

## REPORT ON CORPORATE GOVERNANCE

### 1. Company's philosophy

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

### 2. Board of Directors

The Board has at present 6 Directors comprising a President & Wholetime Director and 5 Non Executive Directors. The Board functions as a full Board or through Committees.

The Board of Directors and its Committees meet at regular intervals. During the year the Board met six times on 18.04.2011, 25.07.2011, 16.09.2011, 20.10.2011, 02.02.2012 and 22.03.2012.

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

Name of Director	Category of directorship	No.of Board Meetings attended	Whether attended last AGM held on 29.7.2011	No.of other Director Ships	Committee Membership	
					Member	Chairman
Shri Rajeev Rishi (From 13.06.2011)	Non Executive Director & Chairman	5	Yes	3	9	-
Shri. T M Nagarajan	Non Executive & Independent Director	4	Yes	3	1	-
Shri. P V Rajaraman	Non Executive & Independent Director	6	Yes	2	1	1
Shri. P M Venkatasubramanian	Non Executive & Independent Director	6	Yes	5	2	8
Shri N Eswaran (From 30.04.2011)	Non Executive Director	5	Yes	2	2	-
Shri Banabihari Panda (from 26.05.2011)	President & Whole time Director	5	Yes	1	-	-
Shri G Rangarajan (upto 26.05.2011)	President & Whole time Director	1	N.A.	1	-	-
Shri. V Rama Gopal (upto 03.06.2011 )	Non Executive Director	1	N.A.	4	9	-
Shri. R Ravi (upto 30.04.2011)	Non Executive Director	1	N.A.	2	2	-

### Audit Committee

A Terms of reference

The Audit Committee provides direction to the audit and risk management function in the Company and monitors the quality of internal audit and management audit. The responsibilities of the Audit

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

**B Composition**

The Audit Committee has at present 4 members. The Audit Committee met five times during the year on 18.04.2011, 25.07.2011, 16.09.2011, 20.10.2011 and 02.02.2012.

The attendance of members at the meeting is as follows:

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

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

**3. Remuneration Committee**

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

**Managerial Remuneration**

Rs. In lakhs

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

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

(Rs. in lakhs)

Name of Directors	Fees paid (for attending Board & Committee Meetings)
Shri T M Nagarajan	0.32
Shri P V Rajaraman	0.44
Shri P M Venkatasubramanian	0.44
<b>Total</b>	<b>1.20</b>

#### 4. Share Transfer & Investors' Grievance Committee

##### A Terms of reference

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

##### B Composition

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

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

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

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

#### 5. General Body Meetings

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

Financial year	Date	Time	Venue
31.03.2009	19.08.2009	3.00 p.m.	Indian Bank Management Academy for Growth & Excellence, Chennai
31.03.2010	28.07.2010	3.00 p.m.	Indian Bank Management Academy for Growth & Excellence, Chennai
31.03.2011	29.07.2011	3.00 p.m.	Indian Bank Management Academy for Growth & Excellence, Chennai

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

## 6. Disclosures

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

## 7. Means of Communication

The quarterly results are published in newspapers viz. News Today in English and Malai Chudar in Tamil. The quarterly results and Annual Report is also hosted in your company's website: [www.indbankonline.com](http://www.indbankonline.com).

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

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

## 8. General Shareholder Information

### 23rd Annual General Meeting

<b>Date &amp; Time</b>	6th July 2012 at 3.00 p.m.
<b>Venue</b>	IMAGE, Chennai
<b>Financial Year</b>	1st April 2011 to 31st March 2012
<b>Book closure dates</b>	2-7-2012 to 6-7-2012
<b>Listing of equity shares</b>	The company's shares are listed in the Bombay Stock Exchange and National Stock Exchange.  The Listing fees for the financial year 2012-13 has been paid to Mumbai Stock Exchange and to National Stock Exchange where the company's shares are listed.
<b>Stock Code</b>	BSE - 511473 NSE - INDBANK

### Market price data

#### Performance in comparison with stock exchange index

Month	Indbank Merchant Banking Services Ltd				BSE Sensex		NSE Nifty	
	BSE		NSE		BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)	High	Low	High	Low
April 2011	14.45	10.72	14.45	10.75	19811.14	18976.19	5944.45	5693.25
May 2011	12.10	10.30	12.45	10.45	19253.87	17786.13	5775.25	5328.70
June 2011	11.75	10.15	11.90	10.25	18873.39	17314.38	5657.90	5195.90
July 2011	11.00	9.86	11.35	9.85	19131.70	18131.86	5740.40	5453.95
August 2011	10.24	7.25	10.10	7.40	18440.07	15765.53	5551.90	4720.00
September 2011	9.35	7.15	9.45	7.50	17211.80	15801.01	5169.25	4758.85
October 2011	8.78	7.15	9.45	7.10	17908.13	15745.43	5399.70	4728.30
November 2011	8.60	6.40	8.10	6.15	17702.26	15478.69	5326.45	4639.10
December 2011	7.60	4.70	7.80	5.15	17003.71	15135.86	5099.25	4531.15
January 2012	8.25	6.12	8.10	6.45	17258.97	15358.02	5217.00	4588.05
February 2012	9.15	6.50	9.25	7.15	18523.78	17061.55	5629.95	5159.00
March 2012	7.99	6.00	7.95	6.15	18040.69	16920.61	5499.40	5135.95

**Registrar & Transfer Agent (For physical and electronic mode)**

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

**Address for correspondence**

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

**Share Transfer System**

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

**Distributions of Shareholding as on 31.03.2012**

Category	No. of Folios	No. of shares held	% of shareholding
<b>A Promoters holding</b>			
Promoters			
1. -Indian Promoters	1	28773800	64.84
-Foreign Promoters	-	-	-
2. Person acting in concert	-	-	-
Sub-total	1	28773800	64.84
<b>B Non-Promoters holding</b>			
Institutional Investors			
A Mutual funds and UTI	10	553300	1.25
B Banks, financial institutions, insurance companies (Central/State Government institutions/Non Government institutions	5	49900	0.11
C FIIs	1	2700	0.01
Sub-total	16	605900	1.37
<b>C Others</b>			
A Private Corporate Bodies	436	2423053	5.46
B Indian Public	45277	12076322	27.21
C NRIs/OCBs	87	277271	0.62
D Clearing Member and others	270	221854	0.50
Sub-total	46070	14998500	33.79
Grand Total	46087	44378200	100.00

### Dematerialisation of shares & Liquidity

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

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

### CEO and CFO Certification

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

### Compliance Certificate

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

## CERTIFICATE ON CORPORATE GOVERNANCE

### To the Members of Indbank Merchant Banking Services Limited, Chennai

We have examined the compliance of the conditions of Corporate Governance by **Indbank Merchant Banking Services Limited** ("the Company") for the year ended 31st March 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges, with the relevant records and documents maintained by the Company and furnished to us and the Report on Corporate Governance as approved by the Board of Directors

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

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

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

For & on behalf of  
**Raman Associate**  
 Chartered Accountants

Place: Chennai  
 Date: 24.04.2012

**G Vasudevan**  
 Partner  
 Membership No.020739  
 Firm No: 0029105