

Registered Office :  
1<sup>st</sup> Floor, Khivraj Complex 1  
No. 480, Anna Salai,  
Nandanam, Chennai 600035  
Phone : 24313094 to 97  
Fax : 24313093  
Email : registered@indbankonline.com  
CIN No. L65191TN1989PLC017883



Ref: Sec/2017-18/ 128

September 18, 2017

<b>Bombay Stock Exchange Limited</b> Phiroze Jeejeebhoy Towers Dalal Street Mumbai 400 001 <b>Scrip Code: 511473</b>	<b>National Stock Exchange of India Limited</b> Exchange Plaza Bandra Kurla Complex Bandra (East) Mumbai 400 051 <b>Scrip Code: INDBANK</b>
--	--

Dear Sir/Madam,

**Sub: Annual Report for the Year 2016-17**

Pursuant to Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, please find enclosed the 28<sup>th</sup> Annual Report of the company for the Financial Year 2016-17 .

This is for your information and record.

Thanking you,

Yours faithfully,

*S. S. Deepthi*

S S Deepthi  
Company Secretary & Compliance Officer



Encl: As Above



**Twenty Eighth Annual Report  
2016-2017**



# Indbank

Merchant Banking Services Ltd  
(A Subsidiary of Indian Bank)

## BOARD OF DIRECTORS



**A.S. Rajeev**



**T.M. Nagarajan**



**P.M. Venkatasubramanian**



**G.R. Sundaravadivel**



**Chitra Murali**



**M. Nagarajan**  
*(Upto 27-07-2017)*



**P.A. Krishnan**  
*(From 27-7-2017)*



**A K Bajpai**  
*President & Wholetime Director*

## CONTENTS

Notice to Shareholders	3
Board's Report	7
Report on Corporate Governance	18
Management Discussion & Analysis Report	30
Auditors' Report	33
Balance Sheet	39
Profit and Loss Account	40
Schedules	41
Cash Flow Statement	55

**Board of Directors**

Shri.A S Rajeev  
 Shri.T M Nagarajan  
 Shri.P M Venkatasubramanian  
 Shri.G R Sundaravadivel  
 Smt.Chitra Murali  
 Shri.M Nagarajan  
*(upto 27.07.2017)*  
 Shri.P A Krishnan  
*(from 27.07.2017)*  
 Shri.A K Bajpai

Nominee Director of Indian Bank  
 Independent Director  
 Independent Director  
 Independent Director  
 Independent Director  
 Nominee Director of Indian Bank

Nominee Director of Indian Bank

President and Whole Time Director

**Committees of the Board - Audit Committee**

Shri.T M Nagarajan  
 Shri.P M Venkatasubramanian  
 Shri.G R Sundaravadivel  
 Smt.Chitra Murali  
 Shri.M Nagarajan *(upto 27.07.2017)*  
 Shri.P A Krishnan *(from 27.07.2017)*

**Nomination & Remuneration Committee**

Shri.P M Venkatasubramanian  
 Shri.G R Sundaravadivel  
 Shri.M Nagarajan *(upto 27.07.2017)*  
 Shri.P A Krishnan *(from 27.07.2017)*

**Stakeholder Relationship Committee**

Smt.Chitra Murali  
 Shri.M Nagarajan *(upto 27.07.2017)*  
 Shri.P A Krishnan *(from 27.07.2017)*  
 Shri. A K Bajpai

**Corporate Social Responsibility Committee  
*(Constituted on 24.05.2017)***

Shri.G R Sundaravadivel  
 Shri.T M Nagarajan  
 Shri.M Nagarajan *(upto 27.07.2017)*  
 Shri.P A Krishnan *(from 27.07.2017)*

**Chief Financial Officer**

Shri. K.S.Sujay

**Company Secretary**

Smt. S.S.Deepthi

**Statutory Auditors**

M/s.A.V. Devan & Co, Chartered Accountants, Chennai

**Secretarial Auditors**

M/s.Prowis Corporate Services Pvt Ltd.

**Bankers**

M/s. Indian Bank

**Registrar and Share Transfer Agents**

M/s. Cameo Corporate Services Limited

**Registered Office**

First Floor,Khiviraj Complex 1, No.480, Anna Salai, Nandanam, Chennai – 35

**TERMINALS**
**Tamil Nadu**

Nandanam, Harbour, Anna Nagar, Mylapore, CMDA-Egmore, Purasawalkam, Ashok Nagar, Nanganallur, Adyar, Thousand Lights, Chetpat, L B Road, Chrompet,Coimbatore, R S Puram, Tiruppur, Tirunelveli, Sivakasi, Tuticorion, Rajapalayam, Madurai, K K Nagar-Madurai, Trichy Contonment, Srirangam, Erode, Salem, Vellore, Kumbakonam, Thanjavur

**Puducherry**

Puducherry

**Kerala**

Ernakulam, Thrissur, Calicut

**Telangana**

Hyderabad, Secunderabad, Srinagar Colony

**Andhra Pradesh**

Visakhapatnam, Vijayawada, Guntur

**Karnataka**

Bangalore, Richmond Circle, Koramangla, Mangalore

**Gujarat**

Ashram Road

**Maharashtra**

Mumbai, Matunga, Thane, Bandra, Pune

**Delhi**

Delhi, Shantiniketan

**West Bengal**

Kolkata

### **NOTICE OF 28TH ANNUAL GENERAL MEETING - 2017**

Notice is hereby given that the Twenty Eighth Annual General Meeting of the Company will be held on Saturday the 16<sup>th</sup> day of September 2017 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 Audited Financial Statements of the Company for the Financial Year ended 31st March, 2017, together with the Reports of the Board of Directors and Auditors thereon
2. To appoint a Director in place of Shri A S Rajeev (DIN 07478424), who retires by rotation and being eligible, offer himself for re-appointment.

#### **SPECIAL BUSINESS**

3. To appoint Shri P A Krishnan (DIN: 07891762), 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 Shri P A Krishnan (DIN: 07891762), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 27<sup>th</sup> July 2017 in terms of Section 161(1) of the Companies Act, 2013 ("Act"), and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member pursuant to Section 160 (1) of the Act proposing his candidature to the Office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation".

**By Order of the Board**  
**For Indbank Merchant Banking Services Ltd**  
sd/-  
**S.S.Deepthi**  
**Company Secretary & Compliance Officer**

**Place : Chennai**

**Date : 27.07.2017**

#### **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 Corporate Office of the Company at 1st Floor, 'Khivraj Complex – I, 480 Anna Salai, Nandanam, Chennai – 600035 at least 48 hours before the commencement of the meeting.
3. Members who hold shares in electronic form are requested to write their DP ID and Client ID numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting to facilitate identification of membership at the meeting
4. Members holding shares in physical form are requested to notify to the Company's Registrar and Transfer Agent of any change in their address and update their Bank account details. Members holding shares in electronic form are requested to notify any change of address and update bank account details to their respective depository participants directly.
5. The Register of Members and Share Transfer Books of the company will remain closed from 10.09.2017 to 16.09.2017 (both days inclusive).
6. Re-appointment of Directors: At the ensuing Annual General Meeting, Shri A S Rajeev, Director of the Company retires by rotation under the provision of the Companies Act, 2013 and being eligible, offer himself for reappointment. The details pertaining to Shri A S Rajeev pursuant to the requirements of Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are furnished below:

**Shri A S Rajeev:**

Shri A S Rajeev, aged 53 years is a Chartered Accountant with MBA and CAIIB qualifications and currently working as Executive Director, Indian Bank. He has more than 26 years of experience in various positions in the banking industry.

Shri A S Rajeev is not disqualified from being appointed as Director in terms of Section 164 of the Act.

**Details of other Directorships**

Name of the company	Directorship
Ind Bank Housing Ltd.	Director
National Payments Corporation of India	Director

**Details of Committee Memberships : Nil**

7. Members desirous of availing nomination facility for their shareholdings, may file Nomination Forms in respect of their shareholdings. Any member willing to avail this facility may submit the prescribed form to the Registrars & Transfer Agent of the company.
8. 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 are being sent in the permitted mode.
9. 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.
10. 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.
11. 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](http://www.indbankonline.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Corporate Office in Chennai for inspection during normal business hours on working days up to the date of the meeting. 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.
12. Members holding shares in electronic form are requested to register their e-mail address with their respective depository participants and members holding shares in Physical form are requested to register their e-mail address with the Company's Registrar and Transfer Agents and participate in the "Green initiative" launched by the Ministry of Corporate Affairs in future.
13. Voting through electronic means:
  - a. The business set out in this Notice shall be conducted through e-voting. In compliance with the provisions of Section 108 of the Act read with the Companies (Management and Administration) Rules 2014, the Company is pleased to offer e-voting facility as an alternate to all its Members to enable them to cast their votes electronically. For this purpose, the Company has entered into an agreement with CDSL for facilitating e-voting to enable the shareholders to cast their votes electronically.
  - b. As consented to act as a scrutinizer, the Board of Directors has appointed Sri. P Sriram, Practicing Company Secretary (Membership No. FCS 4862) as the Scrutinizer for conducting the remote e-voting process and voting in accordance with the law and in a fair and transparent manner.
  - c. The facility for voting shall be made available at meeting. The members who have cast their votes by remote e-voting prior to the meeting may also attend the meeting, but shall not be entitled to cast their votes again at the meeting.

The instructions for voting electronically are as under:

- (i) The remote e-voting period commences on Wednesday, September 13, 2017 at 10:00 A.M. and ends on Friday, September 15, 2017 at 5:00 P.M. During this period shareholders' of the Company, holding shares as on the cut-off date (record date) of 09.09.2017, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.



- (ii) The shareholders should log on to the remote e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) If you are a first time user follow the steps given below:

	For Members holding shares in Physical Form
PAN	Enter your 10 digit alpha numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. (For sequence number, refer serial no. printed on the name and address sticker)
	In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DIVIDEND BANK DETAILS OR DATE OF BIRTH (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
	If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (vi) After entering the details appropriately, click on "SUBMIT" tab.
- (vii) Members holding shares in physical form will then reach directly the Company 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. 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 your password confidential.
- (viii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant < Company Name > on which you choose to vote.
- (x) On the voting page, you will see 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 details.
- (xii) After selecting the resolution 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) You can also take a print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xv) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) Any person who acquires shares of the company and becomes a member after dispatch of the notice, but holding shares as on the cutoff date for remote evoting ie. 09.09.2017 may obtain the login ID and password by sending a request to our RTA at the address mentioned elsewhere in this notice.
- (xvii) Note for Non-Individual Shareholders & Custodians:



Non-Individual Shareholders/Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and custodians are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.

- i A scanned copy of the Registration form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- i After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the depository account(s)/folio numbers on which they wish to vote.
- i The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- i A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xviii) 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.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 18002005533.

**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

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

**Item No. 3**

Shri P A Krishnan, aged 57 years is a Bachelor of Commerce, Chartered Accountant and currently working as Deputy General Manager/Department Head (Accounts Department/ Investor Services Cell/Subsidiaries) and Chief Financial Officer, Indian Bank was co-opted as a Director on 27.07.2017 on the Board. He has 32 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 P A Krishnan as Director whose period of office shall be liable to determination by retirement of Directors by rotation.

Shri P A Krishnan 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 P A Krishnan for the office of Director of the Company.

**Details of other Directorships**

Name of the company	Directorship	Committee
Ind Bank Housing Ltd.	Director	Audit Committee Stakeholder Relationship Committee Nomination & Remuneration Committee

## BOARD'S REPORT

### To the Members,

Your Directors have pleasure in presenting before you the Twenty Eighth Annual Report together with the Audited Statements of Accounts for the year ended 31st March, 2017.

### Operations

During the year your company has earned a gross income of Rs. 1170.38 lakhs as against Rs.939.42 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.6091.17 crore during the year. Your company also provides Depository services to institutions and retail customers and has 45512 accounts under DP operations and 25444 accounts under broking operations.

Your company reported a net profit of Rs.530.95 lakhs during the year 2016-17 as against a net profit of Rs.275.52 lakhs in the previous year as under:

Rs. In lakhs			
	Particulars	2016-17	2015-16
I	Revenue from Operations	920.21	718.96
II	Other Income	250.17	218.56
	Interest on Income tax refund due	0.00	1.90
III	Total Revenue	1170.38	939.42
IV	<b>EXPENSES</b>		
	Employee Benefit expenses	376.68	368.38
	Depreciation & Amortization expenses	52.81	60.00
	Finance Cost	80.70	11.39
	Other Expenses	194.30	199.19
	Bad debts written off	0.00	98.28
	Total expenses	704.49	737.24
	Profit Before Provisions , prior period adjustments and Tax	465.89	202.18
	Provisions made	1.26	6.24
	Reversal of Provisions	(3.27)	(98.57)
V	Profit Before prior period adjustments and Tax	467.90	294.51
VI	Prior Period adjustments	5.86	3.25
VII	Profit Before Tax	462.04	291.26
VIII	Tax Expenses - Current	0.00	0.00
	- Deferred	0.00	11.36
	- Prior years	29.01	26.91
IX	PROFIT/(LOSS) for the period from continuing operations	433.03	252.99
X	PROFIT/(LOSS) for the period from discontinuing operations	97.92	22.53
XI	Tax expenses of discontinuing operations	0.00	0.00
XII	PROFIT/(LOSS) from discontinuing operations after tax	97.92	22.53
XIII	PROFIT/(LOSS) for the period	530.95	275.52
XIV	Add: Balance brought forward from Previous Year	466.81	191.29
XV	Balance carried to Balance Sheet	997.76	466.81
XVI	Earnings Per Share - Basic & Diluted	1.20	0.62

### Dividend

As your Company's profits are not adequate for the reserves to be ploughed back to improve the networth, your Directors do not recommend any dividend for the year 2016-17.

### Board Meetings:

The Board of Directors met four times during the year on 05.05.2016, 06.08.2016, 10.11.2016 & 08.02.2017.

### Directors and Key Managerial Personnel :

Shri. M Nagarajan, General Manager, Indian Bank was co-opted as an Additional Director on the Board of the company (nominee of Indian Bank) with effect from 06.08.2016 in place of Shri. V Gopal General Manager, Indian Bank, who has resigned from the Board on his transfer to Ghaziabad as Zonal Manager, Indian Bank.

At the annual general meeting held on 27.09.2014 the existing Independent Directors i.e. Shri T M Nagarajan, Shri P M Venkatasubramanian, Shri G R Sundaravadivel & Smt. Chitra Murali were appointed as Independent Directors under the provisions of the Companies Act, 2013 for a fixed term of five

years and they will hold the office till the conclusion of 30<sup>th</sup> annual general meeting. 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 there under and are independent of the management.

Shri M S Vaidyanathan, Vice President & Company Secretary and Compliance Officer (Senior Manager, Indian Bank on deputation to the company) has been relieved from the company with effect from 30.11.2016 on his retirement from the services of Indian Bank on superannuation.

Shri K S Sujay, Chief Financial Officer was appointed as the Compliance Officer of the company till the appointment of a Company Secretary and Compliance Officer in place of Shri M S Vaidyanathan.

On 24.05.2017 Smt. S.S.Deepthi, (M.No.A43814) was appointed as Company Secretary & Compliance Officer of the company.

Your Directors place on record their appreciation for the valuable contributions made by Shri V Gopal, General Manager, during his tenure as Director of the Company.

**Retirement of Directors by rotation:**

The Company's Board consists of 4 Independent Directors who were appointed for a fixed term of 5 years, are not liable to retire by rotation as per Section 149(13) of the Companies Act, 2013. The Whole-time Director who was appointed for fixed tenure cannot retire by rotation.

At the Annual General Meeting, Shri A S Rajeev, Director retire by rotation and being eligible, offer himself for reappointment.

**Declaration from Independent Directors on Annual Basis:**

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6).

**Subsidiary companies**

Your Company has no subsidiary Companies as on March 31, 2017.

**Vigil Mechanism:**

The Company has established a vigil mechanism called Whistle-blower Policy for its directors and employees to report genuine concerns pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013 and as per Regulation 22 of SEBI (LODR), Regulations, 2015. The details of the Whistle-blower Policy is explained in the Corporate Governance Report and also posted on the website of the Company

**Director's Responsibility Statement:**

In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the Directors had 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 and loss of the company for that period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared the annual accounts on a going concern basis; and
- e) the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

**Particulars of loans & investments by company**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

**Extract of Annual Return:**

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in form MGT 9 is annexed herewith.

**Auditors:**

The Auditors, M/s A V Deven & Co., Chartered Accountants, Chennai was appointed by the Office of the Comptroller and Auditor General of India, New Delhi in exercise of the powers conferred on them by Section 139 of the Companies Act, 2013 as statutory auditors of the company for the financial year 2016-17.

**Auditors Observations in the Audit Report:**

There is nil observation from the Auditors.

**Secretarial Audit:**

Secretarial audit report in Form MR 3 as given by M/s. P Sriram & Associates, Practising Company Secretary is annexed to this Report.

**Information as per Section 134 (3) (m) of the Companies Act, 2013**

- 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.

**Significant & Material orders passed by the Regulators:**

There is no significant and material order passed by the regulators or Courts or Tribunals impacting the going concern status and the company's operations in future.

**Details of adequacy of Internal Financial Controls:**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations.

**Risk Management Policy:**

The company has put in place Risk Management Policy compatible with the type and size of operations and risk perception. The said policy is drawn up based on the guidelines of SEBI and stock exchanges issued in this regard.

**Corporate Social Responsibility Policy:**

The company does not fall into the criteria stipulated for the applicability of Section 135 of the Companies Act, 2013. Hence the provisions of section 135 of the Companies Act 2013 are not applicable.

**Related Party Transactions:**

During the year under review, there was no transaction with related party that needs to be reported in Form AOC 2 under section 188 of the Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rules 2014.

**Disclosure under the sexual harassment of women at workplace (prevention, prohibition and redressal) act, 2013:**

An Internal Complaints Committee (ICC) was set up to redress complaints received regarding sexual harassment and discrimination at work place.

During the year ended March 31, 2017, the ICC has received no complaints pertaining to sexual harassment / discrimination at work place.

**Management discussion and analysis report**

Management Discussion and Analysis Report of the Company for year under review is given as a separate Statement in the Annual Report

**Formal Annual Evaluation:**

Pursuant to the provisions of the Companies Act, 2013 of SEBI (LODR), Regulations, 2015 the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholders Relationship Committees. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the President & Whole Time Director and the Non Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process and the performance of the Board

**Ratio of Remuneration to each Director:**

Details / Disclosures of Ratio of Remuneration of each Director to the median employee's remuneration are enclosed in Annexure 1.

**Listing with Stock Exchanges:**

The Company confirms that it has paid the Annual Listing Fees for the year 2017-2018 to NSE and BSE where the Company's Shares are listed.

**Corporate Governance**

Your Company has taken adequate steps to adhere to all the stipulations laid down for Corporate Governance as per SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015. A report on Corporate Governance is included as a part of this Annual Report

Certificate from the Statutory Auditors of the company confirming the compliance with the conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 is attached to this report.

**Particulars of Employees:**

The information required pursuant to Section 197 read with Rule 5 (1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, attached with this report. None of the employees of the company received remuneration in excess of the limits prescribed Under Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules of the Companies Act, 2013.

**Outlook:**

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.

**Acknowledgements:**

Your Directors wish to place on record their gratitude to the Ministry of Finance, Government of India, Securities and Exchange Board of India and Comptroller and Auditor General 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 dedicated 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 : 24.05.2017

sd/  
**A.S.Rajeev**  
 Director

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**As on the financial year ended on 31.03.2017**

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

**I. REGISTRATION AND OTHER DETAILS :**

CIN:-	L65191TN1989PLC01 7883
Registration Date	11th August 1989
Name of the Company	Indbank Merchant Banking Services Ltd.
Category / Sub-Category of the Company	--
Address of the Registered office and contact details	1st Floor, Khivraj Complex, 480, Anna Salai, Nandanam, Chennai - 600035
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s Cameo Corporate Services Ltd, Subramanian Building, No.1 Club House Road, Chennai - 600 002. Phone: + 91-44-28460390 Fax No. : +91-44-28460129 E-mail: investor@cameoindia.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Stock broking services	803	76.54

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE**

Sl.No.	Name And Address of The Company	CIN/GLN	Holding/ Subsidiary / Associate	% Of Shares Held	Applicable Section
1.	Indian Bank		Holding	64.84	

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of total Equity)

## i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
(1) Indian									
a. Individual/HUF	--	--	--		--	--	--		
b. Central Govt	--	--	--		--	--	--		
c. State Govt	--	--	--		--	--	--		
d. Bodies Corporate	--	--	--		--	--	--		
e. Banks/FI	28773800	--	28773800	64.84	28773800	--	28773800	64.84	
f. Any other	--	--	--		--	--	--		
Sub-Total (A) (1)	28773800	--	28773800	64.84	28773800	--	28773800	64.84	
<b>(2) Foreign</b>									
a. NRIs-Individual	--	--	--	--	--	--	--	--	
b. Other-Individual	--	--	--	--	--	--	--	--	
c. Bodies Corporate	--	--	--	--	--	--	--	--	
d. Banks/FI	--	--	--	--	--	--	--	--	
e. Any other	--	--	--	--	--	--	--	--	
Sub-Total (A) (2)	--	--	--	--	--	--	--	--	
Total shareholding of Promoters (A) = A(1)+A(2)	28773800	--	28773800	64.84	28773800	--	28773800	64.84	
<b>B. Public Shareholding</b>									
(1) Institutions									
a) Mutual Funds/ UTI		96900	96900	0.22		96900	96900	0.22	-
b) Banks/FI	43700	1300	45000	0.101	43700	1300	45000	0.101	
c) Central Govt	4900	-	4900	0.01	0	-	0	0.00	-0.01
d) State Govt (s)	--	--	--		--	--	--		
e) Venture Capital Funds	--	--	--		--	--	--		
f) Insurance Companies	--	--	--		--	--	--		
g) FIs	--	2700	2700	0.006	--	2700	2700	0.006	
h) Foreign Venture Capital Funds	--	--	--		--	--	--		
i) Others (specify)	--	--	--		--	--	--		
Sub-total B (1)	48600	100900	149600	0.337	43700	100900	144600	0.326	-0.01
(2) Non-institutions									
a) Bodies Corporate									
i. Indian	1611883	145000	1756883	3.96	1587927	145000	1732927	3.904	-0.05
ii. Overseas									
b) Individuals									

i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	7608980	2836832	10445812	23.54	7223478	2814732	10038210	22.619	-0.92
ii. Individual shareholders holding nominal share capital > Rs. 1 lakh	2656671	-	2656671	5.99	2914248	0	2914248	6.566	0.58
<b>c) Others (specify)</b>									
i. Shares held by Pakistani citizens vested with the Custodian of Enemy Property	--	--	--	--	--	--	--	--	--
ii. Other Foreign Nationals	--	--	--	--	--	--	--	--	--
iii. Foreign Bodies									
iv. NRI/OCBs	349614	-	349614	0.79	426161	0	426161	0.960	0.17
v. HUF	226447	1	226448	0.51	323919	1	323920	0.729	0.22
vi. Clearing Members/ Clearing House	19172	-	19172	0.04	19172	-	19172	0.04	-0.01
vii. Directors & their relatives	300	-	300	0.00	300	-	300	0.00	0.00
viii. Trusts	--	--	--	--	--	--	--	--	--
ix. Limited Liability Partnership	--	--	--	--	--	--	--	--	--
x. Foreign Portfolio Investors (Corporate)	--	--	--	--	--	--	--	--	--
xi. Qualified Foreign Investor	--	--	--	--	--	--	--	--	--
Sub-Total (B)(2)	12473067	2981833	15454900	34.82	12500067	2959733	15459800	34.8364	0.01
<b>Total Public Shareholding (B)=(B)(1)+(2)</b>	12521667	3082733	15604400	35.16	12543767	3060633	15604400	35.1623	--
<b>C. Shares held by Custodians for GDRs &amp; ADRs</b>	--	--	--	--	--	--	--	--	--
<b>Grand Total (A+B+C)</b>	41295467	3082733	44378200	100.00	41317567	3060633	44378200	100.00	--

**(ii) Share holding of Promoters**

S.No.	Share holder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	No. of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	No. of Shares Pledged / encumbered to total shares	
1	Indian Bank	28773800	64.84	Nil	28773800	64.84	Nil	NIL
2								
3								
	<b>Total</b>	<b>28773800</b>	<b>64.84</b>		<b>28773800</b>	<b>64.84</b>		



**iii) Change in Promoters Shareholding (Please specify, if there is no change)**

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	No change during the year			
Datewise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g., allotment/ transfer/ bonus/sweat equity etc.,	No change during the year			
At the end of the year	No change during the year			

**iv) Share holding Pattern of Top Ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1. SPS Finquest Ltd	-	-	169581	0.38
2. N B Pradeep Kumar	-	-	10000	0.22
3. V S Dempo Holdings Pvt. Ltd.	200000	0.45	200000	0.45
4. Riviera Finance (India) Ltd.	171637	0.39	144837	0.33
5. Vaidyanathan Sundaresan	111300	0.25	111300	0.25
6. Haresh Babulal Shah/Jyoti Haresh Shah	99500	0.22	99500	0.22
7. Kailash Shares & Securities Pvt. Ltd.	75000	0.17	56000	0.13
8. Shashank P Bannadabavi	--	--	10000	0.22
9. Karvy Stock Broking Ltd.	77391	0.17	77434	0.17
10. SPS Multi-Commodity LLP	179652	0.40	--	--
11. Swastik Paramanik	80000	0.18	80000	0.18
12. Felix Piedade Dmello	73165	0.17	--	--
13. P J Mathachan	100000	0.22	83960	0.19
14. Haren Manubhai Shah	65290	0.15	97290	0.22
15. Arcadia Share Stock Brokers Pvt Ltd	6996	0.01	3599	0.01
16. Sanjay Ramesh Badiani	--	--	90000	0.20

**v) Shareholding of Directors and Key Managerial Personnel: Nil**
**V INDEBTEDNESS**
**Indebtedness of the company including interest outstanding/accrued but not due for payment**
**Rs. In lakhs**

	Secured loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the year				
i) Principal amount	0.00	-	-	0.00
ii) Interest due but not paid	0.00	-	-	0.00
iii) Interest accrued but not due	0.00	-	-	0.00
Total ((i + ii + iii))	0.00	-	-	0.00
Change in indebtedness	80.36	-	-	80.36
Addition (by interest)	0.00	-	-	0.00

Reduction (repayment)	0.00	-	-	0.00
Net change	80.36	-	-	80.36
Indebtedness at the end of the year				
i) Principal amount	80.36	-	-	80.36
ii) Interest due but not paid	0.00	-	-	0.00
iii) Interest accrued but not due	0.00	-	-	0.00
Total ((i + ii + iii))	80.36	-	-	80.36

## VI. REMUNERATION TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Director and/or Manager

Sl.No	Particulars of Remuneration	Name & Designation
1	Salary - 15.20 lakhs Contribution to PF - 0.91 lakhs	Mr. A K Bajpai President & Whole Time Director

### B. Remuneration to other Directors:

#### 1. Independent Directors

		Name of the Directors				
		Shri T M Nagarajan	Shri P.M. Venkatasubramanian	Shri G R Sundaravadivel	Smt. Chitra Murali	
		Amount Rs. In lakhs				
1	Fee for attending Board/Committee meetings	0.34	0.74	0.74	0.77	2.59
2.	Commission	--	--	--	--	--
3	Others, please specify	--	--	--	--	--
	<b>Total B (1)</b>	<b>0.34</b>	<b>0.74</b>	<b>0.74</b>	<b>0.77</b>	<b>2.59</b>

#### 2. Other Non Executive Directors

Sl.No	Particulars of Remuneration	Name of the Directors			
		Shri A S Rajeev	Shri M Nagarajan	Shri V Gopal	Total
1	Fee for attending Board/Committee meetings	NIL			
2.	Commission				
3	Others, please specify				
	<b>Total B (1)</b>				

### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Vice President & Company Secretary	CFO	Total
1.	Gross salary			
	a) Salary as per provisions contained in section 17(1) of the IT Act, 1961	981171	771413	1752584
	b) Value of perquisites u/s 17(2) Income -tax Act, 1961	--	--	--
	■ Profits in lieu of salary under section 17(3) Income -tax Act, 1961	--	--	--

2.	Stock Options	--	--	--
3	Sweat Equity	--	--	--
4	Commission	--	- -	--
	- As % of profit	--	--	--
	- Others, specify	--	--	--
5.	Others,(specify)	--	--	--
	Total ( C )	981171	771413	1752584

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil**

TYPE	Section of the Companies Act	Brief description	Details of penalty/ punishment/ compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTOR					
Penalty					
Punishment			-NIL-		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

**Form No.MR-3**
**SECRETARIAL AUDIT REPORT**

FINANCIAL YEAR ENDED 31st MARCH, 2017

[Pursuant to section 204(1)of theCompanies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

**The Members**
**Indbank Merchant Banking Services Limited**  
**480, Anna Salai, Chennai - 600 035.**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Indbank Merchant Banking Services Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on my verification of Indbank Merchant Banking Services Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed here under and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made there under;
- 2) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made there under;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- 4) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (e) Securities And Exchange Board Of India (Merchant Bankers) Regulations, 1992
  - (f) Securities And Exchange Board Of India (Stock Brokers and Sub-Brokers) Regulations, 1992
  - (g) Securities And Exchange Board Of India (Depositories and Participants) Regulations, 1996 read with amendments thereto.
  - (h) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
  - (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;
- During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

I have examined the systems and procedures of the Company as placed to ensure the compliance with general laws like Labour Laws, Employees Provident Funds Act, Employees State Insurance Act, considering and relying upon representations made by the Company and its Officers for systems and mechanisms formed by the Company for compliance under these laws and other applicable sector specific Acts, Laws, Rules and Regulations applicable to the Company and its observance by them., rules, regulations and guidelines.

All decisions were carried out with unanimous approval of the Board and there was no instance of dissent voting by any member during the period under review.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there were no instances of:

- (i) Public / Rights / Preferential issue of shares / debentures / sweat equity.
- (ii) Redemption / buy-back of securities.
- (iii) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
- (iv) Merger / amalgamation / reconstruction etc.
- (v) Foreign technical collaborations.

Place: Chennai  
Date: 24-4-2017

sd/-  
P. Sriram & Associates  
FCS No. 4862  
CPNo: 3310

## Annexure A

**To  
The Members,  
Indbank Merchant Banking Services Limited**

My report of even date is to be read along with this supplementary testimony.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, the company had followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.,
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Chennai  
Date: 24-4-2017

sd/-  
P. Sriram & Associates  
FCSNo. 4862  
CPNo: 3310

### **ANNEXURE – 1 Ratio of Remuneration**

(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year; The Directors other than President & Whole Time Director are not drawing any remuneration other than sitting fees. Hence the computation relates to the remuneration of President & Whole Time Director in relation to the median remuneration of the employee.	3.16
(ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	President & Whole Time Director - 4.71% Vice President & Company Secretary and CFO - 31.29%. The increase is due to increase in dearness allowance.
(iii) the percentage increase in the median remuneration of employees in the financial year;	6.17
(iv) the number of permanent employees on the rolls of company;	84
(v) the explanation on the relationship between average increase in remuneration and company performance;	The increase in the remuneration is driven by the company's policy and service regulations. The increase in the remuneration during the year is only due to the payment of dearness allowances and regular increments. Hence the increase in the remuneration is not linked with the company's performance.

(vi) comparison of the remuneration of the Key Managerial Personnel against the performance of the company;	The increase in the remuneration is driven by the company's policy and service regulations. The increase in the remuneration during the year is only due to the payment of dearness allowances and regular increments. Hence the increase in the remuneration is not linked with the company's performance.
(vii) variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;	In view of the good performance during the financial year 2016-17 compared to 2015-16, the market capitalisation has increased. There is an increase of 48.40% in the market price over the last public offer made in 1994 at Rs. 25/- (Face value of Rs. 10/- plus premium of Rs. 15/-).
(viii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	The average percentile increase in the salaries of employees other than managerial position and that of managerial remuneration are 6.17 % and 4.71% respectively. Hence this provision is not applicable.
(ix) comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	All the Key Managerial Personnel are on deputation from parent Indian Bank and draw remuneration as per the service regulations of the Bank. The increase in the salary of President & Whole Time Director and Vice President & Company Secretary /CFO is 4.71% & 31.19% respectively whereas the increase in the performance of the company in terms of net profit during 2016-17 over the previous is FY 2015 -16 48.11%.
(x) the key parameters for any variable component of remuneration availed by the directors;	Not applicable.
(xi) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	Not applicable.
(xii) affirmation that the remuneration is as per the remuneration policy of the company.	The remuneration is as per the remuneration policy of the company.

## REPORT ON CORPORATE GOVERNANCE

### 1. Company's Philosophy on Code of Governance

Your Company has always adhered to good corporate governance practices and maintained the highest levels of fairness, transparency, accountability, ethics and values in all facets of its operations. Your Company's Corporate Governance practices emanate from its commitment towards accountability, transparency and fairness. Your Company ensures timely and accurate disclosure on all material matters including the financial situation, performance and regulatory requirements. Your Company believes that good corporate governance is essential for achieving long-term corporate goals of the Company and for meeting the needs and aspirations of its stakeholders, including shareholders.

### 2. BOARD OF DIRECTORS

#### a. Composition of the Board:

The Board of Directors of the Company comprises of an optimum combination of Executive and Non-Executive Directors, which is in conformity with the SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015. The Board consists of 7 Directors as on 31st March 2017. The day-to-day management of the company is carried on by the President & Whole Time Director of the company.

Category	No of Directors
President & Whole Time Director	1
Nominee Directors	2
Non -executive Independent Directors	3
Non -executive Independent Woman Director	1

All Independent Directors possess the requisite qualifications and are very experienced in their own fields and are not liable to retire by rotation. All Nominee Directors except the President & Whole Time Director are liable to retire by rotation. None of the directors are members of more than ten committees or chairman of more than five committees in public limited companies in which they are directors. Necessary disclosures have been obtained from all the directors regarding their directorship and have been taken on record by the Board.

The names of the Directors and the details of other chairmanship / directorship / committee membership of each Director as on 31st March 2017 is given below:

Name of Director	Category	Number of Directorships in other companies		Number of Committee Memberships in other companies	
		Chairman	Member	Chairman	Member
1. Shri A S Rajeev	Nominee of Indian Bank	--	2	--	2
2. Shri T M Nagarajan	Independent Director	--	1	1	--
3. Shri P M Venkatasubramanian	Independent Director	--	5	3	2
4. Shri G R Sundaravadivel	Independent Director	--	1	--	1
5. Smt. ChitraMurali	Independent Director	--	--	--	--
6. Shri M Nagarajan	Nominee of Indian Bank	--	1	--	2
7. Shri A K Bajpai	President & Whole Time Director - Nominee of Indian Bank	--	1	--	1

Notes:

- Other directorships exclude foreign companies, private limited companies and alternate directorships.
- Only membership in Audit Committee and Stakeholders' Relationship Committee have been reckoned as per SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015.

#### b. Board Meetings and Attendance at Board Meetings:

The Board met 4 times during the financial year 2016-2017. The Board of Directors of the Company had met not exceeding with a maximum time gap of one hundred and twenty days.

The relevant details are as under:

S.No	Date	Board Strength	No. of Directors present
1	05.05.2016	7	7
2	06.08.2016	7	6
3	10.11.2016	7	6
4	08.02.2017	7	7

The company places before the Board all those details as required under Part A of Schedule II to the SEBI (LODR), Regulations 2015. The dates for the board meetings are fixed after taking into account the convenience of all the directors and sufficient notice is given to them. Detailed agenda notes are sent to the directors. All the information required for decision making are incorporated in the agenda. Those that cannot be included in the agenda are tabled at the meeting. The President & Whole Time Director appraise the Board on the overall performance of the company at every board meeting. Legal issues, write-offs, provisions, purchase and disposal of capital assets are all brought to the notice of the Board. The Board reviews performance, approves capital expenditures, sets the strategy the company should follow and ensures financial stability. The Board takes on record the actions taken by the company on all its decisions periodically.



**c. Disclosure of relationship between directors inter-se:**

There is no inter-se relationship within the Directors of the company

**d. Attendance of each Director at Board Meetings and at the previous Annual General Meeting (AGM):**

S.No	Name	No.of Board Meetings held	No.of Board Meetings attended	Attended the last AGM as on 24th September 2016
1	Shri A S Rajeev	4	4	Yes
2	Shri T M Nagarajan	4	2	No
3	Shri P M Venkatasubramanian	4	4	Yes
4	Shri G R Sundaravadivel	4	4	No
5	Smt . ChitraMurali	4	4	No
9	Shri V Gopal (upto 06. 08.201 6)	4	1	NA
10	Shri M Nagarajan (from 06.08.2016)	4	3	Yes
11	Shri A K Bajpai	4	4	Yes

**e) Familiarization Programme:**

Pursuant to Regulation 25(7) of the Listing Regulations, all new Independent Directors inducted on the Board are given an orientation. Presentations are made by Executive Director and senior management giving an overview of the Company, operations, finance and other important aspects.

At the time of appointment of an Independent Director, the Company issues a formal letter of appointment outlining his/ her role, function, duties and responsibilities as a Director.

The Independent Directors are updated regularly on changes / developments in the industry scenario to enable them to take well informed and timely decisions.

The induction for Independent Directors include interactive sessions with Executive Committee Members, Business and Functional Heads. On the matters of specialized nature, the Company engages external experts/consultants for presentation and discussion with the Board members. The detailed overview of the familiarization program is available on the Company's website:

**3.AUDIT COMMITTEE**

**a. Reference:**

The audit committee assists the board in the dissemination of financial information and in overseeing the financial and accounting processes in the company. The terms of reference of the audit committee covers all matters specified in Regulation 18 of SEBI (LODR), Regulations 2015 and also those specified in section 177 of the Companies Act 2013. The terms of reference broadly include review of internal audit reports and action taken reports, assessment of the efficacy of the internal control systems/ financial reporting systems and reviewing the adequacy of the financial policies and practices followed by the company. The audit committee reviews the compliance with legal and statutory requirements, the quarterly and annual financial statements and related party transactions and reports its findings to the Board. The audit committee takes note of any default in the payments to creditors and shareholders. The committee also looks into those matters specifically referred to it by the Board.

**b. Composition:**

The audit committee comprised of the following directors for the year ended 31st March 2017:

Name of the Director	Position
Shri T M Nagarajan	Chairman
Shri P M Venkatasubramanian	Member
Shri G R Sundaravadivel	Member
Smt Chitra Murali	Member
Shri M Nagarajan	Member

As on 31st March 2017 the committee comprised of two independent directors and one nominee director. Shri P M Venkatasubramanian, is the Chairman of the committee. Shri G R Sundaravadivel and Shri M Nagarajan are the other members. The Company Secretary is the secretary to the committee.

#### c. Meetings and Attendance

The Committee met 3 times on 05.05.2016, 06.08.2016 and 10.11.2016 during the financial year 2016-17. The details of Members participation at the Meeting of the Committee are as under:

#### Attendance of each Director at Audit Committee Meetings

Name of the Director	Number of audit committee meetings attended
Shri T M Nagarajan	2
Shri P M Venkatasubramanian	4
Shri G R Sundaravadivel	4
Smt Chitra Murali	4
Shri V Gopal (upto 06.08.2016)	1
Shri M Nagarajan (from 06.08.2016)	3

#### 4. NOMINATION AND REMUNERATION COMMITTEE

##### a. Reference :

The Committee was constituted in terms of Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Section 178 of the Companies Act, 2013 it shall include the following

- Formulation of the criteria for determining qualifications of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

This committee recommends the appointment/reappointment of executive directors and the appointments of Key Managerial Personnel (KMP) from the level of CFO and above along with the remuneration to be paid to them. The remuneration is fixed keeping in mind the persons track record, his/her potential individual performance, the market trends and scales prevailing in the similar industry and service regulations relating to the organisation from where KMP is on deputation

##### b. Composition :

The Nomination & Remuneration Committee comprised of the following directors for the year ended 31st March 2017:

Name of the Director	Position
Shri P M Venkatasubramanian	Chairman
Shri G R Sundaravadivel	Member
Shri M Nagarajan	Member

As on 31st March 2017 the committee comprised of two independent directors and one nominee director. Shri P M Venkatasubramanian, is the Chairman of the committee. Shri G R Sundaravadivel and Shri M Nagarajan are the other members. The Company Secretary is the secretary to the committee.

#### c. Meetings and Attendance

The Committee met 3 times on 05.05.2016, 06.08.2016 and 10.11.2016 during the financial year 2016-17. The details of Members participation at the Meeting of the Committee are as under:

Name of the Director	Number of audit committee meetings attended
Shri P M Venkatasubramanian	3
Shri G R Sundaravadivel	3
Shri V Gopal (upto 06.08.2016)	1
Shri M Nagarajan (from 06.08.2016)	2
Shri A K Bajpai (upto 06.08.2016)	1

#### d. Performance evaluation of Independent Directors

The criteria for evaluation of the Independent Directors will be attendance, participation in deliberations, understanding the Company's business and that of the industry and in guiding the Company in decisions affecting the business and additionally based on the roles and responsibilities as specified in Schedule IV of the Companies Act, 2013. The Board carried out evaluation of the performance of the Independent Directors on the basis of the criteria laid down.

### 5. REMUNERATION OF DIRECTORS

#### a. REMUNERATION POLICY:

The Remuneration Policy of the company provides for the following:

1. Criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
2. Determination of remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies,
3. Evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
4. Provision of reward to them linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

#### b. Details of Remuneration to all the Directors

Of the total 7 directors, one is President & Whole Time Director. The 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. The non-executive directors do not draw any remuneration from the company except sitting fees for attending the meetings of the board and the committees.

#### 1. Managerial Remuneration:

Rs.Lakhs

Name	Designation		2016-17	2015-16
Mr. A K Bajpai	President & Whole Time Director	Salary	15.20	3.91
		Contribution to PF	0.91	0.24

#### 2. Details of Sitting Fees paid to Non-Executive Directors during the financial year 2016-2017

Name of the Director	Board Meeting (Rs)	Audit Committee Meeting (Rs)	Nomination & Remuneration Committee Meeting (Rs)	Stakeholders' Relationship Committee Meeting (Rs)	Independent Directors' meeting	Total
Shri T M Nagarajan	16000	12000	--	--	6000	34000
Shri P M Venkatasubramanian	32000	24000	12000	--	6000	74000
Shri G R Sundaravadivel	32000	24000	12000	--	6000	74000
Smt. Chitra Murali	32000	24000	--	15000	6000	77000
Total	112000	84000	24000	15000	24000	259000

There were no pecuniary relationship or transactions of the non-executive directors vis-à-vis the company during the Financial Year ended 31<sup>st</sup> March, 2017.

### 3. CRITERIA FOR MAKING PAYMENTS TO NON- EXECUTIVE DIRECTORS:

A Non-Executive Director shall be entitled to receive only sitting fees for each meeting of the Board or Committee of the Board attended by him/her, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

#### c. Details of shareholding of Directors as on 31st March 2017

As on 31st March 2017 none of the Directors of the company hold equity shares in the company.

**Note:** The Company has not issued any stock options to any of the directors.

### 6. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The Committee looks into redressal of grievances of the investors and the functions of the Committee include the following:

- 1 Approval of share transfers & share transmission/share transposition.
- 2 Issue of duplicate share certificates
- 3 Issue of share certificates for split
- 4 Rematerialization and consolidation of shares
- 5 Redressal of shareholders/ stake holders grievances

#### The Stakeholders' Relationship Committee comprised of the following directors for the year ended 31st March 2017:

Smt. Chitra Murali, non-executive director is the Chairperson of the committee. Shri M Nagarajan and Shri A K Bajpai are the other members of the committee.

The committee met regularly to approve share transfers, transmissions, issue of duplicate share certificates, rematerialisation of shares and all other issues pertaining to shares and also to redress investor grievances like non receipt of dividend warrants, non-receipt of share certificates, etc. The committee regularly reviews the movement in shareholding and ownership structure. The committee also reviews the performance of the Registrar and Share Transfer Agents. The committee met 18 times during the year 2016-2017. The committee approved the transfer of 1700 shares in physical form.

#### Complaints received and redressed during the year 2016-2017

S.No.	Nature of Complaints	Number of Complaints
1	Regarding annual report	Nil
2	Revalidation of dividend warrant	Nil
3	Issue of duplicate share certificate	Nil
4	Issue of duplicate dividend warrant	Nil
5	Procedure for transmission	Nil
6	General queries	Nil
7	Non receipt of refund order	Nil
8	Non receipt of dividend	Nil
9	Correction in share certificate	Nil
10	Change of address	Nil
11	Unclaimed dividend	Nil
12	Correction in dividend cheque	Nil
13	Sending physical copy of Annual Report	2
	Total	2

All the requests and complaints received from the shareholders were attended to within the stipulated time and nothing was pending for disposal at the end of the year. Shri K S Sujay, Vice President & CFO is the compliance officer of the Company.

### 7. MEETING OF INDEPENDENT DIRECTORS:

The Independent Directors of the Company had met during the year on 08.02.2017 to review the performance of non-Independent Directors and the Board as a whole, to review the performance of the President & Whole Time Director of the Company and had accessed the quality, quantity and timeliness of flow of information between the company management and the Board.

### 8. ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETING

a. The details of the Annual General Meetings / Extraordinary General Meeting held in the last three years are as follows:

Venue	Financial Year	Date & Time
"IMAGE" M.R.C Nagar, R A Puram, Santhome, Chennai – 600 028	2013-2014	27 <sup>th</sup> September, 2014 at 11 a.m.
	2014-2015	26 <sup>th</sup> September, 2015 at 11 a.m.
	2015-2016	24 <sup>th</sup> September, 2016 at 11 a.m.

b. The details of special resolutions passed in AGM/EGM in the last 3 years are as follows:

AGM/EGM	Subject
27 <sup>th</sup> AGM held on 24.09.2016	No special resolution was passed at the AGM
26 <sup>th</sup> AGM held on 26.09.2015	No special resolution was passed at the AGM
25 <sup>th</sup> AGM held on 27.09.2014	1. To consider delisting of shares from the BSE Ltd. 2. Borrowing Limits of the Company 3. Creation of Mortgage/ Charge on the movable and immovable properties of the Company

**c.E-Voting/Poll: (Details of E-voting/Poll carried out at AGM/EGM)**

No items were approved by the shareholders of the company through special resolutions through Postal Ballot for the year 2015-16.

**Note:** Special Resolution was approved by the shareholders through e-voting in the year 2013-14 for delisting of shares of the company from Bombay Stock Exchange Limited.

**9. MEANS OF COMMUNICATION**

- Quarterly / half yearly results are disclosed to Stock Exchanges and also published in daily newspapers viz., News Today (English) and Malai Sudar (Vernacular).
- The company's website address is: [www.indbankonline.com](http://www.indbankonline.com). The website contains basic information about the company and such other details as required under SEBI (LODR) Regulations, 2015. The company ensures periodical updation of its website. The company has designated the email-id [investors@indbankonline.com](mailto:investors@indbankonline.com) to enable the shareholders to register their grievances.
- The Company provides information to the stock exchanges as per the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- No presentations were made to institutional investors / analysts

**10. GENERAL INFORMATION TO SHAREHOLDERS**

**a. Annual General Meeting**

Date and time:	16 <sup>th</sup> September 2017 at 11.00A.M
Venue :	IMAGE, MRC Nagar, Chennai 600028
Book Closure Date :	10.09.2017 to 16.09.2017 (both days inclusive)
Financial Year :	1st April 2016 to 31st March 2017

**b. Board Meetings during the Financial Calendar 2017-2018 (tentative)**

1 <sup>st</sup> Quarter	In the first week of August 2017
2 <sup>nd</sup> Quarter	In the first week of November 2017
3 <sup>rd</sup> Quarter	In the first week of February 2018
4 <sup>th</sup> Quarter	In the second week of May 2018

**c.Particulars of Dividend for the year ended 31.03.2017 – Nil**

**d.Listing of Shares**

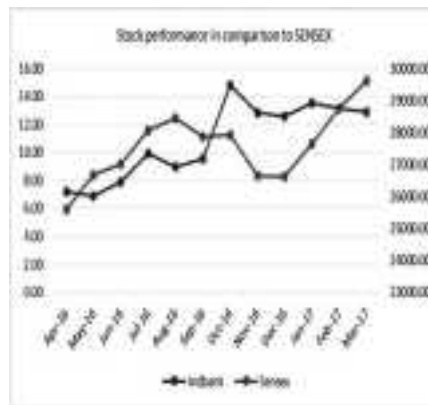
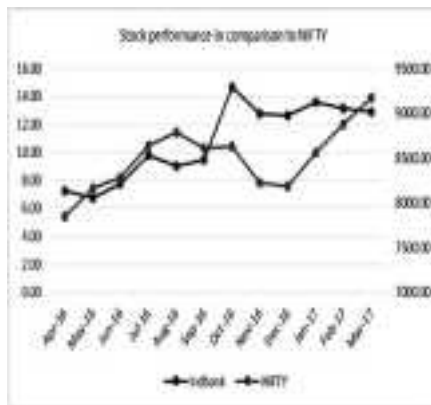
The company's shares are listed in Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited(NSE). The Listing fees for the financial year 2017-18 have been paid to Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE)where the company's shares are listed.

Name of the Stock Exchange	Address	Scrip Code/Stock Symbol
Bombay Stock Exchange Limited	Phiroze Jeejeebhoy Towers , Dalal Street, Fort, Mumbai – 400 001	511473

National Stock Exchange of India Limited	Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	INDBANK
--	---	---------

#### e. Stock Market Data

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 2016	8.40	7.00	8.15	6.85	26100.54	24523.20	7992.00	7516.85
May 2016	7.75	6.30	7.70	6.25	26837.20	25057.93	8213.60	7678.35
June 2016	8.10	6.35	8.35	6.40	27105.41	25911.33	8308.15	7927.05
July 2016	10.70	7.80	10.80	7.65	28240.20	27034.14	8674.70	8287.55
August 2016	10.30	8.80	10.40	8.75	28532.25	27627.97	8819.20	8518.15
September 2016	11.96	8.86	12.00	8.75	29077.28	27716.78	8968.70	8555.20
October 2016	15.60	9.53	15.75	9.60	28477.65	27488.30	8806.95	8506.15
November 2016	15.03	10.85	15.00	10.80	28029.80	25717.93	8669.60	7916.40
December 2016	14.80	12.11	15.00	12.05	26803.76	25753.74	8274.95	7893.80
January 2017	16.25	12.46	16.30	12.50	27980.39	26447.06	8672.70	8133.80
February 2017	14.65	12.66	14.70	12.75	29065.31	27590.10	8982.15	8537.50
March 2017	13.70	12.00	13.70	12.05	29824.62	28716.21	9218.40	8860.10



#### f. Registrar and Share Transfer Agents

**M/s Cameo Corporate Services Limited**, having its registered office at "Subramaniam Building" No.1, Club House Road, Chennai – 600002 are the Registrars for the demat segment and also the share transfer agents of the company, to whom communications regarding share transfer and dematerialization requests must be addressed. All matters connected with share transfer, transmission, dividend payment is handled by the share transfer agent. Share transfers are processed within 15 days of lodgement. A practising Company Secretary certifies on a quarterly basis the timely dematerialization of shares of the company.

### g. Shareholding Pattern as on 31<sup>st</sup> March 2017

	Category	No. of Folios	No. of shares held in physical form	No. of Shares held in demat	Total No. of shares held	% of shareholding
<b>A</b>	<b>Promoters holding</b>					
	Promoters					
1	-Indian Promoters – Indian Bank	1	--	28773800	28773800	64.84
	-Foreign Promoters	--	--	--	--	--
2	Person acting in concert	--	--	--	--	--
	Sub-total	1	--	28773800	28773800	64.84
<b>B</b>	<b>Non-Promoters holding</b>					
	Institutional Investors					
	A Mutual funds and UTI	10	96900		96900	0.22
	B Banks, financial institutions, insurance companies (Central/State Government institutions/Non Government institutions)	4	1300	43700	45000	0.10
	C FIIs	1	2700		2700	0.01
	Sub-total	15	100900	43700	144600	0.33
<b>C</b>	<b>Others</b>					
	A Private Corporate Bodies	336	145000	1587927	1732927	3.90
	B Indian Public	42448	2814732	10137726	12952458	29.19
	C NRIs/OCBs	103	0	426161	426161	0.96
	D Clearing Member and others	320	1	348253	348254	0.78
	Sub-total	43207	2959733	12500067	15459800	34.83
	Grand Total	43223	3060633	41317567	44378200	100.00

### h. Distribution of Shareholding as on 31<sup>st</sup> March 2017

Number of Equity Shares held	Number of Share holders	Number of Shares	% of Capital
Up to 500	40025	4933729	11.12
501 -1000	1526	1340063	3.02
1001 -2000	749	1197578	2.70
2001 -3000	304	793887	1.79
3001 -4000	131	475795	1.07
4001 -5000	141	671242	1.51
5001 -10000	186	1392006	3.14
10001 AND ABOVE	161	33573900	75.65
Total	43223	44378200	100.00

### I. Dematerialization of Shares and Liquidity:

A total number of 41317567 equity shares representing 93.10% of the paid up equity capital have been dematerialized as on 31st March 2017.

### j. Address for Correspondence

To contact Registrars & Share Transfer Agents for matters relating to shares	M/s Cameo Corporate Services Ltd, "Subramaniam Building" No 1, Club House Road, Chennai – 600002. Email : investor@cameoindia.com
--	---



For any other general matters or in case of any difficulties / grievance	Mr.K.S.Sujay Vice President/CFO and Compliance Officer Tel : 91 -94457 9710 7 Fax : 044 24313093 E-mail : sujay@indbankonline.com
--	---

**k. Information in respect of unclaimed dividends / shares due for remittance / transfer into Investor Education and Protection Fund (IEPF) is given below:**

Under the provisions of the Companies Act, 2013 dividends that remain unclaimed for a period of seven years from the date of declaration are required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. There is no unclaimed dividend as on March 31, 2016 remaining to be transferred to Investor Education and Protection Fund (IEPF).

Since the Company has already transferred the unclaimed dividends of the shareholders due for the financial years 2007-08 and 2008-09 after 7 years from the date of declaration of the same, to IEPF on their respective dues dates as per the Companies Act, 2013, all shares in respect of these shareholders are liable to be transferred to IEPF Suspense account Pursuant to Section 124 (6) of the Companies Act, 2013 read with the provisions of the Investors Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 notified by the Ministry of Corporate Affairs effective from February 28, 2017. Accordingly the company has well in advance informed the shareholders before transferring their shares to IEPF suspense account.

It is informed to the shareholders that they can claim both the unclaimed dividends and the shares transferred to IEPF / IEPF Suspense Account including all benefits accruing on such shares, if any, by making an application in IEPF-5 as prescribed under the Rules.

**l. Request to Investors**

Shareholders are requested to follow the general safeguards/procedures as detailed hereunder in order to avoid risks while dealing in the securities of the company.

- 1 Shareholders are requested to convert their physical holding to demat/electronic form through any of the DPs to avoid any possibility of loss, mutilation etc., of physical share certificates and also to ensure safe and speedy transaction in securities.
- 1 Shareholders holding shares in physical form, should communicate the change of address, if any, directly to the Registrars and Share Transfer Agent of the company.
- 1 It has become mandatory for transferees to furnish a copy of Permanent Account Number for registration of transfer of shares held in physical mode.
- 1 Shareholders holding shares in physical form who have not availed nomination facility and would like to do so are requested to avail the same, by submitting the nomination in Form 2B. The form will be made available on request. Those holding shares in electronic form are advised to contact their DPs.
- 1 As required by SEBI, it is advised that the shareholders furnish details of their bank account number and name and address of their bank for incorporating the same in the dividend warrants. This would avoid wrong credits being obtained by unauthorized persons.
- 1 Shareholders holding shares in electronic form are requested to deal only with their Depository Participant in respect of change of address, nomination facility and furnishing bank account number, etc

**11. OTHER DISCLOSURES**

- a. There have been no related party transactions with the company's promoters, directors, the management or relatives which may have potential conflict with the interests of the company at large. However there is an arrangement of overdraft against own deposits of the company with Indian Bank to meet the requirement of its operations in normal course of business. The necessary disclosures regarding this arrangement is given in the notes to accounts.
- b. There have been no instances of non-compliance by the company on any matters related to the capital markets, nor have any penalty/strictures been imposed on the company by the Stock Exchanges or SEBI or any other statutory authority on such matters.
- c. The company has an established mechanism for Directors / Employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of directors/ employees who avail of the mechanism. The key directions/actions will be informed to the President & Whole Time Director of the Company. No personnel have been denied access to the chairman of the Audit Committee to report genuine concerns. The same is available in the company's website address [www.indbankonline.com](http://www.indbankonline.com)

- d. The Company has complied with the mandatory requirements of Corporate Governance prescribed in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- e. The company does not have any subsidiary.
- f. Policy on dealing with related parties is displayed on the Companies website: <http://corporate.indbankonline.com/PolicyonRelatedPartyTransactions2015.pdf>
- g. The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 regarding Board of Directors, Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee etc., and clauses (b) to (i) of sub – regulation (2) of Regulation 46

**12. DISCRETIONARY REQUIREMENTS AS SPECIFIED IN PART E OF SCHEDULE II OF SEBI [LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS] REGULATIONS, 2015:**

- a. Office for Non-Executive Chairman at company's expense: Not Applicable
- b. Half-yearly declaration of financial performance including summary of the significant events in last six-months to each household of shareholders:  
The Company's quarterly and half yearly results are published in the newspapers and also uploaded on its website [www.indbankonline.com](http://www.indbankonline.com) and in stock exchange websites namely [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com). Therefore, no individual communications are sent to the shareholders in this regard.
- c. Modified opinion(s) in audit report: The Auditors of the Company have issued an unmodified report on financial statements for FY 2016-2017
- d. Separate posts of Chairman & Chief Executive Officer: Complied
- e. Reporting of Internal Auditors directly to the Audit Committee: Complied

**13. CODE OF CONDUCT**

The standards for business conduct provide that the directors and the senior management will uphold ethical values and legal standards as the company pursues its objectives, and that honesty and personal integrity will not be compromised under any circumstances. A copy of the said code of conduct is available on the website [www.indbankonline.com](http://www.indbankonline.com). As provided under SEBI (LODR), Regulations 2015 with the stock exchanges, the Board members and senior management personnel have affirmed compliance with the code of conduct for the financial year 2016-2017.

**14. CEO / CFO CERTIFICATION**

Shri. A K Bajpai, President & Whole Time Director and Shri. K S Sujay, Chief Financial Officer have certified to the Board regarding the financial statements for the period ended 31st March, 2017 in accordance with Regulation 17(8) read with Part B of Schedule II of SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015.

**15. AUDITOR'S CERTIFICATION ON CORPORATE GOVERNANCE**

The Company has obtained a Certificate from the Auditors of the Company regarding compliance with the provisions relating to Corporate Governance prescribed by SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

**16. DECLARATION**

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Board of Directors and select employees have confirmed Compliance with the Code of Conduct

**DECLARATION BY PRESIDENT & WHOLE TIME DIRECTOR ON CODE OF CONDUCT UNDER SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS), REGULATIONS, 2015**

To

The Members

I, hereby declare that to the best of my knowledge and information, all the Board Members and Senior Management Personnel have affirmed compliance with the code of conduct for the year ended March 31, 2017.

Place: Chennai  
Date: 31.03.2017

**FOR INDBANK MERCHANT BANKING SERVICES LTD.**  
Sd/-  
President & Whole Time Director

---

**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 31<sup>st</sup> March 2017 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges, with the relevant records and documents maintained by the Company and furnished to us and the Report on Corporate Governance as approved by the Board of Directors.

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

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

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

Place : Chennai - 83.  
Date : 24-05-2017

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

sd/-  
**(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), Metropolitan Stock Exchange of India (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.1170.38 lakhs as against Rs.939.42 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. 6091.17 crores during the year. Your company also provides Depository services to Institutions and retail customers and has 45512 accounts under DP operations and 25444 accounts under broking operations.

### **Opportunities and Threats**

#### **Opportunities**

The Indian economy currently stands at a strong footing with the interest rate rolling downwards, key macro variables like Current account deficit and Fiscal deficit mostly under control and the Government's continued push for reforms and ease of doing business. Large numbers of companies are looking at the market for raising funds through public issue. IPOs are gaining pace and widening of the Indian capital market has given boost to the secondary market and vice versa which increases the scope for stock brokers.

#### **Threats**

The Stock broking industry is facing huge competition from Discount Brokerage Houses who are offering zero brokerage and margin funding services and by doing so have made their presence felt in the industry within a short span of 2-3 years of their existence.

### **Segment-wise or product-wise performance**

1. Due to favorable stock broking climate and increase in the volume of business in Stock broking activities, the fee based income from stock broking operations has increased by 33.66% to Rs.791.91 lakhs as on 31.03.2017 from Rs.583.75 lakhs for the previous year ended 31.03.2016.
2. Income from DP operations has decreased by 18.34% to Rs.103.89 lakhs as on 31.03.2017 from Rs.122.94 lakhs for the previous year ended 31.03.2016 due to compulsory conversion of normal demat accounts to BSDA accounts for which the value of holdings is less than Rs.50000 and only Rs.100/- AMC per year to be charged for all demat accounts for which the value of holdings is between Rs.50000 and Rs.2 lakhs as per SEBI regulations.
3. Income under Merchant Banking and Mutual Fund has increased by 98.94% to Rs.24.41 lakhs as on 31.03.2017 from Rs.12.27 lakhs for the previous year ended 31.03.2016 due to handling of more number of assignments under Merchant banking and higher income from distribution of Mutual Fund products.
4. Income from discontinued fund based operations has increased to Rs.97.92 lakhs as on 31.03.2017 from Rs.22.53 lakhs upto the previous year ended 31.03.2016 mainly due to recovery from fund based account under Bought out Deals even after making mark to market provision of Rs.8.13 lakhs towards the depreciation in investment portfolio.

### **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 5 Officers on deputation from Indian Bank and 84 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 BSE and National Stock Exchange. There is no change in share capital of the company during the year.

#### **Reserves & Surplus**

The accumulated profits of the pervious years has been carried over to the reserves and the Reserves & surplus stands at Rs.997.76 lakhs as on 31.03.2017.

#### **Current Liabilities**

The current liabilities have increased from Rs.810.09 lakhs to Rs.966.95 lakhs mainly in view of increase in amount payable to trading clients under Broking compared to previous year. The provision for leave encashment have increased from Rs.56.22 lakhs to Rs.59.62 lakhs on account of additional provisions made for encashment of leave on actuarial valuation as at the end of the year.

#### **Fixed Assets**

Fixed assets have decreased by Rs.45.32 lakhs in view of 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.2087.84 lakhs as on 31.03.2016 to Rs.1421.45 lakhs as on 31.03.2017 due to disinvestments under quoted and unquoted shares, sale under buy back offer under BOD account and write off of investments under some unquoted and Bought Out Deal investments. Net investments after adjusting provisions have decreased in view of fall in the market price of quoted shares necessitating additional provisions in the value of the investments. The market value of quoted investments (cost - Rs.544.45 lakhs) of the company as on 31.03.2017 was Rs.91 lakhs compared to Rs.100.42 lakhs as on 31.03.2016.

#### **Deferred Tax Assets**

During the year the company has not made any provision for deferred tax liability in the profit and loss account in view of creation of Deferred tax asset to the extent of Rs.176990 for the year 2016-17 which is not considered in the accounts. Accordingly, the Net Deferred Tax Assets stands at Rs.421.70 lakhs in the current year.

#### **Current Assets**

The current assets have increased from Rs.4568.36 lakhs as on 31.03.2016 to Rs.5398.88 lakhs as on 31.03.2017 in view of the increase in trade receivables consequent upon the corresponding increase in current liabilities discussed above.

#### **Revenue from Operations**

Merchant Banking income has increased from Rs.12.27 lakhs in 2015-16 to Rs.24.41 lakhs in 2016-17 in view of undertaking more number of /assignments on Merchant Banking and higher income from distribution of Mutual Fund products.

Stock Broking / DP income has increased from Rs.706.69 lakhs in 2015-16 to Rs.895.81 lakhs in 2016-17 in view of Increase in stock broking income due to favourable stock broking climate and increase in the volume of business in Stock broking activities. Other income has increased in view of interest earned from fixed deposits and rental income consequent to better cash management.

The company has earned a profit of Rs.97.92 lakhs in the current year from discontinued operations as against a profit of Rs.22.53 lakhs in the previous year mainly due to recovery on OTS settlements from fund based discontinued operations and sale / write of investments under unquoted and Bought Out Deal investments.

#### **Expenses**

Employee benefit expenses have increased from Rs.368.38 lakhs in the previous year to Rs.376.68 lakhs in the current year mainly due to increase in DA payable and absorption of 11 employees on contract in the rolls of the company during the year. Depreciation and amortization expenses has decreased from Rs.60 lakhs in the previous year to Rs.52.81 lakhs in the current year. Other expenses have decreased from Rs.199.19 lakhs to Rs.194.30 lakhs due to cost control measures initiated which are yielding results. Provisions for NPAs (Net) have decreased from Rs.5.95 lakhs in the previous year to reversal of provisions of Rs.2.01 lakhs in the current year, due to better recovery in DP/Trading dues.

**Financial Results**
**Rs.Lakhs**

	Particulars	2016-17	2015-16
I	Revenue from Operations	920.21	718.96
II	Other Income	250.17	218.56
	Interest on Income tax refund due	0.00	1.90
III	Total Revenue	1170.38	939.42
IV	EXPENSES		
	Employee Benefit expenses	376.68	368.38
	Depreciation & Amortization expenses	52.81	60.00
	Finance Cost	80.70	11.39
	Other Expenses	194.30	199.19
	Bad debts written off	0.00	98.28
	Total expenses	704.49	737.24
	Profit Before Provisions , prior period adjustments and Tax	465.89	202.18
	Provisions made	1.26	6.24
	Reversal of Provisions	(3.27)	(98.57)
V	Profit Before prior period adjustments and Tax	467.90	294.51
VI	Prior Period adjustments	5.86	3.25
VII	Profit Before Tax	462.04	291.26
VIII	Tax Expenses - Current	0.00	0.00
	- Deferred	0.00	11.36
	- Prior years	29.01	26.91
IX	PROFIT/(LOSS) for the period from continuing operations	433.03	252.99
X	PROFIT/(LOSS) for the period from discontinuing operations	97.92	22.53
XI	Tax expenses of discontinuing operations	0.00	0.00
XII	PROFIT/(LOSS) from discontinuing operations after tax	97.92	22.53
XIII	PROFIT/(LOSS) for the period	530.95	275.52
XIV	Add: Balance brought forward from Previous Year	466.81	191.29
XV	Balance carried to Balance Sheet	997.76	466.81
XVI	Earnings Per Share - Basic & Diluted (Rs.)	1.20	0.62

**Outlook**

Your company will continue to focus its efforts to increase its activities under fee-based business in addition to concentrating on recovery of overdue and reduction of Non Performing Assets, disinvestment of quoted and unquoted investments. Your company's involved management network, satisfied clientele, quality manpower, profitable expansion 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 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENT OF INDBANK MERCHANT BANKING SERVICES LIMITED, CHENNAI FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

The preparation of financial statements of **Indbank Merchant Banking Services Limited, Chennai** for the year ended 31<sup>st</sup> March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of Act. This is stated to have been done by them vide their Audit Report dated 24.05.2017.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statement of Indbank Merchant Banking Services Limited, Chennai for the year 31 March 2017 under Section 143(6)(a) of the Act.

**For and on the behalf of the  
Comptroller & Auditor General of India**

**(G SUDHARMINI)**

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT  
AND EX-OFFICIO MEMBER AUDIT BOARD

Place: Chennai  
Date:30.06.2017

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF INDBANK MERCHANT BANKING SERVICES LIMITED Chennai 600 035**

#### **Report on the Financial Statements**

- 1) We have audited the accompanying financial statements of **M/s. INDBANK MERCHANT BANKING SERVICES LIMITED**, which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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;

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b) In the case of the Statement of Profit and Loss, of the PROFIT for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



#### Emphasis of Matter

- a) We draw attention to Note No.19, under Income from discontinuing operations up to the year ended 31.03.2017, investments in shares of various companies (Unquoted/Unlisted/ Non-Trade/ Shares/Bought Out Deals), Rs.428.53 lakhs which has been written off from the books and income from reversal of provisions no longer required on Investments amounting to Rs.580.51 lakhs consequent to sale and write-off of investments in the year 2016-17

Our Opinion is not qualified in respect of above.

#### Report on other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of the section 143 of the Act, we give in the *Annex-1a* statement on the matters specified in paragraphs 3 and 4 of the Order.
- (2) As required by section 143(5), we have included in *Annex-2*, a statement on the matters specified in the Directions issued by The Comptroller and Auditor General Of India, and in our opinion, no action is required to be taken thereon and there is no impact on the accounts and Financial Statements of the Company.
- (3) As required by section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) the Balance Sheet, the 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on 31 March, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the Operating effectiveness of such controls, refer to our separate Report in *Annexe-3*. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters included in the Auditor's Report and to our best of our information and according to the explanations given to us :-
- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28 to the notes of financial statements.
- (ii) The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
- (iii) There are no amount which are required to be transferred to the Investor Education and Protection Fund by the Company.
- (iv) The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note No. 30 to the financial statements.

Place : Chennai – 83.  
Date : 24.05.2017

For M/s. A V DEVEN & Co.,  
Chartered Accountants,  
(Firm Reg. No.000726S)  
sd/-  
(CA. R. Raghuraman)  
Partner  
(M. No.201760)

**ANNEXURE- 1 REFERRED TO IN OUR REPORT OF EVEN DATE**

With reference to the Annex-1 referred to in paragraph 1 of the Auditors' Report of even date to the Members of the **M/s. Indbank Merchant Banking Services Ltd** on the accounts for the year ended **31<sup>st</sup> March 2017**, we report that:

Sl.No.	Particulars	Auditor's Remark
(i)	(a) Whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;	The company is maintaining proper records of books for fixed asset.
	(b) Whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account;	It has been reported to us that the fixed assets have been physically verified by the management on a yearly basis. No materials discrepancies were noticed on verification.
	(c) Whether title deeds of immovable property are held in name of the company. If not, provide the details thereof.	Title deeds of immovable property of the company are held in name of the company.
(ii)	Whether physical verification of inventory has been conducted at reasonable intervals by the management and whether any material discrepancies were noticed and if so, whether they have properly dealt with in the books of accounts;	Not Applicable.
(iii)	Whether the company has granted any loans, secured or unsecured to companies, firms, limited liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act. If so,	No, the company has not given loans to any other company, firms or other parties covered in the register.
	(a) Whether the terms and conditions of grant of such loans are not prejudicial to the company's interest;	Not Applicable.
	(b) whether the schedule of repayment of principal and payment of interest has been stipulated and whether therepayments or receipts are regular;	Not Applicable.
	(c) if the amount is overdue, state the total amount overdue for more than ninety days, and whether reasonable steps have been taken by the company for recovery of the principal and interest;	Not Applicable.
(iv)	In respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof.	The company has not granted loans and guarantee to any director or any other person.
(v)	In case, the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, where applicable, have been complied with? If not, the nature of such contraventions be stated: If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not?	No, the company has not accepted any deposits from the public.
(vi)	Whether maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act,	As informed to us, the Central Government has not prescribed maintenance of cost records by the

	2013 and whether such accounts and records have been so made and maintained.	Region under section 128 of the Companies Act, 2013 in respect of the business of the Region.												
(vii)	(a) Whether the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of eAxcise, value added tax, cess and any other statutory dues to the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated;	According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Services Tax and Cess to the extent applicable have been regularly deposited, ESI, Excise Duty, Customs and Cess are not applicable to this company. According to the information and explanation given to us were no outstanding statutory dues as on March 2017 for a period of more than six months from the date they become payable.												
	(b) Where dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned. (A mere representation to the concerned Department shall not be treated as a dispute).	<table border="1"> <thead> <tr> <th>Assessment Year</th> <th>Demand (in lakhs)</th> </tr> </thead> <tbody> <tr> <td>1992-93</td> <td>115.02</td> </tr> <tr> <td>1998-99</td> <td>32.13</td> </tr> <tr> <td>2007-08</td> <td>617.47</td> </tr> <tr> <td>2008-09</td> <td>1129.05</td> </tr> <tr> <td>2009-10</td> <td>72.23</td> </tr> </tbody> </table>	Assessment Year	Demand (in lakhs)	1992-93	115.02	1998-99	32.13	2007-08	617.47	2008-09	1129.05	2009-10	72.23
Assessment Year	Demand (in lakhs)													
1992-93	115.02													
1998-99	32.13													
2007-08	617.47													
2008-09	1129.05													
2009-10	72.23													
(viii)	Whether the company has defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders? If yes, the period and the amount of default to be reported (in case of default to banks, financial institutions, and Government, lender wise details to be provided).	Based on our audit procedures and on the explanation and information given by the management the company has not availed any loans from any financial institution or bank or debentures.												
(ix)	Whether moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised. If not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported;	The company has not made any public offer or obtained term loan during the year under review.												
(x)	Whether any fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated;	Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.												
(xi)	Whether managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act? If not, state the amount involved and steps taken by the company for securing refund of the same;	The managerial remuneration paid are in accordance with the requisite with the provisions of section 197 read with Schedule V to the Companies Act.												
(xii)	Whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1: 20 to meet out the liability and whether the Nidhi Company is maintaining ten per cent unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability;	Not Applicable												

(xiii)	Whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;	We have not come across any instances of transactions with related parties.
(xiv)	Whether the company has made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and if so, as to whether the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. If not, provide the details in respect of the amount involved and nature of non-compliance;	The company has not made any preferential allotment or private placement of shares or fully or partly convertible debenture during the year under review.
(xv)	Whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act, 2013 have been complied with;	We have not come across any instances where the company has entered into any non-cash transactions with directors or persons connected with him.
(xvi)	Whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and if so, whether the registration has been obtained.	The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934

Place : Chennai – 83.  
Date : 24.05.2017

For M/s. A V DEVEN & Co.,  
Chartered Accountants,  
(Firm Reg. No.000726S)  
sd/-  
(CA. R. Raghuraman)  
Partner  
(M. No.201760)

**ANNEXURE- 2 REFERRED TO IN OUR REPORT OF EVEN DATE  
STATUTORY AUDITOR'S REPORT  
FOR DIRECTIONS ISSUED BY THE COMPTROLLER AND AUDITOR GENERAL  
OF INDIA UNDER SECTION 143 (5) OF COMPANIES ACT, 2013.  
RE: INDBANK MERCHANT BANKING SERVICES LIMITED, CHENNAI-35.**

We are giving below replies to the following questions and information as required under Section 143 (5) of Companies Act, 2013. Our replies are based on the basis of our examination & explanations given to us during the course of Statutory Audit of **M/S INDBANK MERCHANT BANKING SERVICES LIMITED** for the financial year **2016-17**.

- Whether the Company has clear title / lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/ lease deeds are not available.  
**Since the Company has neither freehold nor leasehold land, it is not applicable.**
- Please report whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons therefore and the amount involved.  
**Investments to the tune of Rs.4,28,53,810/- in shares of various companies (Unquoted/Unlisted/ Non-Trade/ Shares/Bought Out Deals) diminution of which had already been provided for in the books, have now been written off as the said companies are reported to have become either liquidated/dormant or struck off.**
- Whether proper records are maintained for inventories lying with third parties and assets received as gift from government or other authorities.  
**Not Applicable.**

Place : Chennai – 83.  
Date : 24.05.2017

For M/s. A V DEVEN & Co.,  
Chartered Accountants,  
(Firm Reg. No.000726S)  
sd/-  
(CA. R. Raghuraman)  
Partner  
(M. No.201760)

### **ANNEXURE-3 REFERRED TO IN OUR REPORT OF EVEN DATE**

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

We have audited the internal financial controls over financial reporting of **M/s. INDBANK MERCHANT BANKING SERVICES LIMITED** as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Chennai – 83.  
Date : 24.05.2017

**For M/s. A V DEVEN & Co.,  
Chartered Accountants,  
(Firm Reg. No.000726S)  
sd/-  
(CA. R. Raghuraman)  
Partner  
(M. No.201760)**

**BALANCE SHEET AS AT 31st March 2017**

	Particulars	Note No.		As at 31-Mar-17 Rs.	As at 31-Mar-16 Rs.
<b>I</b>	<b><u>EQUITY AND LIABILITIES</u></b>				
(1)	<u>Shareholders' Funds</u>				
(a)	Share Capital	1	44,37,82,000	44,37,82,000	
(b)	Reserves & Surplus	2	9,97,76,074	54,35,58,074	49,04,63,070
(2)	<u>Current Liabilities</u>				
(a)	Other Current Liabilities	3	9,66,94,679		8,10,09,429
(b)	Short Term Provisions		59,62,438	102,657,117	56,21,824
	<b>Total</b>			<b>64,62,15,191</b>	<b>57,70,94,323</b>
<b>II</b>	<b><u>ASSETS</u></b>				
	<u>Noncurrent Assets</u>				
(1)	<u>Fixed Assets:</u>				
(a)	Fixed Assets - Tangible assets	4	4,04,57,694		4,49,08,323
(b)	Fixed Assets - Intangible assets		2,91,392		3,72,343
(c)	Non current Investments	5	2,10,07,484		3,04,07,594
(d)	Deferred Tax Assets (Net)	6	4,21,70,192	10,39,26,762	4,21,70,192
(2)	<u>Current Assets</u>				
	Trade Receivables	7	9,22,14,454		7,43,29,516
	Cash and Cash equivalents	8	27,44,70,351		21,54,56,292
	Short term Loans & Advances	9	15,58,02,771		15,86,24,204
	Interest accrued on Fixed Deposits		1,72,91,513		82,85,698
	Other Current Assets	10	1,09,340	53,98,88,429	1,40,161
(3)	<u>Assets under Discontinuing Operations</u>	11		24,00,000	24,00,000
	<b>Total</b>			<b>64,62,15,191</b>	<b>57,70,94,323</b>

A S Rajeev  
Director

T M Nagarajan  
Director

P M Venkatasubramanian  
Director

G R Sundaravadivel  
Director

Chitra Murali  
Director

M Nagarajan  
Director

A K Bajpai  
President & Whole Time Director

K S Sujay  
Chief Financial Officer

S S Deepthi  
Company Secretary

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)

Place: Chennai  
Date : 24.05.2017

**STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2017**

	Particulars	Note No.	Year ended 31-Mar-17 Rs.	Year ended 31-Mar-16 Rs.
	<b>INCOME</b>			
I	Revenue from Operations	12	9,20,21,426	7,18,95,825
II	Other Income		2,50,17,022	2,18,55,487
	Interest on income tax refund due		0	1,90,256
III	Total Revenue		<b>11,70,38,448</b>	<b>9,39,41,568</b>
	<b>EXPENSES</b>			
IV	Employee Benefit expenses	13	3,76,68,475	3,68,38,191
	Depreciation & Amortization expenses	4	52,81,139	59,99,715
	Finance Cost	14	80,70,164	11,38,549
	Other Expenses	15	1,94,29,709	1,99,19,147
	Interest on excess IT refund		0	0
	Bad debts written off		0	98,27,666
	Total expenses		7,04,49,487	7,37,23,268
V	Profit Before Provisions, Exceptional and Extraordinary items and Tax		4,65,88,961	2,02,18,300
	Provisions made	16	1,25,410	6,23,760
	Reversal of Provisions	16	(3,26,801)	(98,56,409)
VI	Profit Before Exceptional and Extraordinary items and Tax		4,67,90,352	2,94,50,949
VII	Exceptional Item		0	0
VIII	Prior period Adjustments	17	5,85,785	3,24,731
IX	Profit Before Extraordinary Items and Tax		4,62,04,567	2,91,26,218
X	Extraordinary Items		0	0
XI	PROFIT/(LOSS) BEFORE TAX		4,62,04,567	2,91,26,218
XII	Tax Expenses - Current		0	0
	- Deferred		0	11,36,699
	-Prior years	18	29,01,330	26,90,847
XIII	PROFIT/(LOSS) for the period from continuing operations		4,33,03,237	2,52,98,672
XIV	PROFIT/(LOSS) for the period from discontinuing operations	19	97,91,767	22,53,380
XV	Tax expenses of discontinuing operations		0	0
XVI	PROFIT/(LOSS) from discontinuing operations after tax		97,91,767	22,53,380
XVII	PROFIT/(LOSS) for the period		5,30,95,004	2,75,52,052
XVIII	Add: Balance brought forward from Previous Year		4,66,81,070	1,91,29,018
XIX	Less: Transferred from General Reserves		0	0
XX	Balance carried to Balance Sheet		9,97,76,074	4,66,81,070
XXI	Earnings Per Share - Basic & Diluted	20	1.20	0.62

A S Rajeev  
Director

T M Nagarajan  
Director

P M Venkatasubramanian  
Director

G R Sundaravadivel  
Director

Chitra Murali  
Director

M Nagarajan  
Director

A K Bajpai  
President & Whole Time Director

K S Sujay  
Chief Financial Officer

S S Deepthi  
Company Secretary

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)

Place: Chennai  
Date : 24.05.2017

**Notes on Accounts forming part of Balance Sheet as at 31.03.2017  
and statement of Profit & Loss  
account for the year ended 31.03.2017**

### 1. Share Capital

Sl.No	Details	2016-17	2015-16
(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 share holder 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

Details	2016-17	2015-16
Opening Balance	0	0
Less: Transfer to Profit & Loss account	0	0
Closing Balance	0	0
Balance in Profit & Loss account	9,97,76,074	4,66,81,070
Total	9,97,76,074	4,66,81,070

### 3. Current Liabilities

Details	2016-17		2015-16	
(a) Other current liabilities				
Sundry Creditors for Expenses	39,74,125		17,20,467	
Unpaid Dividend(unclaimed as per contra)	0		14,36,224	
Overdraft against Deposits from Indian Bank	80,36,020		1,40,17,924	
Other current liabilities	8,46,84,534	9,66,94,679	6,38,34,814	8,10,09,429
(b) Short Term Provisions - Provision for leave encashment		59,62,438		56,21,824



**4. Fixed Assets**

Description	Gross Block at Cost			Depreciation			Net Block	
	As at 1-Apr-16 Rs.	Addition during the year Rs.	Deletions Rs.	As at 31-Mar-17 Rs.	For the year Rs.	On Deletions Rs.	As at 31-Mar-17 Rs.	As at 31-Mar-16 Rs.
<b>Fixed Assets - Tangible assets</b>								
Buildings*	4,84,78,385	0	0	4,84,78,385	7,57,085	0	3,11,57,816	3,19,14,901
Furniture & Fixtures	87,22,886	34,743	6,08,727	81,48,902	10,50,82	5,05,076	15,18,889	26,38,717
Motor Vehicle	16,80,620	0	0	16,80,620	1,79,401	0	7,31,316	9,10,717
Office equipment	70,05,709	3,53,268	3,61,701	69,97,276	3,14,178	3,29,734	9,57,962	9,50,839
Data Processing Machines	2,24,83,687	4,97,167	1,04,000	2,28,76,854	28,98,604	1,03,999	60,91,711	84,93,149
Total Other Assets - (A)	8,83,71,287	8,85,178	10,74,428	8,81,82,037	52,00,188	9,38,809	4,04,57,694	4,49,06,323
<b>Fixed Assets - In-tangible assets</b>								
Software	57,40,529	0	0	57,40,529	80,951	0	2,91,392	3,72,343
Total Other Assets - (B)	57,40,529	0	0	57,40,529	80,951	0	2,91,392	3,72,343
Grand Total Other Assets - (A) + (B)	9,41,11,816	8,85,178	10,74,428	9,39,22,566	52,81,139	9,38,809	4,07,49,086	4,52,80,666
* Includes cost of un-divided portion of land separately not identifiable								
Previous Year 31.03.2016	9,40,96,861	7,51,763	7,36,808	9,41,11,816	59,99,715	6,92,176	4,88,31,150	4,52,80,666

## 5. Non current Investments

Description	As at		As at	
	31-Mar-17		31-Mar-16	
	Rs		Rs	
Non current Investments				
Shares at cost	13,10,04,033		19,76,42,412	
Less: Provision for Diminution in value of Investments	10,99,96,549	2,10,07,484	16,72,34,818	3,04,07,594
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
		2,10,07,484		3,04,07,594

### 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	Paid up Value	Cost as on 31.03.2017	No. of Shares	Cost as on 31.03.2016
			Rs.	Rs.	Rs.		Rs.
1	Engineers India Ltd	0	5	5	0	300	1,35,000
2	NHPC Ltd	35,000	10	10	12,76,343	35,000	12,76,343
3	NTPC Ltd	0	10	10	0	5,000	10,52,250
4	Punj Lloyd Ltd	3,56,344	2	2	5,03,76,298	3,56,344	5,03,76,298
5	Seasons Furnishings Ltd	1,67,688	10	10	16,76,880	1,84,390	18,43,900
6	Steel Authority of India Ltd	5,000	10	10	11,15,500	5,000	11,15,500
7	Wanbury Ltd	0	2	2	0	1,500	1,85,142
	Total - (A)				5,44,45,021		5,59,84,433

(Market value as on 31.03.2017 - Rs.91,00,121 Previous year – Rs.1,09,08,350/-)

##### b) UNQUOTED - NON TRADE

Sl. No.	Name of the Company	No. of Shares	Face Value	Paid up Value	Cost as on 31.03.2016	No. of Shares	Cost as on 31.03.2015
1	Alan Scot Industries Ltd	18,600	10	10	2,72,942	18,600	2,72,942
2	Core Organics Ltd	3,800	10	10	0	3,800	38,000
3	Datar Switchgear Ltd	40,100	10	10	19,04,750	40,100	19,04,750
4	Doon Valley Rice Ltd	2,54,300	10	10	76,29,000	2,54,300	76,29,000
5	G S L (India) Ltd	12,00,000	10	10	1,20,00,000	12,00,000	1,20,00,000
6	Greenfield Corporation Ltd	84,600	10	10	8,46,000	84,600	8,46,000
7	Indo Gulf Industries Ltd	2,000	10	10	1,95,250	2,000	1,95,250
8	Karnav Leather Chemicals Ltd	1,62,416	10	10	16,24,160	1,62,416	16,24,160
9	KJ International Ltd	5,300	10	10	1,32,500	5,300	1,32,500

Sl. No.	Name of the Company	No. of Shares	Face Value	Paid up Value	Cost as on 31.03.2017	No. of Shares	Cost as on 31.03.2016
			Rs.	Rs.	Rs.		Rs..
10	Krisons Electronic Systems Ltd	70,800	10	10	7,08,000	70,800	7,08,000
11	Malanpur Leathers Ltd	2,25,000	10	10	25,87,500	2,25,000	25,87,500
12	Nonmag India Ltd	26,600	10	10	0	26,600	2,62,430
13	Nova Dhatu Udyog Ltd	4,69,700	10	10	46,97,000	4,69,700	46,97,000
14	Nova International Ltd	1,25,600	10	10	0	1,25,600	12,56,000
15	Pondicherry Spinners Ltd	0	10	10	0	34,500	3,47,900
16	Rakan Steels Ltd	0	10	10	0	1,50,876	22,63,140
17	Sagar Tourist Resorts Ltd	0	10	10	0	2,14,600	21,46,000
18	Salstar Foods Ltd	51,300	10	10	0	51,300	8,20,800
19	Shri Vardhaman Overseas Ltd	0	10	10	0	1,00,000	70,35,000
20	Sivananda Pipe Ltd	0	10	10	0	12,600	2,52,000
21	Sri Jayalakshmi Spinning Mills Ltd	57,400	10	10	5,74,000	57,400	5,74,000
22	Tebma Shipyard Ltd	41,699	10	10	17,59,747	41,699	17,59,747
23	Veekay Fibres Ltd	1,96,400	10	10	43,20,800	1,96,400	43,20,800
24	Vikram Projects Ltd	4,02,158	10	10	0	4,02,158	1,40,75,530
25	Xylon Liquitur Ltd	1,46,700	10	10	0	1,46,700	44,01,000
	Total - (B)				3,92,51,649		7,21,49,449
<b>c) UNLISTED - NON TRADE</b>							
1	Amaravathi Sri Venkatesa Paper Mills Ltd	2,70,275	10	10	1,18,92,363	3,30,002	1,45,20,352
2	Armour Pharmaceuticals Ltd	15,87,500	10	10	2,54,00,000	15,87,500	2,54,00,000
3	Arraycom India Ltd (Restructured into 75000 shares of Rs. 10/- each as per scheme approved by Gujarat High court)	0	10	10	0	75,000	75,00,000
4	Benechlor Chemicals Ltd	2,00,000	10	10	0	2,00,000	20,00,000
5	Galaxy Surfactanants Ltd (Including 4400 bonus shares received during the year 2011 - 12)	0	10	10	0	8,800	73,128
6	Indo Deutsche Metallo Ltd	1,14,286	10	10	0	1,14,286	2,00,00,050
7	Madras Stock Exchange Ltd	2,85,000	1	1	15,000	2,85,000	15,000
	Total - (C)				3,73,07,363		6,95,08,530
	Total cost (A)+(B)+(C)				13,10,04,033		19,76,42,412

<b>(ii) INVESTMENT IN DEBENTURES OF LIMITED COMPANIES</b>							
<b>UNQUOTED - NON TRADE</b>							
Sl. No.	Name of the Company	No. of Shares	Face Value	Paid up Value	Cost as on 31.03.2017	No. of Shares	Cost as on 31.03.2016
			Rs.	Rs.	Rs.		Rs..
1	14% Khaitan Hostambe Spinning Mills Ltd	1,25,000	100	100	1,11,41,400	1,25,000	1,11,41,400
	Total - (D)				1,11,41,400		1,11,41,400
	GRAND TOTAL OF INVESTMENTS (A)+(B)+(C)+(D)				14,21,45,433		20,87,83,812

### 6. Deferred Tax Assets (Net)

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

	Deferred Tax (Rs)			
	As on 31.3.2017		As on 31.3.2016	
	Asset	Liability	Asset	Liability
i) Timing difference in depreciable assets		3,37,78,521		3,44,57,693
ii) Provision for Bad debts and NPAs	7,37,29,476		7,41,14,716	
iii) Others	23,96,227		25,13,169	
Total	4,23,47,182		4,21,70,192	
Less Deferred Tax net additions not considered in the accounts	1,76,990		0	
Net Deferred Tax asset	4,21,70,192		4,21,70,192	

### 7. Trade Receivables Amount in Rs.

	As at 31.3.2017		As at 31.3.2016	
Debt outstanding for a period exceeding six months				
- Considered Good(Secured)	52,14,122		52,14,122	
- Considered Good(Unsecured)	12,80,495		52,67,504	
- Considered Doubtful(Unsecured)	2,53,16,548		2,55,17,939	
	3,18,11,165		3,59,99,565	
Others - Considered Good	8,57,19,837		6,38,47,890	
	11,75,31,002		9,98,47,455	
Less: Provision for Bad & Non Performing Assets	2,53,16,548	9,22,14,454	2,55,17,939	7,43,29,516

### 8. Cash and Cash equivalents Amount in Rs.

Cash and Cash equivalents	As at 31.3.2017		As at 31.3.2016	
Cash on Hand	39,120		45,066	
Stamps on hand	3,48,700		2,86,600	
Cheques on Hand	0		0	
	3,87,820		3,31,666	
Balances with Scheduled Banks				
In Term Deposits	27,91,97,773		21,10,23,015	
In Current Accounts	(51,15,242)		26,65,387	
Unclaimed Dividend (as per contra)	0		14,36,224	
	27,40,82,531	27,44,70,351	21,51,24,626	21,54,56,292

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	0.00	For Guarantee facility availed	255.07
Indian Bank	693.13	For overdraft against deposits	709.07
National Stock Exchange	475.00	Margin	270.59
Bombay Stock Exchange	60.00	Margin	39.41
MSEI Stock Exchange	40.54	Margin	36.48

### 9. Short term Loans & Advances

Amount in Rs.

		As at 31-Mar-17		As at 31-Mar-16
(Unsecured & considered good unless otherwise stated)				
Loans - Secured		4,77,660		5,99,996
Prepaid Expenses		14,44,545		7,11,083
Advance Tax & TDS (Net of Provisions)		11,92,89,361		11,65,99,145
Advances Recoverable in Cash or in Kind or for value to be received - Considered good	14,78,479		15,01,254	
- Considered Doubtful	50,42,931		50,42,931	
	65,21,410		65,44,185	
Less: Provision for Bad & Non Performing Assets	50,42,931	14,78,479	50,42,931	15,01,254
Security & Other Deposits		3,31,12,726		3,92,12,726
		15,58,02,771		15,86,24,204

Loans and Advances include the following:

Rs.Lakhs

	2016-17	2015-16
Amount due from Director	0.77	0.66
Maximum amount due during the year	1.10	0.82
Amount due from Officer	0.20	0.78
Maximum Amount due during the year	0.25	1.12

### 10. Other Current Assets

	As at 31.03.2017	As at 31.03.2016
Interest accrued on Staff Loans	1,09,340	1,40,161

### 11. Assets under Discontinuing Operations

		As at 31.03.2017		As at 31.03.2016
Stock on Hire	10,41,75,746		10,41,75,746	
Less: Provision for Bad & Non Performing Assets	10,41,75,746	0	10,41,75,746	0
Lease Rentals Receivable - Considered Good	24,00,000		24,00,000	
- Considered Doubtful	1,35,07,403		1,35,07,403	
Less: Provision for Bad & Non Performing Assets	1,35,07,403	24,00,000	1,35,07,403	24,00,000
Intercompany Deposits - Unsecured- Considered Doubtful	1,04,41,421		1,04,41,421	
Less: Provision for Bad & Non Performing Assets	1,04,41,421	0	1,04,41,421	0
Assets on Lease under discontinuing operations				
Gross Block	17,39,29,644		17,39,29,644	
Depreciation & Lease terminal adjustment	17,39,29,644	0	17,39,29,644	0
		24,00,000		24,00,000

### 12. Revenue from Operations

		As at 31-Mar-17		As at 31-Mar-16
		Rs		Rs
Fee Based Income				
Merchant Banking Income	24,40,743		12,27,027	
Stock Broking Membership Operations	8,95,80,683	9,20,21,426	7,06,68,798	7,18,95,825
Other Income				
Interest on FDs	1,85,14,707		1,82,31,956	
Profit on sale of Assets	0		70,918	
Others	65,02,315	2,50,17,022	35,52,613	2,18,55,487

### 13. Employee Benefit expenses

Amount in Rs.

	As at 31-Mar-17	As at 31-Mar-16
Salaries, Wages & Bonus	3,28,45,004	3,12,40,252
Contribution to PF & Other Funds	41,24,757	48,64,062
Staff Welfare Expenses	6,98,714	7,33,877
	3,76,68,475	3,68,38,191

### 14. Finance Cost

	As at 31-Mar-17	As at 31-Mar-16
Interest on overdraft availed from Indian Bank	5,70,164	11,38,549
Interest paid to Indian Bank under Right to Recompense	75,00,000	0
Total	80,70,164	11,38,549

**15. Other Expenses**

Amount in Rs.

	31-Mar-17	31-Mar-16
Rent	19,66,326	19,89,702
Courier, Postage & Telephone	11,86,421	12,37,662
MPLS & other connectivity charges	26,77,771	25,90,959
Data Center charges	7,70,400	6,91,450
Printing & Stationery	7,00,456	8,22,888
Depository Participant Charges	(1,64,386)	67,981
NSDL Transaction Charges	8,35,298	8,99,842
Travelling & Conveyance	18,64,295	19,12,428
Equipment Maintenance & AMC	15,77,907	12,42,709
Repairs, Upkeep & Maintenance	12,93,451	13,59,646
Electricity Charges	12,27,560	14,10,126
Subscription & Membership	7,35,216	8,67,179
Loss on sale of assets (Net)	60,499	0
Professional Charges	7,03,758	6,65,267
Miscellaneous and other Expenses	39,94,737	41,61,308
<b>Total</b>	<b>1,94,29,709</b>	<b>1,99,19,147</b>

Miscellaneous Expenses includes remuneration to Auditors as under:

Rs. In Lakhs			
		2016-17	2015-16
i)	Audit Fees	3.00	3.00
ii)	Tax Audit	0.60	0.60
ii)	Fees for certification	1.30	1.33

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

		31-Mar-17		31-Mar-16
		Rs.		Rs.
Bad debts/NPAs written off		0		98,27,666
Provision for Bad Debts & Non-Performing Assets	1,25,410		6,23,760	
Less: Reversal of Provision made for NPAs in earlier years no longer required	3,26,801	(2,01,391)	98,56,409	(92,32,649)
		(2,01,391)		5,95,017

**17. Prior period adjustments**

During the year 2016-17 a sum of Rs.5,85,785/- pertaining to expenses of previous years has been shown under prior period expenses. (previous year – Rs.3,24,731/-)

**18. Tax expenses**

a) 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.

- b) No provision is made for the disputed demands of income tax keeping in view the judicial pronouncements and/or legal opinion on the issues.
- c) The provision for deferred tax (net) for the year is Nil (Previous year Rs.11.37 lakhs) which has been charged to profit & loss account.
- d) Prior period taxes include the following:

Assessment year	Particulars	Amount (Rs.)
2014-15	Balance Tax paid on revised computation of Book profits	10,62,400
2016-17	Balance Tax due paid on final computation before filing Income tax return for the Assesment Year 2016-17	18,38,930
	<b>Total</b>	<b>29,01,330</b>

**19. Income from discontinuing operations**

	Rs.		Rs.
		31-Mar-17	31-Mar-16
Lease Income			
Gross income from Lease	9,32,000		3,50,000
Less: Depreciation	10,75,134		12,48,848
Less: Lease Equalisation	(1,43,134)		(8,98,848)
Net income from lease	0		0
Hire Purchase Income	0	0	0
Investment Income			
Profit/(Loss) on Sale of Investments	(1,22,71,943)		(2,28,105)
Interest on investment	67,70,862		27,97,547
Dividend	3,23,250	(51,77,831)	1,49,950
Total income		(51,77,831)	27,19,392
Less: Expenses attributable to income			
Current		3,61,860	1,99,800
Prior period		0	-
Recovery from written off account		0	-
Refund of Court Fees		15,000	50,000
Provisions made for NPAs/Diminution in value of Investments		11,85,875	27,52,762
Bad Debts Written off		4,28,53,810	0
Reversal of Provisions		(5,93,56,143)	(24,36,550)
Net Income from discontinuing operations		22,53,380	22,53,380

The company has written off investments under Un-quoted Non-Trade Investments and Bought out Deals amounting to Rs.428.54 lakhs in the accounts for which full provision was already made in the earlier years. The same is approved by the Board.

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

Sl no	Description	2016-17 Rs.	2015-16 Rs.
1	Profit/(Loss) for the year After Tax	5,30,95,004	2,75,52,052
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)	1.20	0.62



## 21. Significant Accounting Policies:

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

### Use of Estimates:

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

### A. Revenue recognition

- (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. 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) based on the useful life of the asset as prescribed in Schedule II to the Companies Act, 2013, on pro-rata basis. Software costs are amortized on SLM over a period of three years, from the year of acquisition.

#### b) On Assets given on lease under discontinuing operations

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

e) The retirement benefit liability to staff on deputation from Indian Bank is borne by Indian Bank except eligible Provident Fund contribution.

**F Segment Reporting**

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

**G Discontinuing Operations**

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

**H Income Tax**

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

**22. AS-15 - Employee Benefits**

**Defined Contribution Plan**

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

(Amount in Rs.)

Details	2016-17	2015-16
Employer's contribution to Provident Fund	30,18,147	28,36,695

**Defined Benefit Plan**

**I Reconciliation of opening and closing balances of Defined benefit obligation**

Details	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2016 -17	2015 -16	2016 -17	2015 -16
Defined benefit obligation at the beginning of the year	6075948	5153722	5621824	4740493
Current service cost	605347	514581	329487	371522
Interest cost	486076	412298	421337	359923
Actuarial (gain)/ loss	272086	501672	(410210)	149886
Benefits paid	(467782)	(506325)	-	-
Settlement cost	-	-	-	-
Defined benefit obligation at the year end	6971675	6075948	5962438	5621824

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

Details	Gratuity (Funded)	
	2016 -17	2015 -16
Fair value of plan assets at the beginning of the year	6719499	4196669
Expected return on plan assets	538763	424963
Contributions	1016542	2604192
Actuarial (gain)/ loss	-	-
Benefits paid	(467782)	(506325)
Settlement cost	-	-
Fair value of plan assets at year end	7807022	6719499
Actual return on plan assets	538763	424963

**III Reconciliation of fair value of assets and obligations**

Details	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2016-17	2015-16	2016-17	2015-16
Fair value of plan assets	7807022	6719499	5962438	5621824
Present value of obligation	6971675	6075948	5621824	4740493
Amount recognized in Balance Sheet	835347	643551	340614	881331

#### IV Expense recognized during the year

Details	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2016-17	2015-16	2016-17	2015-16
Current Service Cost	605347	514581	329487	371522
Interest Cost	486076	412298	421337	359923
Expected return on plan assets	538763	424963	-	-
Actuarial (gain) / loss	272086	501672	(410210)	149886
Net Cost	824746	1003588	340614	881331

#### V Actuarial Assumptions

Details	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2016-17	2015-16	2016-17	2015-16
Mortality Table (LIC)	1994- 96 (Ultimate)	1994- 96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	8%	8%	7%	7.70%
Expected rate of return (per annum)	8%	8%	-	-
Rate of escalation of salary (per annum)	5%	5%	5%	5%
Attrition Rate	1% to 3%	1% to 3%	7%	7%

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. 11.07 Lakhs (previous year- Rs.20.27 lakhs) towards Gratuity liability in the year 2016-17.

#### 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. A K Bajpai, President & Whole Time Director

#### Transactions with Holding Company – Indian Bank

Particulars	Rs.Lakhs
Borrowings – OD With Indian Bank, Nandanam	80.36
Deposit – Current Accounts	(68.24)
Placement of Deposits	2256.98
Interest paid on overdraft facilities	5.70
Interest paid on Right to Recompense	75.00
Interest received on Fixed Deposits Placed	185.15
Receiving of services – Rent Paid	16.87

Transactions with fellow subsidiary – Ind Bank Housing Limited - Nil

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:

	As on 31.03.2017	As on 31.03.2016
Lease payments for the year	19.66	19.90
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 - Discontinuing operations and Segment reporting

The Company had discontinuing 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 "Discontinuing operations" (Fund Based) and "Continuing Operations" (Fee Based). Discontinuing operations consists of Leasing, Hire purchase, Inter corporate 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.

Particulars	2016-17				2015-16			
	Continuing Operations (Fee based)	Discontinuing Operations (Fund based)	Un-Allocated	Total	Continuing Operations (Fee based)	Discontinuing Operations (Fund based)	Un-Allocated	Total
Income from Operations	1170.39	(51.63)	0.00	1118.76	939.42	27.69	0.00	967.11
Expenses								
Administration & Other exp	570.98	3.62	0.00	574.60	567.57	2.00	0.00	579.61
Depreciation	52.81	0.00	0.00	52.81	60.00	0.00	0.00	60.00
Provisions/Bad debts written off	(2.01)	(153.16)	0.00	(155.17)	5.95	3.16	0.00	9.11
Finance Cost	80.70	0.00	0.00	80.70	11.39	0.00	0.00	11.39
Int on IT refund - Excess interest reversed	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Int on excess IT refund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total - Expenses	702.48	(149.54)	0.00	552.94	644.91	5.16	0.00	650.07
Profit/(Loss) before Tax	467.91	97.91	0.00	565.82	294.51	22.53	0.00	317.04
Exceptional item - Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exceptional item - Prior period adjustments	5.86	0.00	0.00	5.86	3.25	0.00	0.00	3.25
Provision for tax - Deferred	0.00	0.00	0.00	0.00	0.00	0.00	11.36	11.36
Provision for tax - Prior period	0.00	0.00	29.01	29.01	0.00	0.00	26.91	26.91
Profit/(Loss) after Tax	462.05	97.91	(29.01)	530.95	291.26	22.53	(38.27)	275.52
Total Assets	4613.48	234.07	1614.60	6462.15	3855.17	328.08	1587.69	5770.94
Total liabilities	1026.57	0.00	0.00	1026.57	866.31	0.00	0.00	866.31
Capital Expenditure	8.85	0.00	0.00	8.85	7.26	0.00	0.00	7.26
Non cash expenditure	5.95	16.31	3.25	25.51	5.95	16.31	3.25	25.51
Net Cash flow from operating activities	405.72	149.69	0.00	555.41	427.43	(4.66)	11.36	434.13
Net Cash flow from Investment activities	(689.24)	42.22	0.00	(647.02)	(526.56)	70.50	0.00	(456.06)
Net Cash flow from financing activities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net increase in Cash & Cash equivalents	(283.53)	191.92	0.00	(91.61)	(99.13)	65.84	11.36	(21.93)

26. A sum of Rs.8.44 lakhs deducted by Indian Bank as TDS on interest accrued on Fixed Deposit of Rs.93.15 lakhs placed with them in terms of Court Order passed on 10.02.2010 for the recovery of Client dues from M/s Shreeji Investments is considered as an asset and corresponding liability is also provided for in the books of accounts.

27. Indian Bank, the parent Bank, had approved a moratorium period of 3 years from September 2013 to September 2016 for repayment of the amount of Rs. 897.48 lakhs payable to them under the Right of Recompense clause with repayment of Rs. 75 lakhs per half year to commence from the half year

ending 31.03.2017 without any interest charge for the period of moratorium/repayment. Accordingly the company has repaid Rs.75 lakhs to Indian Bank for the half year ended 31.03.2017 as per the terms approved by the parent bank

## 28. AS-29 - Contingent Liability

A Disputed demand on taxes

i) Income Tax

Asst Year	2016-17			2015-16		
	Tax Demand	Interest	Total	Tax Demand	Interest	Total
1992-93	71.59	43.43	115.02	71.59	43.43	115.02
1998-99	32.13	0.00	32.13	32.13	0.00	32.13
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
<b>Total</b>	<b>1470.53</b>	<b>495.37</b>	<b>1965.90</b>	<b>1470.53</b>	<b>495.37</b>	<b>1965.90</b>

\* 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. 132 lakhs for this Assessment Year in terms of the orders passed by the CIT and High Court, Madras on the stay petition filed by the company.

Sales Tax demand disputed in appeal - Rs.42.78 lakhs (Previous year Rs.42.78 lakhs).

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

Estimated amount of contracts remaining to be executed on capital account and not provided for - Nil (Previous Year - Nil).

## 29. Managerial Remuneration:

Name	Designation		2016-17	2015-16
Mr. A K Bajpai	President & Whole Time Director	Salary	15.20	3.91
		Contribution to PF	0.91	0.24
Sitting Fees paid to Non – Whole Time Independent Directors			2.59	2.32

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. The Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 is given below:

	SBNs	Other denomination notes	Total
Closing cash in hand on 08.11.2016	1500	26234	27734
(+) Permitted receipts	0	84403	84403
(-) Permitted payments	0	67786	67786
(-) Amount deposited in Banks	1500	0	1500
<b>Closing cash in as on 30.12.2016</b>	<b>0</b>	<b>42851</b>	<b>42851</b>

31. As at March 31, 2017, 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.

32. 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.

33. 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.

A S Rajeev  
Director

T M Nagarajan  
Director

P M Venkatasubramanian  
Director

G R Sundaravadivel  
Director

Chitra Murali  
Director

M Nagarajan  
Director

A K Bajpai  
President & Whole Time Director

K S Sujay  
Chief Financial Officer

S S Deepthi  
Company Secretary

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)

Place: Chennai  
Date : 24.05.2017

### Cash Flow Statement for the period ended 31.03.2017

		2016-17 as on 31.03.2017 Rs. in Lakhs	2015-16 as on 31.03.2016 Rs. in Lakhs
A	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Profit after tax	530.95	275.52
	Adjustments for:		
	Add : Depreciation/Lease Adjustments	52.81	60.00
	Provision for taxation - Current	0.00	0.00
	- Fringe Benefit tax	0.00	0.00
	- Deferred	(0.01)	11.36
	Loss on sale of assets (net)	0.00	0.00
	Interest expense	80.70	11.39
		664.45	358.26
	Less:		
	Profit on sale of investments(net)	(55.01)	25.69
	Dividend income	3.23	1.50
	Profit on sale of assets	0.00	0.71
		(51.78)	27.90
	Operating Profit before working capital changes	716.23	330.36
	Less : Decrease in Current liabilities	(160.26)	(246.54)
		876.49	576.90
	Add:		
	Decrease in other current assets	(240.38)	(131.39)
	Cash generated from operations	636.11	445.51
	Less : Interest expense	80.70	11.39
	Less : Taxes	0.00	0.00
	Cash Flow before Extraordinary Items	555.40	434.13
B.	<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
	Purchase of Fixed Assets	(8.85)	(7.52)
	Decrease in Term Deposits with banks	(681.75)	(520.20)
	Sale of Fixed Assets	1.36	1.16
	Decrease in Investments net of provision	38.99	69.00
	Dividend received	3.23	1.50
	Net cash from Investing Activities	(647.02)	(456.06)
C.	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	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	(91.62)	(21.93)
	Cash & Cash equivalents as at 01.04.16 (opg.bal.)	44.33	66.25
	Cash & Cash equivalents as at 31.03.17 (clg. bal.)	(47.27)	44.33

A S Rajeev  
Director

Chitra Murali  
Director

K S Sujay  
Chief Financial Officer

T M Nagarajan  
Director

M Nagarajan  
Director

S S Deepthi  
Company Secretary

P M Venkatasubramanian  
Director

A K Bajpai  
President & Whole Time Director

G R Sundaravadivel  
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)

Place: Chennai  
Date : 24.05.2017



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

### PROXY FORM

DP ID No.	
Client ID No.	

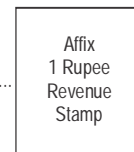
Folio No.	
No. of Shares held	

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 Eighth  
 Annual General Meeting to be held on Saturday, 16<sup>th</sup> September 2017 at 11.00 a.m. at Indian Bank Management Academy for Growth &  
 Excellence, MRC Ngar, Raja Annamalaipuram, Chennai 600028 and at any adjournment thereof.

Signed this.....day of .....2017.

- Note :
1. The Proxy to be valid must be deposited at the Regd. Office of the Company at First Floor, Khivraj Complex, 1. No.480Anna 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.480Anna 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 Eighth Annual General Meeting to be held on Saturday, 16<sup>th</sup> September 2017 at 11.00 a.m. at Indian Bank Management Academy for Growth & Excellence, MRC Ngar, Raja Annamalaipuram, Chennai 600028.

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

Electronic Voting Particulars

EVSN : 170808021

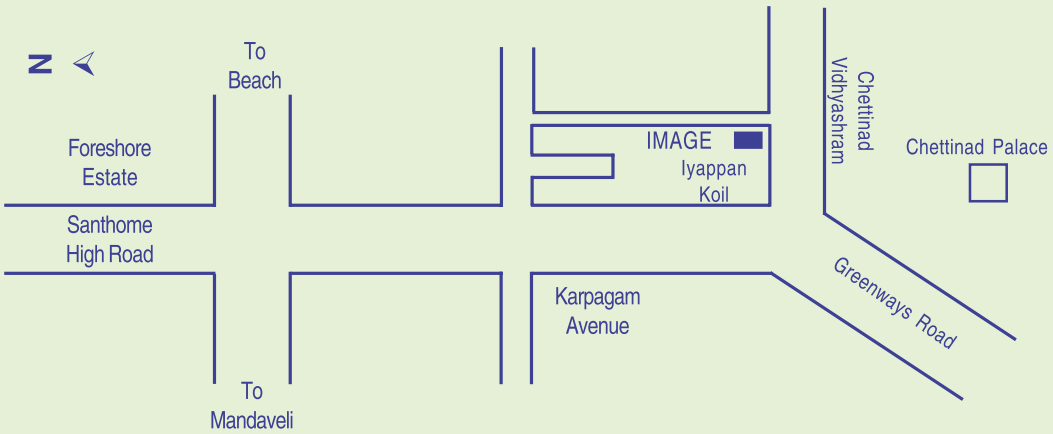
User ID and Password : Refer particulars detailed in the Notice

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

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

To,

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



**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.