reversal of Provisions		(12,82,670)		(41,25,818)
Net Income from discontinued operations		(78,74,086)		70,99,737

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

Amount in Rs.

Sl No	Description	2013-14	2012-13
1	Profit/(Loss) for the year After Tax	30,01,759	72,93,733
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) (in Rs)	0.07	0.16

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 within the period in which the results are known/materialize.

A Revenue recognition

- (a) Issue Management Fee and fees for other managerial services - Considered on the completion of assignment.
- (b) Underwriting Commission and brokerage on distribution of financial products - Considered on receipt of subscription particulars.
- (c) 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 amortized on SLM over a period of three years, from the year of acquisition.

b) On Assets given on lease under discontinued operations

In respect of Assets given on lease under discontinued 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 amortized 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 Equalization, 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 lumpsum 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's 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 unutilised 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 Discontinued Operations

The accounting policies adopted for discontinued 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: (Amount in Rs.)

Details	2013-14	2012-13
Employer's contribution to Provident Fund	26,08,686	27,49,762
Employees Deposit Linked Insurance Scheme contribution to LIC	33,755	35,219

Defined Benefit Plan

I Reconciliation of opening and closing balances of Defined benefit obligation

(Amount in Rs.)

Details	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2013-14	2012-13	2013-14	2012-13
Defined benefit obligation at the beginning of the year	48,21,242	57,47,698	61,44,273	69,17,235
Current service cost	5,24,332	6,34,967	6,98,510	90,130
Interest cost	3,85,699	4,59,816	5,59,129	5,53,379
Actuarial (gain)/ loss	(11,95,793)	2,09,669	(14,86,532)	(14,16,471)
Benefits paid	-	22,30,908	-	-
Settlement cost	-	-	-	-
Defined benefit obligation at the year end	45,35,480	48,21,242	59,15,380	61,44,273

II Reconciliation of opening and closing balances of fair value of plan assets

(Amount in Rs.)

Details	Gratuity (Funded)	
	2013-14	2012-13
Fair value of plan assets at the beginning of the year	52,70,514	61,80,698
Expected return on plan assets	(8,30,993)	4,49,272
Contributions	-	8,71,452
Actuarial (gain)/ loss	-	-
Benefits paid	-	22,30,908
Settlement cost	-	-
Fair value of plan assets at year end	44,39,521	52,70,514
Actual return on plan assets	(8,30,993)	4,49,272

III Reconciliation of fair value of assets and obligations

(Amount in Rs.)

Details	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2013-14	2012-13	2013-14	2012-13
Fair value of plan assets	44,39,521	52,70,514	59,15,380	61,44,273
Present value of obligation	45,35,480	48,21,242	61,44,273	69,17,235
Amount recognized in Balance Sheet	(95,959)	4,49,272	(2,28,893)	(7,72,962)

IV Expense recognized during the year

(Amount in Rs.)

Details	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2013-14	2012-13	2013-14	2012-13
Current Service Cost	5,24,332	6,34,967	6,98,510	90,130
Interest Cost	3,85,699	4,59,816	5,59,129	5,53,379
Expected return on plan assets	(8,30,993)	4,49,272	-	-
Actuarial (gain) / loss	(11,95,793)	2,09,669	(14,86,532)	(14,16,471)
Net Cost	5,45,231	8,55,180	(2,28,893)	(7,72,962)

V Actuarial assumptions

(Amount in Rs.)

Details	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2013-14	2012-13	2013-14	2012-13
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	8%	8%	9.10%	8%
Expected rate of return (per annum)	8%	8%	--	--
Rate of escalation of salary (per annum)	5%	5%	7%	5%
Attrition Rate	1% to 3%	1% to 3%	12%	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. 5.18 Lakhs (previous year- Rs. 8.98 lakhs) towards Gratuity liability in the year 2013-14.

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
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 29 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:

Rs.Lakhs

	As on 31.03.2014	As on 31.03.2013
Lease payments for the year	20.63	21.50
Minimum Lease payments: Not later than one year	0.00	0.00
Later than one year but not later than five years	0.00	0.00
Later than five years	0.00	0.00

25. AS-24 - Discontinued 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 and transfer of unclaimed fixed deposits to an escrow account with a nationalized bank for repayment as and when claimed. The Company is now governed only by SEBI regulations.

The business segments have been identified as the Primary Segment considering the nature of service, organizational structure and internal financial reporting system. The services of the reported domestic business segments are classified as "Discontinued operations" (Fund Based) and "Continuing Operations" (Fee Based). Discontinued operations consists of Leasing, Hire purchase, Intercompany 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	2013-14				2012-13			
	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	744.62	13.90	0.00	758.52	703.36	48.97	0.00	752.33
Expenses								
Administration & Other exp	543.01	5.35	0.00	548.36	642.98	14.87	0.00	657.84
Depreciation	67.11	0.00	0.00	67.11	70.85	0.00	0.00	70.85
Provisions	9.72	87.29	0.00	97.01	0.46	(36.89)	0.00	(36.43)
Finance Cost	4.39	0.00	0.00	4.39	0.63	0.00	0.00	0.63
Int on IT refund - Excess interest reversed	9.42	0.00	0.00	9.42				
Total – Expenses	633.65	92.64	0.00	726.29	714.92	(22.02)	0.00	692.89
Profit/(Loss) before Tax	110.97	(78.74)	0.00	32.23	(11.57)	70.99	0.00	59.42
Exceptional item – Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exceptional item – Prior period adjustments	0.00	0.00	0.84	0.84	0.00	0.00	42.86	42.86
Provision for tax – Deferred	0.00	0.00	1.37	1.37	0.00	0.00	29.35	29.35
Provision for tax – Prior period	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit/(Loss) after Tax	110.97	(78.74)	(2.21)	30.02	(10.93)	70.99	12.88	72.94
Total Assets	3210.63	364.44	1555.83	5130.90	2735.43	461.30	1502.60	4699.33
Total liabilities	961.58	0.00	0.00	961.58	560.02	0.00	0.00	560.02
Capital Expenditure	1.92	0.00	0.00	1.92	126.47	0.00	0.00	126.47
Non cash expenditure	9.72	87.29	0.84	97.85	0.46	(14.62)	(42.86)	(57.02)
Net Cash flow from operating activities	877.74	(89.13)	1.37	789.98	(89.27)	22.03	29.35	(37.89)
Net Cash flow from Investment activities	(565.20)	107.26	0.00	(457.94)	(175.05)	76.36	0.00	(98.69)

26. Interest on Income tax refund - Excess interest reversed

Based on the orders, under section 154 of the Income Tax Act, received during the year, the interest reduced by the department on the refunds due under Income Tax which were earlier allowed and booked during 2011-12 for various assessment years amounting to Rs. 9.42 lakhs were reversed in the accounts.

Assessment Year	Particulars	Amount (Rs.)
2000-01	Interest on income tax refund due	409201
2001-02	Interest on income tax refund due	452267
2003-04	Interest on income tax refund due	80961
	Total	942429

27. Indian Bank, the parent Bank, has permitted the company to pay the balance of Rs. 897.48 lakhs payable to them under the Right to Recompense on or before 30.09.2013. The company has represented to Indian Bank for waiver of this amount which is under consideration of the Bank.

28. AS-29 - Contingent Liability

A Disputed demand on taxes

i) Income Tax

Rs.Lakhs

Asst Year	2013-14			2012-13		
	Tax Demand	Interest	Total	Tax Demand	Interest	Total
1997-98	20.13	0.00	20.13	0.00	0.00	0.00
1998-99	45.31	0.00	45.31	0.00	0.00	0.00
2007-08*	462.02	155.45	617.47	462.02	155.45	617.47
2008-09**	832.56	296.49	1129.05	832.56	296.49	1129.05
2009-10	72.23	0.00	72.23	72.23	0.00	72.23
Total	1432.25	451.94	1884.19	1366.81	451.94	1818.75

* The company has paid Rs. 18 lakhs for this Assessment Year in terms of the orders passed by the CIT on the stay petition filed by the company.

** The company has paid Rs. 32 lakhs for this Assessment Year in terms of the orders passed by the CIT on the stay petition filed by the company.

ii) Sales Tax demand disputed in appeal – Rs. 57.37 lakhs (Previous year Rs. 108.87 lakhs). (Rs. 42.78 lakhs at Chennai and Rs.14.59 lakhs at Rajasthan)

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 – Nil (Previous Year Rs. 20.72 lakhs).

29. Managerial Remuneration:

Rs.Lakhs

Name	Designation		2013-14	2012-13
Mr. Banabihari Panda	President & Wholetime Director	Salary	12.64	11.29
		Contribution to PF	0.65	0.64
Sitting Fees paid to Non – Wholetime Directors			0.96	0.96

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.

30. As at March 31, 2014, 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.
31. In the opinion of the Management all Fixed Assets, Current Assets, Loans & Advances will have value on realization in the ordinary course of business at least equal to the amounts at which they are stated in the accounts.
32. 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.

B RAJ KUMAR
DIRECTOR

CHITRA MURALI
DIRECTOR

V S SRINIVASAN
VICE PRESIDENT & COMPANY
SECRETARY
Place: Chennai
Date : 23.04.2014

T M NAGARAJAN
DIRECTOR

BANABIHARI PANDA
PRESIDENT & WHOLETIME DIRECTOR

P M VENKATASUBRAMANIAN
DIRECTOR

G R SUNDARAVADIVEL
DIRECTOR

RAJEEVAN PILLAY G
DIRECTOR

As per our report of even date attached
For A V DEVEN & CO
CHARTERED ACCOUNTANTS
(Firm Reg. No. 000726S)

CA. R RAGHURAMAN
PARTNER
(M.No: 201760)

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31.03.2014

	2013-14 Rs. in Lakhs	2012-13 Rs. in Lakhs
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit after tax	30.02	72.94
Adjustments for:		
Add : Depreciation/Lease Adjustments	67.11	70.85
Provision for taxation - Current	0.00	0.00
- Fringe Benefit Tax	0.00	0.00
- Deferred	1.37	29.35
Loss on sale of assets (net)	14.54	14.13
Interest expense	4.39	0.00
	117.43	187.27
Less:		
Profit on sale of investments(net)	9.51	44.41
Dividend income	0.88	4.56
	10.39	48.97
Operating Profit before working capital changes	107.04	138.30
Less : Decrease in Current liabilities	(401.56)	356.20
	508.60	(217.89)
Add:		
Decrease in other current assets	285.77	180.00
Cash generated from operations	794.36	(37.89)
Less : Interest expense	4.39	0.00
Less : Taxes	0.00	0.00
Cash Flow before Extraordinary Items	789.98	(37.89)
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(1.92)	(126.48)
Decrease in Term Deposits with banks	(565.88)	(54.64)
Sale of Fixed Assets	2.60	6.06
Decrease in Investments net of provision	106.38	71.80
Dividend received	0.88	4.56
Net cash from Investing Activities	(457.94)	(98.70)
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	332.04	(136.59)
Cash & Cash equivalents as at 01.04.13 (opg.bal.)	81.26	217.85
Cash & Cash equivalents as at 31.03.14 (clg. bal.)	413.30	81.26

B RAJ KUMAR
DIRECTOR

CHITRA MURALI
DIRECTOR

T M NAGARAJAN
DIRECTOR

BANABIHARI PANDA
PRESIDENT & WHOLETIME
DIRECTOR

P M VENKATASUBRAMANIAN
DIRECTOR

G R SUNDARAVADIVEL
DIRECTOR

RAJEEVAN PILLAY G
DIRECTOR

As per our report of even date attached
For A V DEVEN & CO
CHARTERED ACCOUNTANTS
(Firm Reg. No. 000726S)

V S SRINIVASAN
VICE PRESIDENT & COMPANY
SECRETARY

CA. R RAGHURAMAN
PARTNER
(M.No: 201760)

Place: Chennai
Date : 23.04.2014



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

PROXY FORM

DP ID No.
Client ID No.

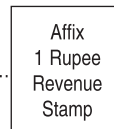
Folio No.
No. of Shares held

I/We _____ of _____
in the district of _____ being a member(s) of INDBANK MERCHANT BANKING SERVICES LIMITED, hereby appoint _____ of _____
in the district of _____ or failing him _____ of _____
in the district of _____ as my/our Proxy to vote for me/us on my/ our behalf, at the Twenty Fifth Annual General Meeting to be held on Saturday, 27th September 2014 at 11.00 a.m. at Indian Bank Management Academy for Growth & Excellence, MRC Nagar, Raja Annamalaipuram, Chennai 600028 and at any adjournment thereof.

Signed this.....day of2014.

- 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 Fifth Annual General Meeting to be held on Saturday, 27th September 2014 at 11.00 a.m. at Indian Bank Management Academy for Growth & Excellence, MRC Nagar, Raja Annamalaipuram, Chennai 600028.

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

Member's/Proxy's signature
(To be signed at the time of handing over the slip)

Electronic Voting Particulars

EVSN : 140819009
User ID and Password : Refer procedure detailed in the Notice

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

SILVER JUBILEE OFFER

(1989-2014)

Avail 3-in-1 product

Open Savings Bank A/c with Indian Bank &
Demat and Trading A/c with Indbank

Special offer for Indian Bank customers

If undelivered please return to:



Indbank

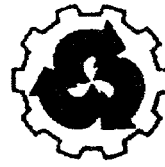
Merchant Banking Services Ltd
(A Subsidiary of Indian Bank)

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

Registered Office :

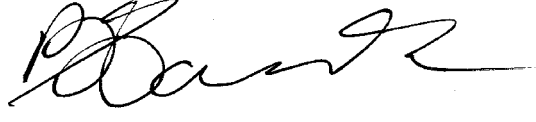


1st Floor, Khivraj Complex 1
 No. 480, Anna Salai,
 Nandanam, Chennai 600035
 Phone : 24313094 to 97
 Fax : 24313093

Email : registered@indbankonline.com
 CIN No. L65191TN1989 PLC 017883



Indbank
Merchant Banking Services Ltd
 (A Subsidiary of Indian Bank)

FORM A

1.	Name of the Company	Indbank Merchant Banking Services Limited
2.	Annual financial statements for the year ended	31 st March 2014
3.	Type of Audit Qualification	Matter of Emphasis
4.	Frequency of qualification	Appeared since the financial year 2009-10.
5.	To be signed by:	
	CEO/President & Wholetime Director ✓	
	CFO/Vice President & Company Secretary ✓	
	Auditor of the Company For A V Deven & Co., Chartered Accountants	 M. No. 201760
	Audit Committee Chairman	