



A V Deven & Co

CHARTERED ACCOUNTANTS

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**Limited Review Report on the accounts of Indbank Merchant Banking Services Limited, Chennai, for
the Quarter ended 30th September, 2014**

To
The Board of Directors,
Indbank Merchant Banking Services Limited,
1st Floor, Khivraj Complex 1
No.480, Anna Salai, Nandanam,
Chennai 600 035

We have reviewed the accompanying statement of Unaudited Financial Results of Indbank Merchant Banking Services Limited, Chennai for the period ended 30th September, 2014 except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter group Shareholding' which have been traced from the disclosures made by the Management and have not been audited by us. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial results based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2400, engagements to Review financial statements issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatements. A review is limited primarily to inquiries of Company personnel and an analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an opinion.

Based on our review conducted as above and subject to our observations as given below, relating to unaudited financial results for the quarter ended 30th September 2014,

As regards a claim of ₹ 897.48 lakhs under the right of recompense clause on certain settled borrowings, the Holding Company (Indian Bank) has permitted IMBSL, Chennai to enjoy a moratorium period of 3 years from September 2013 to

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Branch Offices at :

No. 4, Balaiah Avenue, Luz, Mylapore, Chennai - 600 004. Phone : 24992675
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September 2016, after which repayment of this claim shall commence by way of payment of ₹ 0.75 cr per half year from the half year end 31.03.2017 without any interest charge for the period of moratorium/repayment. However, no liability has been created in the books for ₹ 897.48 lakhs.

Had the above liability been considered in the books, the profit of ₹ 105.48 lakhs made during this quarter of the financial year 2014-15, would have become a loss of ₹ 792 lakhs and there is an understatement of liability amounting to ₹ 897.48 lakhs.

nothing has come to our attention that causes us to believe that the accompanying Statement of Unaudited Financial Results prepared in accordance with the applicable accounting standards and other recognized accounting practices and policies had not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements including the manner in which it is to be disclosed, or that it contains any material misstatement.

Place : Chennai

Date : 20/10/2014



For A V Deven & Co
Chartered Accountant
(Firm Reg. No. 000726S)

A handwritten signature in black ink, appearing to be "R. Raghuraman", written over a horizontal line.

(CA. R.Raghuraman)

Partner.

M.No: 201760

INDBANK MERCHANT BANKING SERVICES LIMITED (A Subsidiary of Indian Bank)							
Regd. Office : First Floor, Khivraj Complex 1, No. 480, Anna Salai, Nandanam, Chennai 600035							
Email: investors@indbankonline.com Website: www.indbankonline.com							
PART I Statement of Un-Audited Financial Results for the qtr ended 30.09.2014							
Sl. No.	Particulars	Three months ended	Preceding three months ended	Corresponding three months ended in the previous year	Year to date for the current half year ended	Year to date for the Previous half year ended	Previous Accounting Year ended
		30-09-2014	30-06-2014	30-09-2013	30-09-2014	30-09-2013	31.03.2014
		Un-Audited	Un-Audited	Un-Audited	Un-Audited	Un-Audited	Audited
Rs. Lakhs							
1	Income from Operations	195.29	271.50	133.73	466.79	335.20	608.27
2	Expenditure						
	(a) Employee Cost	87.23	80.60	77.22	167.83	153.06	321.18
	(b) Depreciation	16.50	20.19	17.52	36.69	35.31	67.11
	(c) Postage & Telephones	5.11	4.25	6.74	9.36	10.80	14.63
	(d) Provision for Non Performing Assets/Write off	(6.33)	(7.56)	30.86	(13.89)	19.87	9.72
	(e) Other expenditure-Interest on IT refund - Excess interest reversed	0.00	0.00	0.00	0.00	0.00	9.42
	(f) Other expenditure	55.10	65.00	53.03	120.10	115.84	207.21
	(g) Total	157.62	162.48	185.37	320.10	334.88	629.27
3	Profit/(Loss) from operations before other income, finance costs and exceptional items (1-2)	37.67	109.02	(51.64)	146.69	0.32	(21.00)
4	Other Income	47.52	43.65	36.76	91.17	65.27	136.36
5	Profit/(Loss) from ordinary activities before finance costs and exceptional items (3+4)	85.19	152.67	(14.88)	237.86	65.59	115.36
6	Finance costs	0.52	0.00	2.68	0.52	3.56	4.39
7	Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5-6)	84.67	152.67	(17.56)	237.34	62.03	110.97
8	Exceptional items	0.00	0.00	0.00	0.00	0.00	(0.84)
9	Profit/(Loss) from Ordinary Activities before tax (7+8)	84.67	152.67	(17.56)	237.34	62.03	110.13
10	Tax Expense						
	(a) Current Tax	0.00	0.00	0.00	0.00	0.00	0.00
	(b) Deferred Tax	0.00	0.00	(7.64)	0.00	0.00	1.37
	(c) Prior years	0.00	0.00	0.00	0.00	0.00	0.00
	(d) Total	0.00	0.00	(7.64)	0.00	0.00	1.37
11	Net Profit/(Loss) from Ordinary Activities after tax (9-10)	84.67	152.67	(9.92)	237.34	62.03	108.76
12	Profit/(loss) from discontinuing operations	20.81	0.95	(35.49)	21.76	(101.85)	(78.74)
13	Tax expense of discontinuing operations	0.00	0.00	0.00	0.00	0.00	0.00
14	Net Profit (loss) from discontinuing operations	20.81	0.95	(35.49)	21.76	(101.85)	(78.74)
15	Net Profit/(Loss) from Ordinary Activities/discontinuing operations after tax (11+14)	105.48	153.62	(45.41)	259.10	(39.82)	30.02
16	Extraordinary items (net of tax expense Rs. Nil)	0.00	0.00	0.00	0.00	0.00	0.00
17	Net Profit/(Loss) for the period after tax (15+16)	105.48	153.62	(45.41)	259.10	(39.82)	30.02
18	Paid up equity share capital (Face value per share - Rs. 10/-)	4437.82	4437.82	4437.82	4437.82	4437.82	4437.82
19	Reserves excluding revaluation reserves (as per balance sheet) of previous accounting year						(268.49)
20	Earnings Per Share (EPS) (Rs)						
	(a) Basic & diluted EPS before Extraordinary items for the period, for the year to date and for the previous year (not annualised)	0.24	0.35	(0.10)	0.58	(0.09)	0.07
	(b) Basic & diluted EPS after Extraordinary items for the period, for the year to date and for the previous year (not annualised)	0.24	0.35	(0.10)	0.58	(0.09)	0.07
PART II Select Information for the Quarter ended 30.09.2014							
A Particulars of Share Holding							
1	Public Shareholding						
	- Number of Shares	15604400	15604400	15604400	15604400	15604400	15604400
	- Percentage of shareholding	35.16%	35.16%	35.16%	35.16%	35.16%	35.16%
2	Promoters & Promoter Group Shareholding						
	(a) Pledged/encumbered						
	- Number of Shares	0	0	0	0	0	0
	- Percentage of shareholding as a %age of the total shareholding of promoter and promoter group	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	- Percentage of shareholding as a %age of the total shareholding of the company	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	(b) Non-encumbered						
	- Number of Shares	28773800	28773800	28773800	28773800	28773800	28773800
	- Percentage of shareholding as a %age of the total shareholding of promoter and promoter group	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	- Percentage of shareholding as a %age of the total shareholding of the company	64.84%	64.84%	64.84%	64.84%	64.84%	64.84%
	Particulars						
	B Investors Complaint						
	Pending at the beginning of the Quarter	0					
	Received during the Quarter	0					
	Disposed of during the Quarter	0					
	Remaining un resolved at the end of the Quarter	0					
Quarterly reporting of segment wise revenue, results and capital employed							
1	Segment Revenue						
	(a) Continuing Operations-Fee Based	242.81	315.15	170.49	557.96	400.47	744.63
	(b) Discontinuing Operations-Fund Based	0.85	(0.15)	10.89	0.70	10.89	8.55
	(c) Un-allocated	0.00	0.00	0.00	0.00	0.00	0.00
	Total	243.66	315.00	181.38	558.66	411.36	753.18
	Less : Inter segment revenue	0.00	0.00	0.00	0.00	0.00	0.00
	Income from operations	243.66	315.00	181.38	558.66	411.36	753.18
2	Segment Results - Profit/(Loss) before tax and interest from each segment						
	(a) Continuing Operations-Fee Based	84.67	152.67	(17.56)	237.34	62.03	110.97
	(b) Discontinuing Operations-Fund Based	20.81	0.95	(35.49)	21.76	(101.85)	(78.74)
	(c) Un-allocated	0.00	0.00	0.00	0.00	0.00	0.00
	Total	105.48	153.62	(53.05)	259.10	(39.82)	32.23



Sl. No.	Particulars	Three months ended	Preceding three months ended	Corresponding three months ended in the previous year	Year to date for the current half year ended	Year to date for the Previous half year ended	Previous Accounting Year ended
		30-09-2014	30-06-2014	30-09-2013	30-09-2014	30-09-2013	31.03.2014
		Un-Audited	Un-Audited	Un-Audited	Un-Audited	Un-Audited	Audited
Rs. Lakhs							
	Less : i) Interest (Other than pertaining to segments)	0.00	0.00	0.00	0.00	0.00	0.00
	ii) Other unallocable expenditure net off	0.00	0.00	0.00	0.00	0.00	0.84
	iii) Unallocable income	0.00	0.00	0.00	0.00	0.00	0.00
	Total profit/(Loss) before tax	105.48	153.62	(53.05)	259.10	(39.82)	31.39
3	Capital employed (Segment assets-liabilities)						
	(a) Continuing Operations-Fee Based	2507.45	2401.98	2200.99	2507.45	2200.99	2249.05
	(b) Discontinuing Operations-Fund Based	363.61	364.44	341.79	363.61	341.79	364.44
	(c) Un-allocated	1518.36	1517.51	1556.70	1518.36	1556.70	1555.84
	Total	4389.42	4283.93	4099.48	4389.42	4099.48	4169.33

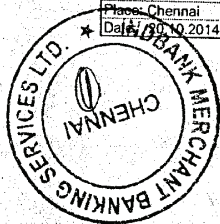
Notes

Statement of Assets & Liabilities as on 30.09.2014

Sl.No.	Particulars	As on 30.09.2014	As on 31.03.2014
Rs.Lakhs			
A	Equity and Liabilities		
1	Shareholders' Funds		
	(a) Share Capital	4437.82	4437.82
	(b) Reserves & Surplus	(48.40)	(268.49)
	Sub-total - Shareholders funds	4389.42	4169.33
2	Share Application Money pending allotment	0.00	0.00
3	Minority Interest	NA	NA
4	Non Current Liabilities	0.00	0.00
5	Current Liabilities		
	(a) Current Liabilities	799.07	900.09
	(b) Provisions	61.49	61.49
	Sub-total - Current Liabilities	860.56	961.58
	Total - Equity and Liabilities	5249.98	5130.91
B	Assets		
1	Non Current Assets		
	(a) Fixed Assets	492.82	565.78
	(b) Non Current Investments	339.61	340.44
	(c) Deferred Tax Assets	531.54	531.54
	(d) Other Non Current Assets	0.00	0.00
	Sub total - Non Current Assets	1363.97	1437.76
2	Current Assets		
	(a) Trade receivables	689.63	295.27
	(b) Cash and Cash equivalents	1593.52	1867.10
	(c) Short term loan and advances	1449.01	1433.47
	(d) Interest accrued	128.01	71.35
	(e) Other current assets	1.83	1.97
	Sub total - Current Assets	3862.01	3669.15
3	Assets under Discontinued Operations	24.00	24.00
	Total - Assets	5249.98	5130.91

- The Market value of quoted investments (Cost-Rs.6.23 crore) of the Company as on 30.09.2014 was Rs.1.70 Crore and the provisions held for the same was Rs.4.87 crore. The reversal of excess provision of Rs.0.34 crore has not been considered as a matter of prudence.
- Exceptional item for the year ended 31.03.2014 includes expenses of previous years accounted now.
- Consequent to Schedule II to the Companies Act, 2013 becoming applicable w.e.f April 1, 2014, depreciation upto quarter ended 30.09.2014 has been provided on the basis of useful lives as prescribed in Schedule II. An amount of Rs.39.02 lakhs has been adjusted against the opening balance of reserves & surplus for the assets where remaining useful life as per Schedule II was Nil.
- With reference to the observations of the Auditors in their Limited Review Report for the quarter ended 30.09.2014 regarding non consideration of liability towards claim of Rs. 897.48 lakhs by Indian Bank under the Right of Recompense Clause, the parent Bank has approved a moratorium period of 3 years from September 2013 to September 2016 for repayment commencing from the half year ending 31.03.2017 without any interest charge for the period of moratorium. Hence no provision is made.
- The previous year's figures have been regrouped and reclassified, wherever necessary, to conform to the current year's classification.
- The figures for the quarter ended 30.09.2014 are the balancing figures between un-audited figures in respect of the quarter ended 30.06.2014 and the published year to date figures upto the second quarter ended 30.09.2014 of the current financial year.
- The above financial results have been reviewed by the Audit Committee of Board and approved by the Board of Directors at their meeting held on 20.10.2014. The same have been subjected to a limited review by the Statutory Auditors of the company.

Banabihari Panda
BANABIHARI PANDA
PRESIDENT & WHOLE TIME DIRECTOR



Place: Chennai
Date: 30/10/2014