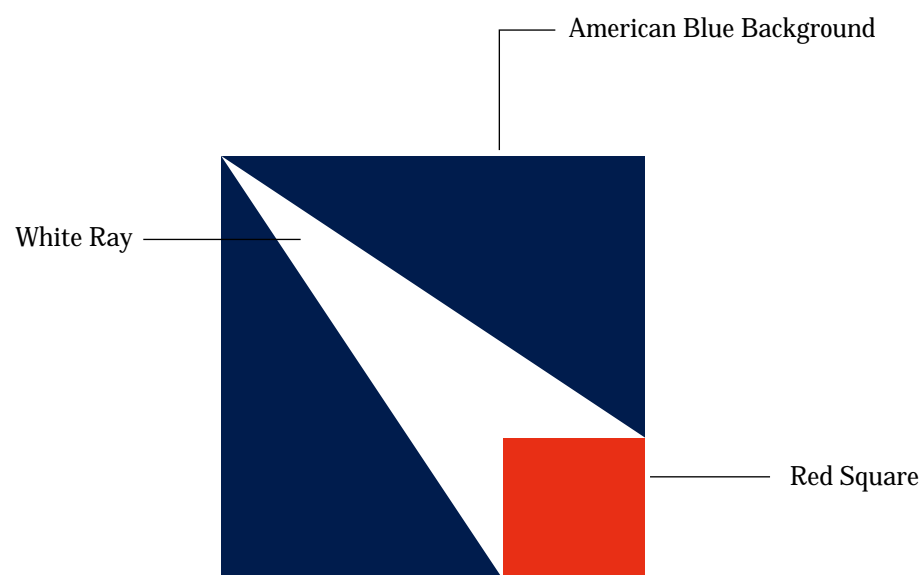


Cover



Financial Technologies
Powering e-Xchange Markets

FINANCIAL TECHNOLOGIES (INDIA) LIMITED
ANNUAL REPORT 2000 - 2001



Financial Technologies

Financial Technologies' (FT) logo is unique, in the sense that it captures the spirit and the corporate philosophy of the company.

The insignia is a square with the "sharp, perpendicular corners" signifying equality (sides of equal size) and reflecting clarity and the company's endeavor for perfection (90-degree corners).

The representation of the elements in the logo is as follows:

White Ray: FT's clear focus and vision for its objectives

Red Square: The niche that FT operates in (mission critical / OLTP applications for the financial services industry) and its aggression and perseverance.

American Blue Background: The professional conduct, our sense of responsibility and the opportunity space for FT.

BOARD OF DIRECTORS**Executive**

Jignesh Shah, Chairman & Managing Director
 Dewang Neralla
 Sajit Dayanandan
 Mahesh Joshi

Non-executive

P. G. Kakodkar
 C. Subramaniam
 Ravi Sheth
 Ashish Dalal

COMPANY SECRETARY

V. Venkatasubramani

ADVISORY BOARD

Nilesh Vira
 Kanu Doshi
 C. Kamdar

MANAGEMENT COMMITTEE

Jignesh Shah, Chairman & Managing Director
 Dewang Neralla, Chief Technology Architect
 Sajit Dayanandan, Chief Information Officer
 Mahesh Joshi, Chief Financial Officer
 Ajay Narasimhan, Director-Corporate Strategy & Communications
 V. Hariharan, Chief Technology Officer

AUDITORS

Deloitte Haskins & Sells

LEGAL ADVISORS

Crawford Bayley & Co.

BANKERS

Union Bank of India
 The Bank of Punjab Ltd.
 HSBC Ltd.

SHARE TRANSFER AGENTS

Intime Spectrum Registry P. Ltd.
 2nd Flr, Shanti Industrial Estate,
 Sarojini Naidu Road, Tambe Nagar,
 Mulund (W), Mumbai 400 080

REGISTERED OFFICE

A-3, Gajel, 152, Greams Road, Chennai 600 006

CORPORATE OFFICE

Krishna Bhavan, 67, Nehru Road, Vile Parle (E), Mumbai 400 057

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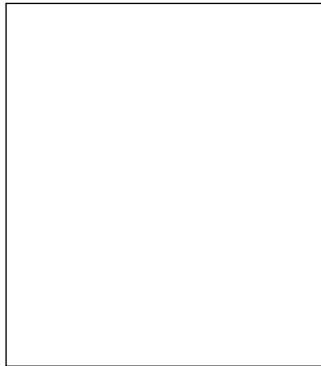
“POWERING **e**-EXCHANGE MARKETS ”

Financial Technologies would provide
transaction technologies to e-marketplaces
that are based on
Exchange modeling and transact in instruments
that can be digitized and distributed
using the online channel.



CHAIRMAN'S STATEMENT

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This is my first address to you as Chairman of Financial Technologies (India) Limited, a company in which, I have no doubt, you will be a proud shareholder. Since this document is our first Annual Report as a merged entity, I urge you to peruse it carefully as we have tried to clearly put forward information on who we are, what we do, which markets we operate in and where we intend to be in the foreseeable future.

The past few years have witnessed tremendous growth and dramatic changes in the manner in which the Internet economy has evolved, redefining the way businesses were run traditionally. This change has been profound in the financial services industry that requires streamlined distribution channels, global reach and instant access.

Technology with its ability to create new markets, expand distribution networks, empower customers and reduce operating cost has a huge impact on both the strategic and operational front of e-Exchange based trading. The technological imperatives for any successful e-Exchange based trading are application / platform scalability, speed of execution, open architecture design, e-security components, bandwidth availability and most importantly, a long term technology strategy to survive and grow.

In the beginning of 1999, we realized this potential and started working on a high end Internet Trading Engine. In line with our strategy to develop revolutionary products, we were one of the first companies in the country to introduce its Internet based transaction engine, NeT.net™, in 2000. This product successfully charted our entry into the dynamic “new economy” and established us as leaders in the emerging world of e-business.

For customers who were looking for single stop technology solution, we successfully built technology components and products which would deliver this value to our customers and introduced the country's first end-to-end e-broking solution, the FT e.Cosystem™. The objective to deliver this integrated solution was very clear – provide our clients with the most efficient “Total Cost of Ownership” model.

End users as well as broking firms are increasingly demanding technology solutions that support heterogeneous delivery channels and access devices such as leased line, dial-up, Vsat, wireless, PDAs, Interactive TVs etc. In all, the overall attempt has been to create virtual marketplaces or the emerging

- Global trend for IT investments in Financial Services industry
- Serious moves towards the Central Limit Order Book
- Industry initiatives towards adopting T+1 basis for shorter settlement cycles and also for reducing the transaction failure rates
- Technologies that enable Multi Device / Multi Delivery Channels

e-Marketplace. The concept of the 3Cs of Content, Connectivity and Commerce can now be given a new tag of 3Ds; Decide, Digitize and Distribute. Clearly the need is to attain critical mass based on these new elements that ensure seamless interfaces between information access, data transmission and online distribution.

Globally the new business model that is clearly emerging as an alternative to the existing buyer-seller transaction is the B2B e-Marketplace. It is becoming increasingly clear that the key to attain critical mass for the Next Generation B2B e-Marketplaces are deep industry knowledge and differentiating technology (that is liquidity and transaction density), attributes demonstrated by Financial Technologies that has given it its leadership status.

Market participants in consultation with the regulatory authorities have devised plans to shift towards a CLOB transaction environment, thereby endorsing the market economics of a single pocket matching Central Order Book environment. With our proven capability in delivering mission critical Exchange Bridge Technology™ (EBT) solution for a Central Order Book environment, we are ideally positioned to take advantage of this global market change. Our end-to-end Straight Through Processing technology will enable us to deploy both our front office as well as back office solution in the global securities industry.

Your management has the right vision and roadmap in converting these opportunities into accelerated growth and position itself as a high-end global technology player in the financial services domain.

GOING FORWARD...

To evolve as a globally competitive organization, we are going to focus aggressively on our principal goal of customer satisfaction and delight, and continue our commitment to our customers as their preferred technology partners.

To achieve this goal, we propose to set up processes for achieving customer confidence and have already initiated various quality related processes. We will streamline and standardize various processes that are presently being followed in the organization, to bring greater harmony and integration amongst our various business units.

Our soon to be released NeXT Generation Trading Platform™ further reinforces our commitment to deliver constant innovations. This would raise the “technology quotient” to a new high. Moreover, the



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way financial markets are shaping up, there would be greater user demand for customized and personalized trading systems that gives them anywhere, anytime and any device access.

Application Service Providers (ASP) will be the emerging phenomenon, giving customers the necessary flexibility to concentrate on their core business and outsource technology to focused verticals segments players, such as us. This would emerge as a key driver of growth in the coming years for the Internet based e-Xchange trading markets and also introduce economies of scale in operations.

Also, wireless communication will be playing a critical role in elevating the current levels of services in the financial services industry. For Financial Technologies, this would be an area of thrust, in the immediate future. Our focus would be on introducing cutting edge technology/products capable of functioning on a multitude of systems and devices. Establishing us as a strong player that deploys transaction technologies across the entire spectrum of devices from "Desktop... to Laptop... to Palmtop". Delivering cross-platform, cross-devices and cross-channel Straight Through Processing technologies.

Markets globally are going through a structural change and this would, by the nature of our business model, present us with both a challenge and opportunity. Innovation, and introduction of new technologies have been and will continue to be the drivers of the widespread acceptability of our products.

We at Financial Technologies are extremely happy and proud of our achievements and would like to take this opportunity to thank our shareholders, employees, business partners and vendors for providing us their constant support and commitment in our journey towards greater heights.

– Jignesh Shah
Chairman & M.D.



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GLOBAL MARKET



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Recent studies estimate that the worldwide B2B market will grow from \$145 billion in 1999 to \$7.29 trillion total global sales transactions. And this transformation would be brought out by e-market maker activity. E-market makers or organizations that develop B2B Internet-based, e-marketplace of buyers and sellers within a particular industry are projected to facilitate \$2.71 trillion in e-commerce sales transactions in 2004, representing 37% of the overall B2B market and 2.6% of forecasted worldwide sales transactions.

Market is witnessing a new breed of participants, the Net Market Makers (NMM), who would induce the much-needed liquidity and boost transactions on these e-Marketplaces. In fact exchanges that are liquid have a dynamic trading environment where participants can trade at will, based on standard contracts and transaction rules. This is a model that has been adopted by the financial services industry, which are nothing but large, liquid B2B marketplaces exhibiting characteristics such as price efficiency, high transaction density, volatility, transaction settlement etc. The most advanced amongst such models is the Central Limit Order Book (CLOB) that captures the efficiencies of demand-supply aggregation at a central point.

The Central Limit Order Book (CLOB):

The technology adopted by Indian Stock Exchanges is amongst the most advanced systems globally and the trading system deployed by both the National Stock Exchange & Bombay Stock Exchange works on the CLOB business model i.e. single point aggression of demand and supply resulting in pricing efficiency and market depth, which are critical for inducing liquidity in the system. This model provides equal opportunities to all categories of investors to trade at the best available price across the entire market and our trading engines have been designed to deliver high performance benchmark for such a demanding market place. In fact, we have pioneered end-to-end straight through processing technology addressing the demanding needs of a CLOB environment in one of the most high transaction density markets in the world.

Today FT-EnginesTM has delivered one of the most optimal price-performance results on a demanding trading environment. The strength and the capability of our engines are such that they have delivered consistent performance over heterogeneous network that includes LAN, WAN, ISDN, Lease line, V-Sat and works on both private as well as public channels (Internet).

In fact, exchanges in Singapore, Sydney and Tokyo have already opened up their message structures

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that enable private technology players like us to develop Exchange Bridge Technology (EBT) to facilitate a participant's real time access to the exchange central trading engine. Incidentally NASDAQ, the largest electronic stock exchange in the world, has drawn up a blue print for introducing a central order book equivalent market structure called the "SuperMontage", which would enable real time access and single pocket matching facility to its traders.

Straight Through Processing:

In the domestic market, end-to-end Straight Through Processing has been possible because of the last level integration to the exchange central system without any manual intervention at any stage. Today, we are amongst the only few companies globally that have a fully functional end-to-end Straight Through Processing technology.

According to the Global Straight Through Processing Association (GSTPA), one of the significant changes that will impact the global financial services industry is the move by regulators to shorten the settlement process from trade-date plus 3 days (T + 3) to trade-date plus 1 day (T + 1) by 2004. Technology has played a critical role in enabling trading volume to grow to high levels and it would continue to be the same in future. The Internet, Broadband Access and Wireless Communication have spurred the formation and wide spread popularity of Online financial services industry. As per the assessment by the Securities Industries Association (SIA), trade volumes are growing by 25 % annually, which would result in an average of 815,000 daily institutional trading by 2002.

The shift from T+3 to T+1 settlement system is going to put tremendous pressure on the participants and is likely to place an excessive level of risk across the entire trade cycle. Moreover, market drivers such as decimalization and extended trading hours are also likely to induce participants towards processing larger number of transactions on a daily basis. STP has become the widely accepted means to achieve related automation and prepare towards a T +1 settlement cycle. It is estimated that only on the trade settlement cycle the estimated spend on STP related project / technologies would be of the order of US \$8.0 billion by 2004. This would force the participants to look for forward integration with their front office trading systems to have seamless interface in their entire trade cycle process. Clearly there are large inefficiencies and risk in the current post trade confirmation and settlement processes, which also present opportunities for high-end technology companies like us.



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Indian securities market has witnessed substantial structural changes in the trading environment over the last few years. More prominent amongst them are move towards compulsory rolling settlement, introduction of derivatives trading, expansion of e-broking operations amongst others. Clearly, these environment changes have forced participants to look for high-end technologies solutions that successfully address their growing and diverse needs. We have captured this opportunity by demonstrating our leadership position and proposed to strengthen it further in the coming year. New forms of trading such as Options on Index and Options on Stock as well as growing customers demands, will present us with continuous opportunities.

In the age of digital economy, the only thing constant is change... and we being a responsible organization realize this all the more in a technology intensive environment. In line with the global trends, we are likely to witness the emergence of productised service model in the form of Application Service Providers (ASP).

Anticipating and being prepared for changes and moving with the times is what growth is all about. And at Financial Technologies, innovating, improving & introducing new technologies we keep pace with time.



“Courage of Conviction. Power of Perseverance.”

10 REASONS
THAT HAVE MADE
FINANCIAL TECHNOLOGIES
A UNIQUE SOFTWARE
PRODUCT COMPANY

- Top Management having over 50 years of combined Exchange Market Expertise
- Only Indian Company to have products in all segments of the Financial Services vertical – Equity, Derivative, Treasury, Forex, Commodity and Depository
- Introduction of India's first Exchange Bridge Technology™ solution for a Central Limit Order Book (CLOB) market
- Successful creation and deployment of multiple engines that support high transaction intensity markets – Order Routing, Exchange Bridge, Broadcast, Risk and Position Management, Arbitrage, Alert engines amongst others that constitute our FT-Engines™
- Successful implementation of live Internet Trading solutions on both the BSE and NSE trading segments with our products
- Implementation of country's first Multi-Exchange Internet Trading platform
- FT-Engines™ has completed 1000+ days of non-stop trading
- Implementation of the largest Computer To Computer Link (CTCL) solution in India
- First company in India to have an end-to-end Straight Through Processing system – The FT e.Cosystem™
- Winning the “Best Financial Services Partner” award from Microsoft for 1999-2000



OUR MISSION

“To become a global leader in developing mission critical OLTP / electronic Straight Through Processing applications for the financial services sector. In the process, FT’s applications would become “proxy” to the Digital Exchange Economy, supporting transaction intensive marketplaces”.

Financial Technologies would become the “change agent of choice”, by playing a key role in the evolution of a mature and sophisticated financial services industry, by:

- Assisting top-tier institutions and intermediaries in their transformation into Universal Financial eBusinesses
- Partnering with market utility providers to build infrastructure for growth, and supporting policy makers in enabling market development.

OUR GENESIS

We are India’s leading IT Product Company focused on developing software products for the financial services industry. Backed by cutting edge technology and deep domain understanding, we have emerged as the industry leader in deploying e-Xchange Trading Platforms for Equity, Debt, Money Market, Foreign Exchange, Commodity and Derivatives markets which are powered by “FT-Engines™”. Today, FT-Engines™ powers more front-office dealing desks for online securities trading in the country, than any other system and has become the technology benchmark in its line of business.

Our e-Xchange Trading Platform enables enterprises to offer exchange market based products and services to our clients that support high transaction density for an ever-expanding marketplace by delivering performance, scalability, open architecture and deployment flexibility. Moreover, our greatest strength has been to evolve a long-term product strategy in line with the market trends and the business vision of our clients, thereby ensuring longevity and acceptance of our products from the market.

In 1998 we deployed our first stock market trading platform, and since then, have over 3000 plus live trading desks in over 50 locations across the country. Today our product suite spans the depth of the stock market operations, delivering end-to-end Straight Through Processing technology and covers the entire spectrum of financial services industry such as Equity, Treasury, Foreign Exchange, Derivatives, Depository and Commodity.



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The technological superiority that we have built over the last few years covers some of the most challenging demands of the financial services industry such as real-time response systems, dynamic risk management, online trade processing for reducing transaction failures, end-to-end Straight Through Processing amongst others. The technology components used in delivering this cutting edge technology to our participants include:

- Exchange Bridge Technology
- Order Processing and Risk Management
- Exposure / Position Monitoring and Tracking
- Trade Clearing and Settlement
- Matching Engine
- Depository Operations
- Payment Gateway Interface

Our integrated suite of products enable financial services intermediaries and institutions to deliver single point transaction fulfillment to its clients across both private and public networks. Today, we have established our leadership in deployment number, innovation and depth of our offering.



OUR PEOPLE

When we started our operations, we were a young and dynamic team with tremendous fire and great conviction in our dreams. Today the fire, the conviction and the dynamism remain intact, but what has significantly changed over the years is the addition that has happened to the FT family. We are extremely proud to say that we have today grown into a healthy 200 plus member strong organization and have industry specialists who are from diverse backgrounds such as stock markets, banking sector, financial institutions, foreign exchange operations, commodity markets, quality specialists, amongst others.

Being a knowledge intensive company, we provide tremendous opportunities for individuals who wish to shape up their careers with a fast moving product organization. Endorsement of our ability to offer lighthouse opportunities can be gauged from the fact that we have successfully created and added to our leadership cadre in the company, which is the reflection of any forward looking organization.

We realize that our people are our true assets and resources, therefore the effort has been to identify

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and create as many number of independent operational units within the company to provide maximum flexibility and decision making ability. In a true sense, we have adopted and practiced the merits of true empowerment that drives the organization forward at an ever-increasing speed.

The greatest strength of our people is that they pack considerable technology skill with deep industry and domain exposure that lends them insight and vision into the dynamics of the industry.

Training is one discipline that has been a priority agenda with our company as that is what maintains the competitive edge of the company as well as its customers. We have organized special training programs for employees, across various levels, to enhance value and productivity.

Quality is another area which has been a focus element for the company and it is not surprising that today we have over 14 Systems Auditors of which there are 3 CISA (Certified Information Systems Auditors) Qualified professionals who have added the cutting edge to our product quality. On an average, we have close to around 2-3 Systems Audit professionals per product which is amongst the highest for a product company.



Work at Financial Technologies is full of fun and learning. Keeping in line with our tradition as true innovators, we have instituted a unique reward mechanism, the "FT Rain Awards". As the name suggests, the awards are held during the monsoon period wherein Team members are encouraged to let their hair down and participate in an evening of fun and excitement. The award program is an annual event and an excellent mechanism for recognising outstanding performances that spans across Groups, Teams and Individuals, which is an attempt towards recognition of our Teams' contribution in our business objectives.

QUALITY CONSCIOUS

Perfection is a direction not a destination...

QUALITY PROCESSES FOR A PRODUCT CENTRIC ORGANIZATION LIKE FINANCIAL TECHNOLOGIES, FOCUSES ON CONFIGURATION MANAGEMENT, CHANGE MANAGEMENT, PEER REVIEWS, PROJECT MANAGEMENT AND TRACKING

Being a domain specialist IT products company, we realised long back the criticality and the requirements for defining Quality Processes for a product centric organization like ours, which has its specific nuances. Considering the business model followed by us, the Quality group identified the following areas for further optimization and maturity as part of our Product Life Cycle curve:

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- Configuration Management
- Change Management
- Peer Reviews
- Project Management and Tracking

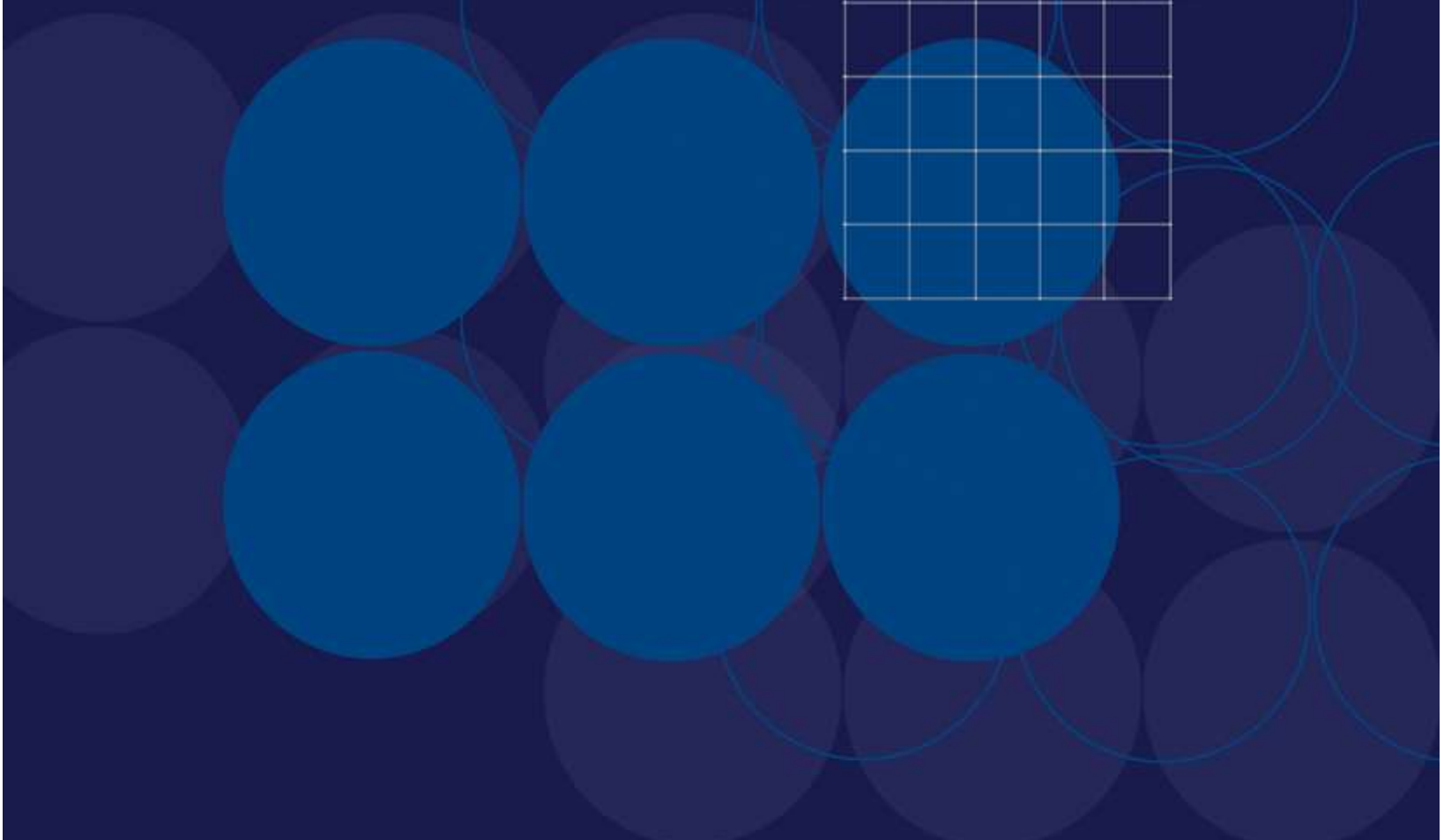
In this connection, we have ensured that necessary processes have been defined and implemented for delivering the most quality-focused products to our customers. Towards this objective, we are using some of the most advanced tools (like StarTeam for Change and Configuration Management) to automate some of the processes that have been implemented.

Moreover, in order to ensure the successful implementation of these initiatives we have enrolled QAI as our consultant for the successful implementation of these processes. In fact, we are looking forward to obtaining our SEI CMM certification for the company in the coming year.



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BUSSINESS MODEL



MOVING UP THE VALUE CHAIN

THE FOCUS IS TO CREATE ROBUST, SCALABLE, COMPATIBLE, FLEXIBLE END-TO-END BUSINESS SOLUTIONS USING RELEVANT TECHNOLOGIES

The global value chain in the IT software industry comprises primarily of four levels classified on the basis of risk and value parameters. A product company is positioned at the top end of this value chain because businesses risks are higher as acceptability in the market is critical, the value-add is higher and therefore they are able to command a premium. A Product business model requires an entrepreneur to have a strategic vision of the space that his products fit in, as the normal lead time for any successful product can range from 3-5 years depending on the space that one operates in.

In order to create a successful product business, companies need to identify key industries to be targeted and focus on developing complete end-to-end solutions for competitive advantage and continuous value add for their customers. The focus should be on creating robust, scalable, compatible, flexible end-to-end business solutions using relevant technologies. Also, it is important to remember that only widely accepted products can benchmark standards and only benchmarking standards can create true leaders.

- Product business model
- Deep domain expertise
- Continuous R&D efforts
- High entry barrier
- Business scalability

In 1995, we consciously decided to adopt the product business model, as that is the true indicator of a knowledge intensive company like us. Today, we have become an industry leader in the space that we operate in because of the unique combination of our technical strength and domain expertise. Moreover, a product business model also creates high entry barrier in domain intensive market such as the financial services industry, which combined with our leadership position works to our advantage.

Our product philosophy has been very clear and simple: focus on creating quality products that deliver value-price benefit for our customers with global performance standards. Towards this our company has made extensive investments and efforts in Research & Development in terms of time and resources that has delivered competitive edge to our customers in their business operations. This helps us in establishing a long-term partnership approach with our customers, which are built around the three corner stones of our success: Customer Competitiveness, Customer Satisfaction and Customer Growth.

Financial services industry is one of the largest IT spenders and has exhibited its propensity to

adopt new technology. It is estimated that the global software industry for the financial services industry is of the order of US \$ 50 Billion with the packaged software industry size of the order of US \$ 5 Billion annually. This number is expected to grow to around US \$ 7 Billion by the year 2004.

High Entry Barrier:

Though the market size in number looks very attractive, there are high entry barriers for companies that wish to enter this space. The most significant entry barrier is the "domain knowledge" or the market expertise that differentiates a player's ability to sustain itself in this demanding market. This is where Financial Technologies gets its competitive advantage as it has proved its ability in understanding the deep domain peculiarities as well as having a product model, which gives it a strategic advantage in terms of time to market, rapid customisation as well as quick deployment.

Moreover, the top management has extensive Exchange market expertise, they having worked in some of the premier stock exchanges of the country. The business modeling that we address using our technology components and products, fulfill the requirements of any e-Xchange based marketplace in terms of standardized contracts, digitized distribution & transaction technology with industry accepted settlement procedures.

Today, Financial Technologies and its products have carved a niche for themselves and have successfully created a strong brand. Our products represent high levels of performance standard and have gone on to become industry benchmark.

In line with its vision, we would deploy our products and technologies to "Power e-Xchange Markets" that exhibit an exchange modeling structure. Moreover, our greatest strength is the differentiating technology that we have been able to offer to our customers. It is the strength of this relationship that will ensure that we are able to constantly come out with innovative products and fulfill the requirements of our customers going forward.

Our Value Proposition:

Over the last few years, we have pioneered technological innovations in developing mission-critical On Line Transaction Processing (OLTP) applications based on electronic Straight Through Processing technique. The OLTP expertise and capabilities of FT have been derived from cross-platform deployment and addresses the breadth and the depth of the financial services industry. Moreover, our deep domain



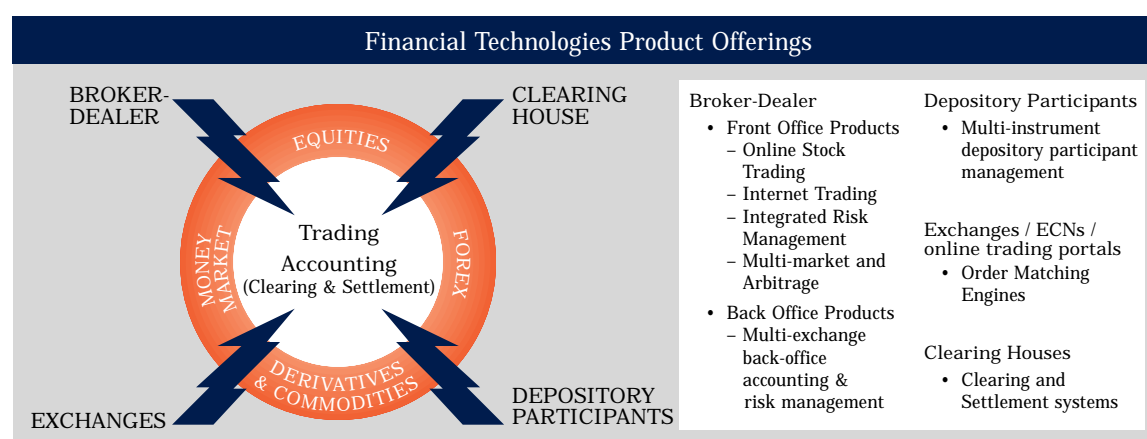
expertise combined with the technology superiority of our products has delivered competitive edge to our clients in their service offerings.

Our Business Scalability:

We address the complete technology requirements of the financial services industry that moves across its Depth, Width and the Spread of the market segment.

- **Depth** – Today we are the only provider of end-to-end product Straight Through Processing technology for the online stock trading operations. This covers not only our front office trading desks but also the back office product, Depository product and interfaces to the Payment Gateway system thereby addressing the total needs of the customer at a single point.

- **Width** – We are the only company in the country today operating across the entire spectrum of financial services segment. We have products that have been deployed in Equity Market, Treasury Market, Commodity Market, Derivatives Market, Foreign Exchange Market and also for Depository operations that works across a multitude of instruments. Clearly the spread of our market gives us tremendous scope and opportunity to work across the entire spectrum of the financial services vertical, which also gives us a proper product mix.



- **Spread** – Moreover, the technology applicability of our products works across a diverse range of participants that includes Stock Exchanges, Financial Institutions, Institutional and Retail Brokerage Houses, Indian and Foreign Banks, Foreign Institutional Investors and others. Clearly, the market participants that we address through our multitude of products represent a very large combination set of user base, which only enhances our ability to sell multiple products to multiple customers.

We understand the purpose and the need for its clients to look at high-end performing products

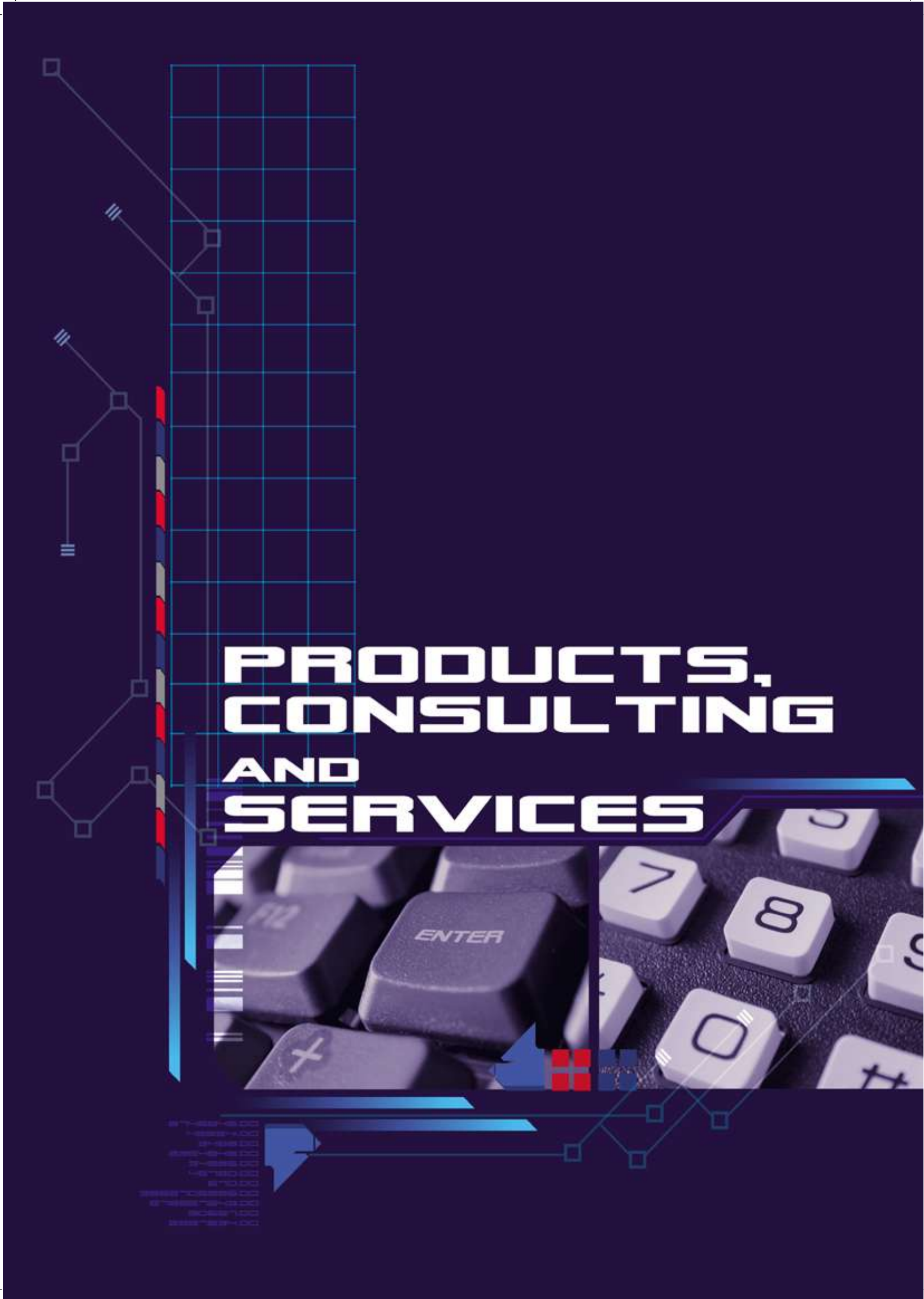
“Courage of Conviction. Power of Perseverance.”

that deliver mission-critical applications of the highest order. The fact that we deploy our products for markets that require real-time response times underscores the need to have not only proven product capabilities but also to have deep understanding of the trading environment in which the product operates.

For those interested in profiting and exploiting the true potential of these products, we now offer in-depth expertise in providing consulting for creating a winning network architecture strategy. This consulting expertise for such fast moving and volatile markets as the financial services sector is unparalleled in its breadth and depth. This initiative is spearheaded by our Network Consulting Group (NCG) division.

Our team of experts has cross-functional expertise on heterogeneous network channels and also has strong domain knowledge of the financial services sector.





**PRODUCTS,
CONSULTING
AND
SERVICES**

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SOFTWARE / SOLUTIONS

ODIN™: Multi-Exchange Online Stock Trading Engine – Cash and Derivatives Market

ODIN™, is a customized front-office solution, which can be utilized by the members of Stock exchanges for creating a network of Trading desks. Specially designed to work over any Telecom Network, ODIN™ functions for both BSE (IML product) and NSE (CTCL product) operations and supports both Cash and Derivatives market operations. ODIN™ has pioneered Straight Through Processing application to the Exchange and supports an Advanced Risk Management function. It uses the revolutionary FT-Engines™ that comprises the Exchange Bridge Technology, Risk Management Technology and Broadcast Technology components.

Key Features

- Front office solution
- Back office solution
- Middle office component
- Internet trading
- Multi-market capability

- Supports Multi-Exchange (NSE and BSE), Multi-Segment (Cash and Derivatives) operations
- Supports high levels of “Thru Put” through its Exchange Bridge Technology
- Real-Time Settlement Position Tracking with Mark-To-Market (MTM) facility across segments (Cash and Derivatives)
- Over 48 Real-Time Risk Management Checks per Order
- Supports Data Streaming on bandwidth as narrow as 9600 bauds
- Multi-Point Client Control & Multi Channel delivery capability
- Market Snapshot that captures scrip specific details

NeT.net™: e-Xchange Trading Engine

NeT.net™ is state-of-the art Internet Trading Engine that supports market participants' e-Xchange trading between retail clients and brokerage houses through to the stock exchange. It is amongst the first products of its kind that has demonstrated streaming quote using our proprietary broadcast optimizer.

Key Features

- Supports both “Push” and “Pull” based transaction capabilities
- Facility to create highly parameterized and customizable transaction pages
- Online Alerts for client activities

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- Creation of Investors Self-Portfolio
- Utilizes highest levels encryption standards
- Open architecture that facilitates interfaces with multiple third part systems

MATCH™: Multi-Exchange Back Office Accounting & Risk Management system - Cash and Derivatives Market

MATCH is a complete, integrated solution that can be easily customised to suit your business needs. Developed using the latest tools, GUI and RDBMS, and incorporating OSA around a true Client-Server backbone, MATCH offers a multi-platform, multi-exchange, multi-user integrated approach for both Cash and Derivatives market operation. With its modular design, MATCH delivers STP capability for Post-Trade operations and offers the user a cost effective, easy to tailor solution.

Key Features

- Shares and Stock Accounting system
- Supports Multi-Settlement Cycle environment (T+1, T+3... T+n)
- Multi-Margin system for advanced Risk Management & Tracking
- Event based Memorandum Accounting
- Deal-slip module for Institutional Dealing Room
- Exhaustive Collateral Management system

DPM™: Multi-Instrument Depository System

DPM is our multi-instrument and multi-exchange depository operations product that addresses the critical need of the broker and the depository participant to handle multitude of accounts in an efficient manner.

Key Features

- Real-Time interface with Trading Engine and Back-Office system for DVP trades
- Dematerialization and Re-materialization of securities
- Loan against Pledged Securities
- Corporate Action Module
- Supports distributed account management through Branch Module

"Courage of Conviction. Power of Perseverance."



M3™: Multi-Instrument Treasury Market Operations System

M3, Treasury market software product from Financial Technologies, is an integrated solution for Front Office, Middle-Office and Back-Office functions of treasury management for Banks, Financial Institutions and Primary Dealers. The system takes care of various functional modules such as Dealing, Settlement, Accounts, MIS, Valuation of Securities, ALM Reports and Technical Analysis.

Key Features

- Fully automated Dealing Room and Settlement Operations system
- Advanced Portfolio and Technical Analysis capabilities
- Real-Time monitoring of Funds Position
- Exposure Risk Management system
- Event Driven Accounting System

**eCommex™: Commodities Exchange Clearing & Settlement system**

The eCommex™ is a centralized clearing and settlement system for commodity exchanges that offers advanced risk management capabilities with a modular structure. It automates the entire clearing and settlement process of the Commodity Exchange along with on-line validation of exposure and other limits on member's trades.

Key Features

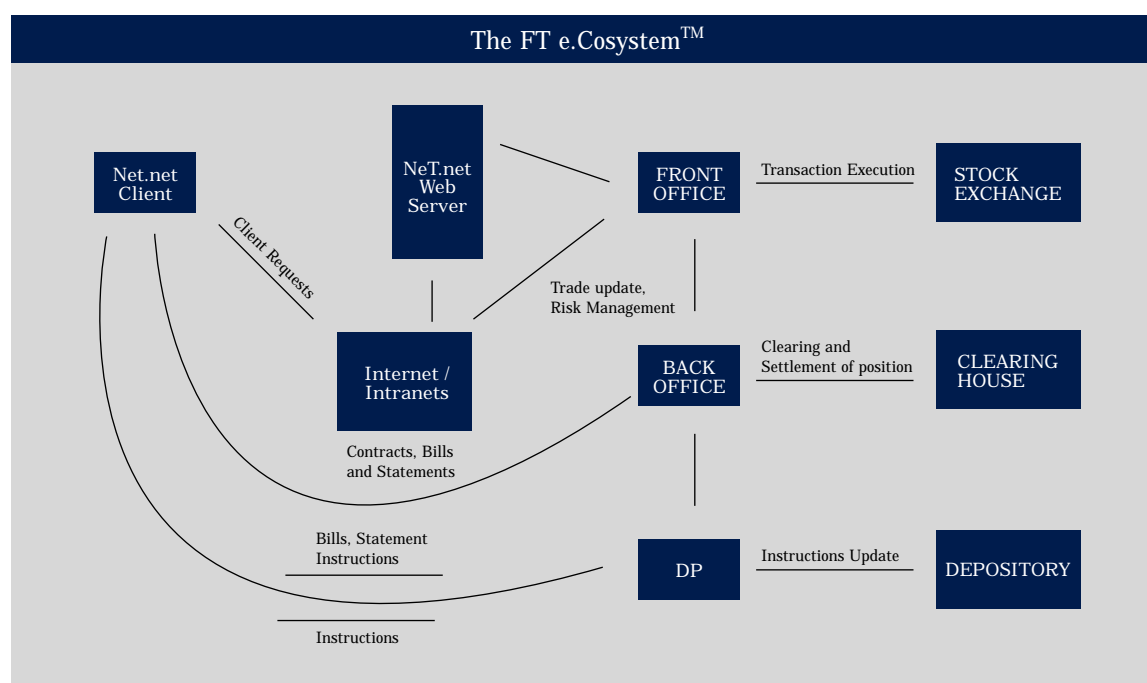
- Online validation of Exposure Limits for multiple contracts and commodities
- Online Alerts for Member's Exposure / Position limits
- Parameterized Audit Trail on all Master information
- Maintaining extensive financial information on Member's Deposit and other Charges
- Extensive parameterized Queries and Reports

The FT e.Cosystem™

FT e.Cosystem™ integrates FT's revolutionary NeT.net™ product which is amongst the first software products in India that supports a market participant's Internet access to securities brokers and exchanges.

Annual Report 2000-2001

Combined with FT's other products – such as the ODIN™, NeT.net™ provides a wide variety of options for Internet trading. Using NeT.net™ orders, trade confirmations, and real-time market information can be provided to retail and institutional investors via Internet at a very low cost.



NETWORK CONSULTING GROUP (NCG):

The core focus of the NCG is to design innovative solutions for enterprises and enable them to achieve high levels of productivity, by providing technical know how, systems, solutions and services. Leveraging on the collective experience of its group members in various fields of communication, networking, network and system security, the NCG is capable of providing unparalleled cost-effective and efficient solutions in a wide range of technologies to successfully meet the customers' present needs as also provide room for future expansions and technological advances.

The various component services offered by NCG are given below.

- Hardware Design and sizing
- Local Area Network Architecture
- Wide Area Network design & implementation
- Internet/Intranet Security
- Optimization of Network and audit
- Manpower Consultancy

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DOMAIN INTENSIVE PROJECTS

Going forward, we would be undertaking Domain Intensive Projects that would require combination of various component technologies and skill sets that we have been able to develop successfully over the last few years. The effort would be to engage large global financial institutions and delivering high-end customized solutions that address their unique business needs.

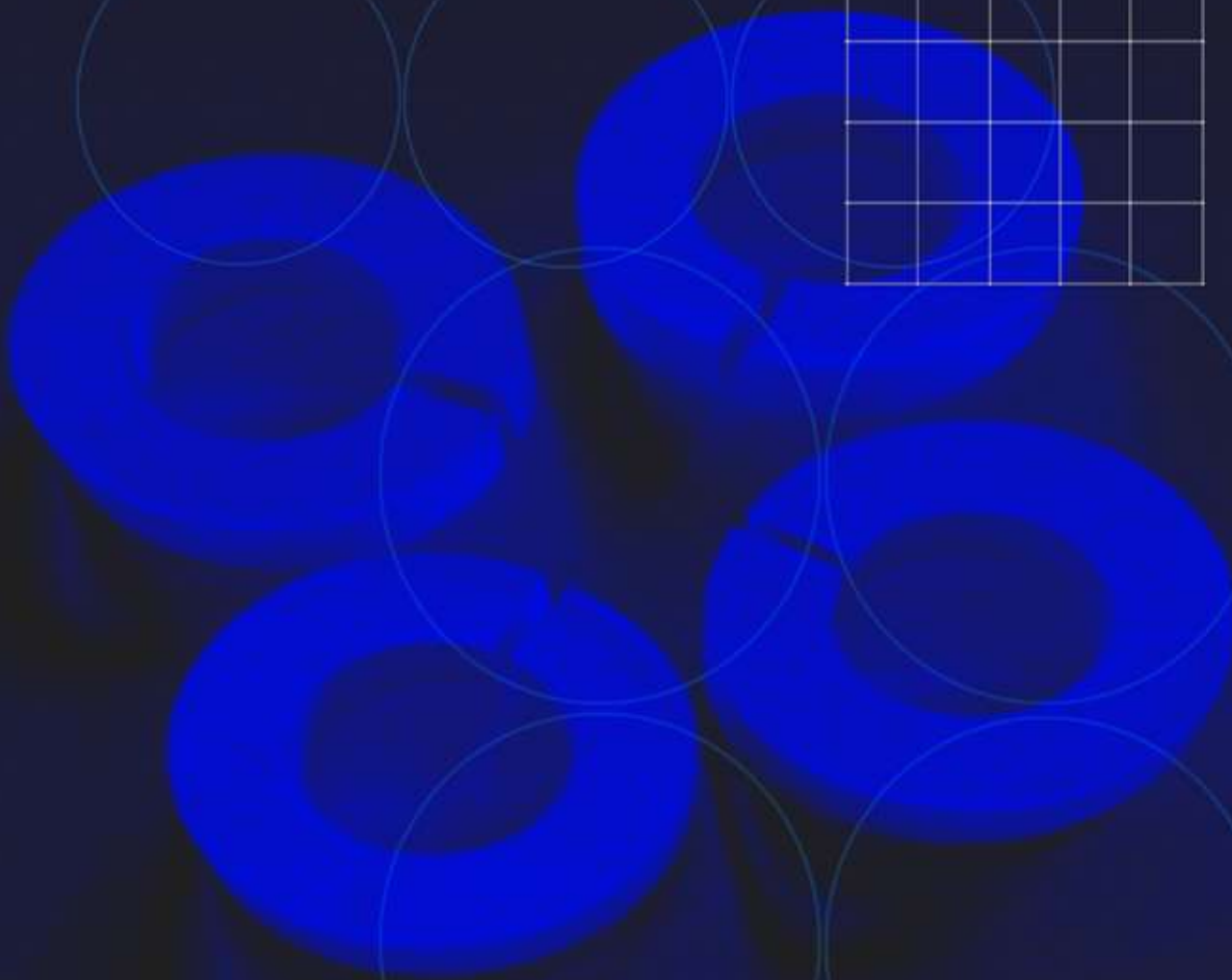
With the structural changes that are likely to happen in the global securities industry in the next few years, with our deep domain expertise and technology excellence, we would take advantage of these market changes and opportunities.



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OUR PARTNERS



Your Company has partnered with global leaders to offer expertise in related areas and world-class products and services to its customers. These include partnership that goes across business entities and also underscores our close engagement with some of the leading global technology firms in the world.

MICROSOFT

"Financial Technologies has successfully leveraged Microsoft technologies for delivering the most optimal price – performance results in the online securities trading industry. The world-class applications that Financial Technologies has developed on Microsoft technologies clearly underscore their technological capabilities for delivering scalable, reliable, and robust solutions. Today Financial Technologies has become a shining example of how a combination of technological vision and domain expertise can deliver globally

- Alliance with Rolfe & Nolan
- Alliance with Ernst & Young
- Close association with Microsoft and Intel

competitive solutions for transaction intensive marketplaces. Microsoft is committed to working closely with Financial Technologies towards the introduction of the next generation, mission critical applications based upon Microsoft .NET Technologies".

– Mr. Rajiv Kaul, Managing Director – Microsoft (India)

INTEL

"Financial Services sector has emerged at the forefront of deploying cutting edge technologies and will power Internet based services in the country. Companies like Financial Technologies have successfully delivered mission-critical Straight Through Processing technologies for these transaction intensive marketplaces, based on Intel Architecture. In line with our global approach, we look forward to working with Financial Technologies for the introduction of high end technologies based on Next Generation Intel Architecture".

– Mr. Avtar Saini, Director – Intel (South East Asia)

ERNST & YOUNG

Our exclusive alliance with Ernst & Young offers India's first-ever end-to-end solution in the e-Exchange markets, addressing all security aspects as also provide the enabling package for online trading of stocks and commodities. The exclusive tie-up with Ernst & Young's services is bundled as part of the FT e. Ccosystem™ product suite.

Annual Report 2000-2001

Ernst & Young's expertise in security for players in the e-Xchange markets ranges from designing of eSecurity architecture and implementation, continuity and availability solutions, cyber-process certification, attack and penetration profiling and eSecurity Online, a net-based subscription service on risks and vulnerabilities.

ROLFE & NOLAN

Rolfe & Nolan Plc., UK - the world's leading global software solutions providers, have exclusively tied up with us to bring in world-class products and services for Futures & Options Trading to India.

We are also responsible for all necessary developments of the products to meet Indian regulatory requirements.





Annual Report 2000-2001

To the Members,

Your Directors have pleasure in presenting the thirteenth Annual Report of your company together with the Audited Statement of Accounts, for the year ended March 31, 2001.

The year 2000-01 has been an outstanding one for us in all aspects – in terms of financial growth, introduction of new products, addition to our clientele and further strengthening our internal systems. Our people, who are our greatest assets and partners in our vision and progress, have demonstrated their ability to rise to the challenges and deliver top-drawer results for our customers thereby ensuring their business competitiveness.

FINANCIAL RESULTS (Rs. in lacs)	Current Year	Previous Year
	2000-2001	1999-2000*
Total Income	1875.47	45.69
Operating Profit (PBIDT)	828.79	13.30
Interest / Finance Charges	3.84	5.21
Depreciation	189.87	7.40
Profit before Tax	635.08	0.69
Provision for Taxation	35.50	–
Profit after Tax	599.58	0.69
Less : Prior Period Adjustment	0.52	0.44
Add : Balance B/f from Previous Year	–	3.10
Balance available for appropriation	<u>599.06</u>	<u>3.35⁺</u>
Appropriations		
General Reserves	200.00	–
Balance C/F to Balance sheet	399.06	–

+ Transferred to Capital Reorganisation Reserve
 * The figures for the current year are strictly not comparable with that of the previous year since they reflect the financials of the merged entity consequent to the Schemes of Amalgamation being effective.



DIVIDENDS

The year was in a true sense highly productive. Presently, there are various initiatives underway particularly, our efforts to secure a solid foothold in servicing global financial markets in the coming years. Thus, your Board felt that, rather than make a token dividend pay out, it would be prudent to conserve the resources for growth opportunities. This would create a far better shareholder value in times to come.

PERFORMANCE

a) Operations

Financial Technologies' performance for the financial year under review reached a new height. It

demonstrated in a true sense the characteristics of a Product Company with generation of 78.26% of the total revenue from the Products Sales.

The company continued to be the frontrunner in the segment of Equity Market. This year too, in terms of number of installation for Front office and Back office products in Equity Market, the company's performance exceeded the targets. The business and domain knowledge technology expertise, constant and timely upgradation and customer friendly approach has helped the Company in winning the confidence from the market players and regulators.

Your Company has achieved phenomenal growth in terms of business opportunities and in building Corporate Brand in the securities and financial services sector in India. The year 2000-01 was also special in the sense that we were able to cement our position as the industry leader in offering products and solutions across the financial services domain.

Our Internet trading product NeT.net™ proved to be the star performer this year as e-broking operations picked steam in the country. In fact, our Internet Trading engine today powers the top e-broking sites in the country in terms of their daily transaction value.

During the year the company got empanelled in both the premier Stock Exchanges of India i.e National Stock Exchange as Solution provider for Internet Trading Operations & The Stock Exchange, Mumbai as approved Solution provider for its Intermediate Message Layer (IML) operations respectively.

Product Performance

Looking at the specific needs of the Indian market it has been our endeavor to provide our clients with the most optimal value-price performance. Towards this, FT-Engines™ have delivered one of the highest "thru-put" on Windows / Intel platform where-in our engines have delivered capability to handle over million orders in a 5 hour trading window as part of internal testing, which is amongst the highest ever achieved on the Windows / Intel combination. This performance was delivered as per the requirement stated by the client and was conducted on a certain pre-defined trading / network environment.

Our equity back-office product MATCH™ is a very comprehensive system that delivers value for money through its varied features rich performance. In 2000, we were able to achieve 11 major installations that included some of the frontline e-broking and large retail chain brokerage houses. Apart from these



Annual Report 2000-2001

installations, we were able to deploy multiple licenses of the retail version of this software, which gave us the necessary spread in our license base and market penetration. As part of our ongoing effort to provide constant value addition to our clients, we introduced quite a few new features that enhanced the overall capability of the product. Some of the key features include Risk Management module, Exchange and Client margining module, NeT.net™ API services, Comprehensive support for Demat transactions in Custody, e-CIS (Web based CIS module) etc.

MATCH™ has been able to achieve a high processing capability of close to 32,000 transactions per day's trading, which is one of the highest that has been achieved by a product of this nature. In addition to this, MATCH™ has been able to demonstrate a transaction upload / entry in batch mode at the rate of 1200 transactions per minute, which includes validation of entries, authentication and commission computation for all the transactions. Moreover, MATCH™ has demonstrated its ability to handle over 1,00,000 accounts at a single site installation, which handles one of the largest retail brokerage operations in the country.

DPM™ is our Depository operations product and has emerged as one of the frontline product of the company. We had 7 new installations carried out in the last one year that includes some of the leading foreign and nationalised banks as well as the leading broking houses of the country. During this period the product has shown significant enhancement in the range of features and services that it offers, which has positioned DPM™ as the most versatile and complete solution in its category in the Indian stock market operations. Some of these enhanced features include: Integrated NSDL and CDSL depository operations, introduction of the Head Office and the Branch office operations, advanced and comprehensive billing module, supports multi-channel delivery capabilities, web based Branch and CIS operations etc. We firmly believe that in the coming years, the DPM™ product would be one of the top performing products in the entire product range offered by Financial Technologies.

We made two new installations of our Treasury Market product M3™, which has already achieved performance levels of handling over 200 trades per day for one of the leading Primary Dealers in Treasury operations. In fact this client has gone on to become the No. 1 Primary Dealer in the country in terms of the total turnover handled. Key amongst some of the new features that we added in our product in the last one year include advanced Risk Management and Exposure Monitoring modules, Technical Analysis tool for decision support etc.



b) Infrastructure

Global Product Development Center – Today, Financial Technologies operates from a state-of-art 15000 sq. ft. Global Product Development Centre located in Mumbai, India. The backbone of our development center facility is a certified AT&T Lucent structured 10/100 Mbps Local Area Network with infrastructure comprising the best of branded hardware like IBM (for servers and desktops), 3COM (for switches), CISCO (for routers).

Financial Technologies as an organization, is dedicated to the development of quality Software products for the new economy. This necessitates a capital & technology intensive approach – not only in the actual process of product development, but also in the provision of a state-of-art testing facility (Proof of Concept – POC). The primary function of the POC Center is to benchmark our products and make them globally competitive. Our company has a dedicated team of professionals who are working on stretching the limits and capabilities of our various products and towards this effort your management has decided to setup a dedicated Proof of Concept center, which would be housed in its Global Product Development center in Mumbai.



c) Proof Of Concept

The Proof of Concept will be used primarily for showcasing our product that have been developed in-house and to improve upon the existing ones. The PoC would be an ideal environment for us to showcase our products to our prospective customers so that they have a feel of our products in real-live environments. It will also help us in demonstrating our technological capabilities for the global markets.

Areas that the “Proof of Concept” center will be covering are:

- Simulation for stress testing (benchmarking) i.e. if the product has been specified for a certain capacity in terms of Order or Client handling, whether or not it can actually withstand the load on a sustained basis as well benchmark the peak load
- Identify the optimum Hardware architecture required to achieve the specified performance
- To provide a clear understanding of the scalability of the Software, Hardware and the Application.
- To determine fault tolerance of the various components of the Hardware and software like OS, Database, Middleware, Application Components and processes like MTS, IIS, MSMQ etc. and

Annual Report 2000-2001

their overall impact on the given solution.

- Optimization of the bandwidth – by varying the packet size.
- Integration of various software application modules.

d) Support Facilities

We provide our clients not only with compelling technology and network consulting skills, but also delivers the cutting edge that ensures our clients remain competitive in a highly volatile and demanding marketplace. Adding strength to its products is our emphasis on post-deployment support through its Global Call Centre facility located at Mumbai that supports round-the-clock queries to ensure maximum advantage for its clients.

Moreover, we provide support through our branch offices in New Delhi and representative offices in cities like Ahmedabad, Chennai, Pune, Hyderabad, Bangalore and Calcutta. In addition, we also extend countrywide support at over 25 locations in India through its channel partner.

e) Strategic Alliance

In our constant endeavor to move up the value chain, we have entered into an alliance with Ernst & Young India that offers our customers high-end eSecurity consulting which addresses all security related aspects in Internet Trading for stocks and commodities. The exclusive tie-up with Ernst & Young's services is bundled as part of our FT e. Cosystem™ product suite.

Moreover, we have also entered into an alliance with Rolfe & Nolan Plc. UK, for bringing the global derivatives product expertise to the Indian securities industry for Futures & Options Trading. Rolfe & Nolan Plc., UK is the world's leading global software solutions provider and has offices in all the major cities in the world. This relationship combines the global derivatives market expertise of Rolfe & Nolan with the local market and domain expertise of Financial Technologies that will offer cutting-edge solution for the Indian securities market.

f) Human Resources

We have grown from strength to strength not only on the external front, but also internally. Your company had a total of 194 members as on 31st March 2001. Manpower relations continued to be cordial

“Courage of Conviction. Power of Perseverance.”



across the Company and are proud to say that today your company has one of the most respected skill-set and talent across industry.

g) Corporate Restructuring

During the year, the company successfully completed the restructuring process. There were two Amalgamations, first the Scheme of Amalgamation of Electronic Broking Services Limited (EBSL) that has been approved by the Hon'ble High Court of Bombay by its Order dated July 20, 2000 and Hon'ble High Court of Madras by its Order dated August 3, 2000 effective from April 1, 2000.

EBSL has an expertise as an Application Service Provider in the field of Online Trading solutions. As per the scheme, the exchange ratio was fixed at 159 shares for every 1 share of EBSL. Pursuant to this the Equity Capital of the company has increased to Rs 2119.51 lakhs. The merged entity was renamed as e.Xchange on the Net Limited.

The second Scheme of Amalgamation of Financial Technologies (India) Pvt. Ltd (FTIPL), has been approved by the Hon'ble High Court of Bombay by its Order dated November 29, 2000 and Hon'ble High Court of Madras by its Order dated March 13, 2001 effective from May 31, 2000.

As per the scheme, the exchange ratio was fixed at 2 shares for every 3 share of FTIPL. Pursuant to this, the Equity Capital of the company has increased to Rs 2556.18 lakhs. To retain the brand and to reflect the true nature of business, the merged entity was renamed as Financial Technologies (India) Limited.

EXPANSION AND DIVERSIFICATION

In continuation of its mission to be the leader in developing cutting-edge technology for the financial services industry, the company continuously formulates and implements various plans for consolidating and gearing itself for rapid expansion. The development of Software products in following market segment like Money Market – (Front office and Back office); Forex Market - (Back office application); Derivatives Market is remarkable and the company would be able to generate revenues from the said segments in the coming years. On the international front, with the opening up of Message structure of Stock Exchanges at Sydney, Singapore and Tokyo, Financial Technologies' prospect to be a global leader in providing a real time exchange trading solutions is very near to reality.

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In the coming years web based & wireless technology would see a quantum leap and it shall be our endeavor to launch new and varied versions of its products across multiple platforms / access channels.

Other Initiatives : Market education and awareness is of paramount importance for a product company like us and it has been our constant endeavor to undertake initiatives such as product road-show, seminar sponsorship and case studies to highlight the technological advancement and the latest trends of IT in financial services industry. Towards this, we have conducted seminars and workshops such as the e-Broking Seminar jointly organised with Ernst & Young, sponsoring the Indiatimes seminar on eFinance, partnering academic institutions in defining the role of technology in finance, amongst others. Such industry events have assisted us in understanding the needs of our customers and also bring them up to date with the changing IT trends and its impact on their operations.

Also, as part of our effort to promote the business initiatives of our customers as well their operations, we have instituted business case studies jointly with Intel and Microsoft wherein we have highlighted the nature of operations of our clients and the unique solution that we have deployed using the Windows / Intel architecture.

The true challenge that lies before your management is to put Financial Technologies on par with global software companies offering similar product lines. To fulfil this challenge would mean a clear, focused and determined approach to gain product / domain acceptance in markets that demand the highest standards for their mission critical applications. Your management strongly believes that your company has got what it requires to meet this challenge convincingly.

Events occurring after balance sheet date:

Opening of Office in USA

The company launched its first overseas operation by opening a branch office in the state of New Jersey, United States of America.

The company is confident of showing the same level and quality of performance in the international market like it has captured in the domestic front through its deep domain expertise and technology excellence.

The company has obtained all the required approvals from the concerned authorities to make the overseas operation functional.



CORPORATE GOVERNANCE

The compliance of corporate governance is applicable from the financial year 2001-2002. However for the year under review, your company has complied with the following aspects of Corporate Governance:

Board of Directors

The Board of Directors comprises 4 whole time Directors and an equal number of Non Executive Directors.

Audit Committee

The Audit committee was constituted on 31st January 2001 and comprised 3 Independent Non Executive Directors. The Audit committee met thrice during April / June 2001.

The role and reference of the Audit committee covers the area mentioned under section 292A of the Companies Act 1956, besides the regulations prescribed by the Stock Exchanges and other terms of the Board of Directors. The minutes of the Audit committee Meetings were taken on record by the Board.



DIRECTORS

Mr. Ravi Sheth, retires by rotation and being eligible offers himself for re-appointment.

Mr. Jignesh P. Shah and Mr. Dewang Neralla were appointed as additional directors on 15th September 2000 so also Mr. Sajit Dayanandan, Mr. P. G. Kakodkar, Mr Ashsih Dalal and Mr. Mahesh R Joshi with effect from 31st January 2001.

The additional directors hold the office up to the date of the ensuing Annual general meeting. Notices have been received from some members with requisite deposit proposing their candidatures.

DIRECTORS RESPONSIBILITY STATEMENT

Your Directors confirm :

(a) that in the preparation of the annual accounts, the applicable accounting standard has been followed along with proper explanation relating to material departures;

(b) that they had selected such accounting policies and applied them consistently and made judgments

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and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that period;

(c) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) that they had prepared the annual account on a going concern basis.

AUDITORS

The Auditors M/s. Deloitte Haskins & Sells retire and are eligible for re-appointment. It is proposed to re-appoint the Auditors at the ensuing Annual General Meeting to hold office up to the conclusion of the next Annual General Meeting.

STATUTORY INFORMATION

(a) Year 2000 Compliance : The year 2000 transition has been smooth for your company as also to its clients. On account of adequate precautions undertaken and thorough testing of the Company's products and services, there has not been any problem.

(b) Fixed Deposits : Your company has not accepted any deposits and as such no amount of principal or interest was outstanding as on the date of the Balance Sheet.

(c) Particulars of Employees : The particulars of employees as required to be disclosed in accordance with the provisions of the Section 217 (2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules 1975, as amended, are annexed to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all shareholders of the company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company Secretary.

(d) Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo : The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956, read with Companies (Disclosure of particulars in report of the Board of Directors) Rules, 1988, are given in Annexure "A" of this Report.



ACKNOWLEDGEMENT

Your Directors thank the clients, vendors, financial institution, bankers, business associates and various governmental as well as regulatory agencies for their valuable support for the company's growth. Your Directors place on record their appreciation of the contribution by the employees, who through their dedication and hard work have ensured the phenomenal growth rate of the company.

Mumbai
26th June, 2001

For and On behalf of
the Board of Directors

Chairman & Managing Director

JIGNESH SHAH



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ANNEXURE "A" TO THE DIRECTORS' REPORT

The information required under Section 217(1)(e) of the companies Act 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

CONSERVATION OF ENERGY

The company's Operations involves low energy consumption. There are no major areas where any energy conservation measure can be taken. However, efforts are being made to conserve and optimize the use of energy in regular operations.

TECHNOLOGY ABSORPTION, REASEARCH & DEVELOPMENT

Research & Development

Areas : Software Products

Benefits : Update & latest "first amongst all" technology.

Future : Directed towards creation of new Product Development, creation and enhancement of Value of the Company's Software Products with a view to generate revenues from these products in Domestic & International Markets.

Amout spent : Rs. 91,97,568

Technology Absorption, Adaptation and Innovation

Efforts made : Several New Products are being developed considering the market requirement and competition.

Benefits : The development would enable the company to provide state-of-art solutions to the users.

FOREIGN EXCHANGE EARNINGS & OUTGO

Foreign Exchange earned : NIL

Foreign Exchange Outgo : Rs

Travelling : 5,94,477/-

Software purchase : 8,528/-

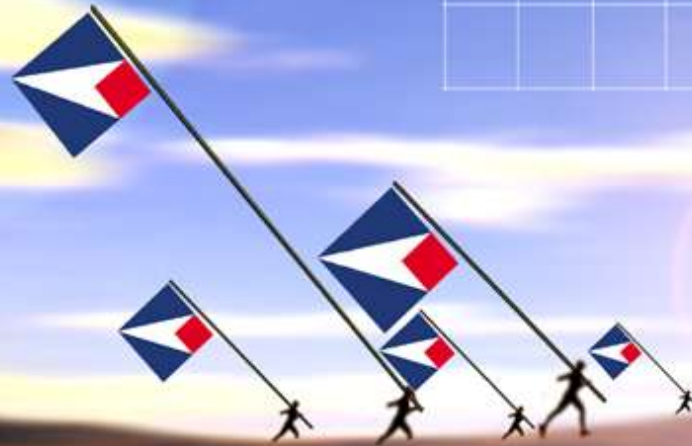
Technical know how fees : -



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670.00
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678957643.00
9089700
598763400



SHAREHOLDER INFORMATION



Annual Report 2000-2001

1. Annual General Meeting

- Date and Time :
- Venue :

2. Financial Calendar (tentative)

- Annual General Meeting : 27th September 2001 (Thursday)
- Results for the quarters ending

30-06-2001	End July, 2001
30-09-2001	End October, 2001
31-12-2001	End January, 2002
31-03-2002	End April, 2002

3. Book-closure date : 18th September 2001 to 27th September 2001 (both days inclusive)
for the purpose of ensuing Annual General Meeting

4. Dividend payment date : Not Applicable

5. Listing of Equity Shares on Stock Exchanges at : Chennai, Mumbai & Ahmedabad

6. Stock Market Data : Trading Symbol

Trading Symbol (demat segment) : 526881

7. Registrars & Transfer Agents :

Intime Spectrum Registry Pvt. Ltd.,
260, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (West), Mumbai 400 080
Tel.: 592 38 64 Fax : 567 2693

8. Share Transfer : The Company is offering transfer-cum-demat facility. Share transfers with demat requests are registered within an average of 15 days from the date of receipt by the Registrars whereas the share transfer requests with physical delivery of shares are registered within an average of 20 days.

9. Distribution of Shareholdings as on 31st March 2001 :

Shareholding of nominal value of Rs.	No. of Shareholders	% to Total	Share Amount	% to Total
1 - 5000	3624	84.83	6048150	2.366
5001 - 10000	297	6.95	2422070	0.947
10000 - 20000	136	3.19	2090140	0.818
20001 - 30000	38	0.89	980390	0.384
30001 - 40000	40	0.94	1368660	0.535
40001 - 50000	18	0.42	837430	0.328
50001 - 100000	45	1.05	3458300	1.353
100001 - & above	74	1.73	238412690	93.269
Total	4272	100.00	255617830	100.00

10. Dematerialisation of Shares : Over 24% of the shares issued have been dematerialised upto 31-03-2001. Trading in equity shares of the Company is permitted only in dematerialised form with effect from 8th May, 2000.

11. Address of Software Development Centres.

1) Krishna Bhavan, 67, Nehru Road, Vile Parle (East), Mumbai 400 057

2) Pressman House, G1 / 301 / 401 / 402, Off Nehru Road, Vile Parle (East), Mumbai 400 099.

3) Malkani Chambers, 1st Floor, Off Nehru Road, Vile Parle (East), Mumbai 400 099.

12. Investor Correspondence : All matters relating to shares should be referred to

Intime Spectrum Registry Pvt. Ltd., 260, Shanti Industrial Estate, Sarojini Naidu Road,
Mulund (West), Mumbai 400 080

13. Any query on Annual Report :

The Company Secretary,

Financial Technologies (India) Ltd.,

Krishna Bhavan, 67, Nehru Road, Vile Parle (East),

Mumbai 400 057.

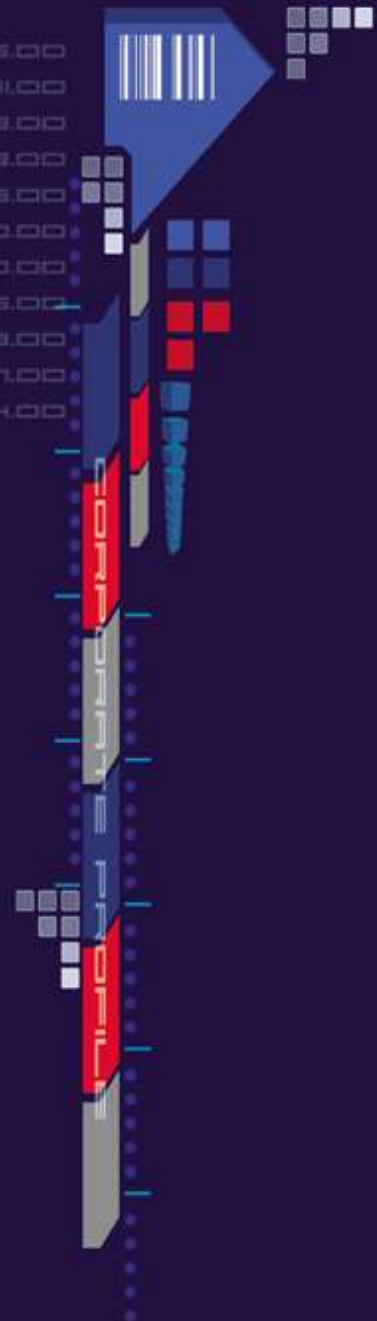
Tel. No. : +91-22-6171107

email : info@ftindia.com



AUDITOR'S REPORT

2748848.00
48834.00
3488.00
2384848.00
34886.00
48760.00
670.00
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80887.00
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To the shareholders

Financial Technologies (India) Limited (Formerly: e.Xchange on the Net Limited)

We have audited the attached Balance Sheet of Financial Technologies (India) Limited (formerly: e.Xchange on the Net Limited) as at 31st March, 2001 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 the books;

c) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;

d) In our opinion, the Balance Sheet and Profit and Loss account comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

e) On the basis of the written representations received from directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2001 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

f) In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:

(i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2001;

(ii) in the case of the profit and loss account, of the profit for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants

P.R.Barpande

Mumbai, 26th June, 2001

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ANNEXURE TO THE AUDITORS' REPORT

Re: Financial Technologies (India) Limited (Formerly: e.Xchange on the Net Limited)

Referred to in paragraph 1 of our report of even date

1. The nature of Company's activity is such that clauses (iii), (iv), (v), (vi), (xii), (xiv), (xvi) (xx) of clause A of the Order are not applicable to the Company.

2. The Company has maintained proper records showing full particulars and quantitative details of fixed assets. As explained to us, the Company has a procedure to carry out physical verification of assets at periodic intervals, which in our opinion is reasonable. In accordance with the program, we are informed that the Company's fixed assets have been physically verified during the year and no material discrepancies were noticed on such verification.

3. None of the fixed assets has been revalued during the year.

4. During the year the Company has not taken any loan, secured or unsecured, from companies, firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956. By virtue of the Companies (Amendment) Act, 1998, the provisions of Section 370(IB) of the Companies Act, 1956 are no longer applicable.

5. The Company has not granted any loan, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. By virtue of the Companies (Amendment) Act, 1998, the provisions of Section 370(IB) of the Companies Act, 1956 are no longer applicable.

6. The parties to whom the Company has given interest bearing loans or advances in the nature of loans repayable on demand have repaid the principal amounts and interest is being recovered. As regards employees to whom interest free loans have been given are repaying the principal amount as stipulated except for one employee who was transferred to another location. Steps are being taken to recover the installments.

7. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of plant and machinery, equipment and other assets and for services rendered.

8. According to the information and explanations given to us, there are no transactions of purchase of materials and sale of goods, materials and services made in pursuance of contracts or arrangements



entered in the register maintained under Section 301 of the Companies act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party.

9. The Company has not accepted any deposits from the public within the meaning of section 58A of the Company's Act, 1956.

10. The Company has an internal audit system during the year, which in our opinion needs to be strengthened to be commensurate with the size of the Company and nature of its business.

11. According to the information and explanations given to us records of the Company, Provident Fund and Employees' State Insurance dues have generally been regularly deposited during the year with the appropriate authorities except for Rs 1,201,095 in case of a company amalgamated during the year. The said Company had made an application to the respective authorities for obtaining the registration number and the said amount has been deposited subsequent to the year-end.

12. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding as on 31st March, 2001, for a period of more than six months from the date they became payable.

13. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.

14. The Company's service activities are such that they do not involve consumption of materials and stores and hence the quantification of allocation of materials consumed to relative jobs does not arise.

15. According to the information and explanations given to us the Company has a system of allocating man-hours utilized to relative jobs, which in our opinion needs to be strengthened to be commensurate with its size and the nature of its business.

16. As stated in clause 14 above, the Company's activities do not involve consumption of material and hence question of reasonable system of authorization and adequate system of internal control on issue of stores does not arise. As regards allocation of labour to jobs, the same needs to be strengthened to be commensurate with the size of the Company and the nature of its business.

For Deloitte Haskins & Sells
Chartered Accountants

Mumbai, 26th June, 2001

P.R.Barpande
Partner

8745845.00
459341.00
3468.00
2364948.00
34986.00
45760.00
670.00
3965705986.00
678957643.00
90687.00
5987634.00



FINANCIAL INFORMATION



Financial Information

BALANCE SHEET AS AT 31ST MARCH, 2001

Schedule		Current year 31st March 2001 Rupees	Previous year 31st March 2000 Rupees
I. SOURCES OF FUNDS			
(1) Shareholders' Fund			
(a) Capital	1	255,617,830	30,750,000
(b) Reserves and Surplus	2	219,087,249	1,020,000
TOTAL		<u>474,705,079</u>	<u>31,770,000</u>
II. APPLICATION OF FUNDS			
(1) Fixed Assets			
(a) Gross Block	3	251,704,283	24,412,662
(b) Less : Depreciation		<u>29,735,985</u>	<u>3,402,098</u>
(c) Net Block		221,968,298	21,010,564
(d) Capital work-in-progress		<u>156,250</u>	-
		222,124,548	21,010,564
(2) Investments			
		157,990,687	-
(3) Current Assets, Loans and Advances			
(a) Sundry Debtors	5	37,351,410	-
(b) Cash & Bank Balances	6	34,592,487	1,463,240
(c) Other Current Assets	7	3,868,265	2,594
(d) Loans and Advances	8	<u>35,120,240</u>	<u>734,415</u>
		110,932,402	2,200,249
Less: Current Liabilities and Provisions	9	<u>39,006,941</u>	<u>680,651</u>
Net Current Assets		71,925,461	1,519,598
(4) (a) Miscellaneous Expenditure			
(to the extent not written off or adjusted)		22,664,383	2,165,810
(b) Capital Reorganisation Account	11		7,074,028
TOTAL		<u>474,705,079</u>	<u>31,770,000</u>

Significant Accounting Policies
and Notes to Account 17

The schedules referred to above form an integral
part of the accounts

P. Venkatasubramani
Company Secretary

As per our report of even date.
For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner

Place : Mumbai
Date : 26th June 2001

For and on behalf of the Board.

Jignesh P. Shah
Chairman and Managing Director

Mahesh Joshi
Wholetime Director

Ashish S. Dalal
Director

Date : 26th June 2001

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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001

	Schedule	31st March 2001 (12 Months) Rupees	31st March 2000 (9 Months) Rupees
INCOME			
Sales	12	172,964,916	1,986,173
Other Income	13	14,582,088	2,582,176
Increase in Stocks of finished goods and work in progress	14	-	310,989
		<u>187,547,004</u>	<u>4,879,338</u>
EXPENDITURE			
Manufacturing expenses	15	-	1,575,030
Operating and other expenses	16	105,051,716	2,540,032
Depreciation	22,978,701		739,640
Less: Writeback of Depreciation arising on change in change in method (Refer note 7 of schedule 17)	3,991,321	18,987,380	-
		<u>124,039,096</u>	<u>4,854,702</u>
Profit Before Tax		63,507,908	24,636
Provision for Tax		3,550,000	-
Profit After Tax		59,957,908	24,636
Short provision for tax of earlier years		51,565	-
Balance brought forward from previous year		-	(24,009,319)
Debit Balance in Profit and Loss account (upto 30.09.99) transferred to WIL on demerger		-	24,319,886
Adjusted against capital reorganisation account (Refer schedule 11)		-	335,203
Balance available for appropriation		59,906,343	-
Transfer to General Reserve		20,000,000	-
Balance carried to balance sheet		<u>39,906,343</u>	<u>-</u>

Significant Accounting Policies and Notes to Account 17

The schedules referred to above form an integral part of the accounts

P. Venkatasubramani
Company Secretary

As per our report of even date.
For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner

Place : Mumbai
Date : 26th June 2001

For and on behalf of the Board

Jignesh P. Shah
Chairman and Managing Director

Mahesh Joshi
Wholtime Director

Ashish S. Dalal
Director

Date : 26th June 2001

Financial Information

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2001

	31st March 2001 (12 Months) Rupees	31st March 2000 (9 Months) Rupees
SCHEDULE 1: SHARE CAPITAL:		
Authorised:		
30,000,000 (Previous Year: 4,000,000) equity shares of Rs.10/- each	<u>300,000,000</u>	<u>400,000,000</u>
Issued, subscribed and paid up:		
25,561,783 (Previous Year: 30,75,000) equity shares of Rs.10/-each fully paid up	255,617,830	30,750,000
Of the above:		
(a) 75,000 (Previous Year: 75,000) shares of Rs.10/- each, fully paid have been allotted pursuant to contract without payment being received in cash (Refer note no 5 to schedule 17)		
(b) 18,120,117 (Previous Year: Nil) shares of Rs.10/- each, fully paid have been allotted to the shareholders of the erstwhile Electronic Broking Services Limited, consequent to a scheme of amalgamation		
(c) 4,366,666 (Previous Year: Nil) shares of Rs.10/- each, fully paid have been allotted to the shareholders of the erstwhile Financial Technologies (India) Pvt. Ltd., consequent to a scheme of amalgamation.		
TOTAL	<u>255,617,830</u>	<u>30,750,000</u>
SCHEDULE 2 : RESERVES & SURPLUS		
Capital Reserve:		
On amalgamation of Financial Technologies (India) Pvt. Ltd. (Refer note 2 (c) to schedule 17)	21,833,340	-
Less: Transfer from Capital Reorganisation Account (Refer schedule 11)	<u>7,074,028</u>	-
	14,759,312	-
Share Premium:		
Balance at the commencement of the year (Refer note 5 to schedule 17)	1,020,000	1,020,000
Add: On amalgamation of Electronic Broking Services Ltd. Received during the year	67,508,670	-
	67,508,670	-
Less: Share issue expenses	582,783	-
Preliminary expenses	<u>466,444</u>	-
	134,988,113	1,020,000
General Reserves:		
On amalgamation of Financial Technologies (India) Pvt. Ltd.	9,000,000	-
Add: Transfer from Profit and loss account	<u>20,000,000</u>	-
	29,000,000	-
Surplus in Profit and Loss Account	39,906,343	-
Add: On amalgamation of Electronic Broking Services Ltd.	15,542	-
Add: On amalgamation of Financial Technologies (India) Pvt. Ltd.	<u>417,939</u>	-
	40,339,824	-
TOTAL	<u>219,087,249</u>	<u>1,020,000</u>

(in Rupees)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK			
	Cost as at 1.04.2000	Cost taken over consequent to amalgamation	Additions	Deletion / Adjustments	Cost as at 31.03.2001	Upto 1.04.2000	Depreciation taken over consequent to amalgamation	For the year	Deletion / Adjustments	Total upto 31.03.2001	As at 31.03.2001	As at 31.03.2000
Building (include improvement to lease hold premises)	18,082,611	-	6,767,279	-	24,849,890	1,475,148	-	567,955	-	2,043,103	22,806,787	16,607,463
Plant and Machinery	2,467,089	-	-	2,467,089	-	725,083	-	-	725,083	-	-	1,742,006
Office Equipments	996,191	18,091,070	14,415,341	-	33,502,602	346,970	7,059,272	3,231,402	3,706,220	6,931,424	26,571,178	649,221
Furniture & Fittings	2,866,772	6,974,282	498,814	-	10,339,868	854,897	840,297	988,085	262,613	2,420,666	7,919,202	2,011,874
Vehicles	-	1,051,459	1,198,356	-	2,249,815	-	43,427	120,935	22,488	141,874	2,107,941	-
Intellectual Property Right	-	-	180,061,540	-	180,061,540	-	-	18,006,154	-	18,006,154	162,055,386	-
Trade Mark	-	51,900	15,255	-	67,155	-	5,430	18,926	-	24,356	42,799	-
Technical Know-how	-	633,413	-	-	633,413	-	123,164	45,244	-	168,408	465,005	-
TOTAL	24,412,663	26,802,124	202,956,585	2,467,089	251,704,283	3,402,098	8,071,590	22,978,701	4,716,404	29,735,985	221,968,298	21,010,564
PREVIOUS YEAR	33,083,319	-	86,902	(8,757,559)	24,412,662	7,057,734	(4,395,276)	739,640	-	3,402,098	21,010,564	-

Capital Work-in-progress (Ongoing improvement in leasehold property) -

Notes:

- 1) Cost and depreciation taken over consequent to amalgamation comprises of gross value of assets and the accumulated depreciation taken over consequent to amalgamation of Electronic Broking Services Limited w.e.f. April 01, 2000 and of Financial Technologies (India) Private Limited, w.e.f. May 31, 2000 in accordance with the scheme of amalgamation.
- 2) Cost of Rs.180,061,540/- of Intellectual Property Right, represents the amount computed considering the value of the assets taken over in accordance with the scheme of amalgamation. (Refer note no 1(c) to schedule 17)
- 3) Deletion/ Adjustments during the year under depreciation represents amount of excess depreciation writtenback consequent to change in the method of depreciation (Refer note no 7 to schedule 17)
- 4) Addition to Building includes Rs.1,151,000/- in respect of premises purchased during the year. The Company is taking steps to transfer the same in its own name.

Financial Information

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001

	31st March 2001 (12 Months) Rupees	31st March 2000 (9 Months) Rupees
SCHEDULE 4: INVESTMENTS (AT COST)		
Long Term:		
Non Trade:		
a. 2,466,675.307 (Previous Year: Nil) Units of Rs.10/- each of Kotak Mahindra Mutual Fund - K- Bond (Wholesale Plan - Dividend)	25,000,000	-
b. 2,525,653.154 (Previous Year: Nil) Units of Rs.10/- each of Kotak Mahindra Mutual Fund - K- Bond (Unit Scheme 1999 Deposit Plan Dividend)	29,600,000	-
c. 453,872.194 (Previous Year: Nil) Units of Rs.10/- each of Kotak Mahindra Mutual Fund - K- Gilt (Unit Scheme 1998 Saving Plan Dividend)	4,764,719	-
d. 465,809.577 (Previous Year: Nil) Units of Rs.10/- each of Kotak Mahindra Mutual Fund - K- Gilt (Unit Scheme 1998 Investment Plan Dividend)	5,000,000	-
e. 805,063.265 (Previous Year: Nil) Units of Rs.10/- each of Kotak Mahindra Mutual Fund - Liquid Scheme Dividend Plan	8,057,086	-
f. 17,849.992 (Previous Year: Nil) Units of Rs.1000/- each of Kothar Pioneer Mutual Fund - Treasury Management Fund- Dividend reinvested on weekly basis.	20,568,882	-
g. 3,398,045.847 (Previous Year: Nil) Units of Rs.10/- each of Kothari Pioneer Mutual Fund - Income Builder Fund - Monthly dividend payout plan.	45,000,000	-
h. 1,848,428.835 (Previous Year: Nil) Units of Rs.10/- each of Cholamandalam Mutual Fund - C01 Chola Triple Ace (Regular Income Plan)	20,000,000	-
TOTAL	<u>157,990,687</u>	<u>-</u>
Aggregate of quoted investments		
Cost	157,990,687	
Market value*	158,081,264	
* Net asset value		
Movements during the year	Face Value	Nos.
Purchased and sold	Rs	
Mutual fund units		
Kotak Mahindra Mutual Fund	10.00	8,240,406
		84,822,741
SCHEDULE 5 : SUNDRY DEBTORS (UNSECURED)		
Debts outstanding for a period exceeding six months		6,639,630
Other Debts		<u>31,528,080</u>
		38,167,710
Less: Provision for Doubtful debts		816,300
TOTAL		<u>37,351,410</u>
Notes:		
considered good		37,351,410
considered doubtful		816,300
		<u>38,167,710</u>

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SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2001

	31st March 2001 (12 Months) Rupees	31st March 2000 (9 Months) Rupees
SCHEDULE 6 : CASH & BANK BALANCES		
Cash and cheques on hand	2,199,866	1,300,192
Bank Balances		
(a) with Scheduled Banks:		
(i) In current accounts	26,604,867	163,048
(ii) In deposit accounts	5,740,000	-
(b) with others :		
The Jain Sahakari Bank Limited		
(i) In current account		
(Maximum balance during the year Rs 48,092,124 (Previous year: Rs. Nil)		
(ii) In deposit account		
(Maximum balance during the year Rs 67,000,000 (Previous year: Rs. Nil)		
TOTAL	34,592,487	1,463,240
SCHEDULE 7 : OTHER CURRENT ASSETS		
Interest & Dividend accrued on investments	3,868,265	2,594
TOTAL	3,868,265	2,594
SCHEDULE 8 : LOANS & ADVANCES:		
(Unsecured)		
Advances recoverable in cash or kind or for value to be received	10,723,823	459,734
Advance Income Tax	14,601,301	214,681
Deposits	9,899,168	60,000
	35,224,292	734,415
Less: Provision	104,052	-
TOTAL	35,120,240	734,415
Notes: Loans & Advances include		
1) a) considered good	35,120,240	734,415
b) considered doubtful	104,052	-
	35,224,292	734,415
2) Rs 9,414,600/- (Previous year: Rs. Nil) paid as deposits towards premises taken on lease.		
3) Rs. Nil (Previous Year: Rs. Nil) due from directors, Maximum balance outstanding during the year Rs.2,383,000 (Previous year: Rs. Nil)		
SCHEDULE 9 : CURRENT LIABILITIES AND PROVISIONS:		
Current Liabilities:		
Sundry Creditors	24,119,457	614,831
Unearned Revenue	4,267,660	-
Unclaimed Dividend	137,016	-
Share application refund money	40,320	65,820
	28,564,453	680,651
Provisions:		
For taxation	8,760,000	-
For gratuity	1,682,488	-
	10,442,488	
TOTAL	39,006,941	680,651

Financial Information

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2001

	31st March 2001 (12 Months) Rupees	31st March 2000 (9 Months) Rupees
SCHEDULE 10: MISCELLANEOUS EXPENDITURE (to the extent not written off)		
i) Deferred revenue expenditure:		
Software development expenses	9,197,568	-
Advertisement expenses	8,996,815	-
Market Development expenses	2,700,000	-
Demerger Expenses	-	63,869
Preoperative Expenses	-	331,941
	20,894,383	395,810
ii) Expenditure not represented by assets(Refer note 5 to schedule17)	1,770,000	1,770,000
TOTAL	22,664,383	2,165,810
SCHEDULE 11: CAPITAL REORGANISATION ACCOUNT:		
Balance at the commencement of the year	7,074,028	-
Transferred during the year on account of demerger	-	7,409,231
	7,074,028	7,409,231
Transferred to capital reserve	(7,074,028)	-
Adjusted against balance in profit and loss account	-	(335,203)
TOTAL	-	70,74,028
SCHEDULE 12 : SALES		
Product Sale	146,781,481	1,986,173
Services	26,183,435	-
TOTAL	172,964,916	1,986,173
SCHEDULE 13 : OTHER INCOME		
Dividend from long term investments	7,261,599	-
Interest :		
From Bank on deposit account	5,209,506	48,917
From Others	1,725,400	-
(Tax deducted at source Rs.1,561,193/-(Previous year Rs.3,677/-)	-	-
Profit on sale of Investments	213,735	-
Brokerage & Commission	126,000	1,586,259
Bad Debts recovered	11,000	-
Liabilities no longer required written back	-	3,400
Forfeiture of share warrants	-	908,600
Miscellaneous income	34,848	35,000
TOTAL	14,582,088	2,582,176
SCHEDULE 14 :INCREASE IN STOCK OF FINISHED GOODS/WORK IN PROGRESS		
Opening Stock – Work-in progress	-	6,359,465
– Finished goods	-	4,598,402
		10,957,867
Closing Stock – Work-in progress	-	-
– Finished goods	-	-
Less: Transferred to Worldwide Infocom Limited.	-	10,957,867
– Work-in progress	-	7,542,065
– Finished goods	-	3,726,791
	-	11,268,856
TOTAL	-	310,989

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SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2001

	31st March 2001 (12 Months) Rupees	31st March 2000 (9 Months) Rupees
SCHEDULE 15 : MANUFACTURING EXPENSES		
Materials consumed	-	1,237,114
Excise Duty Paid	-	212,170
Purchase of Traded Goods	-	7,000
Assembling Charges	-	27,550
Other Direct Expenses	-	25,306
Factory Expenses	-	65,890
TOTAL	-	1,575,030
SCHEDULE 16: OPERATING AND OTHER EXPENSES		
1) Payment to and provisions for employees		
Salaries and bonus	32,207,555	347,493
Contribution to Provident fund and other funds	605,986	14,163
Gratuity	1,499,340	-
Training Expenses	144,000	-
Recruitment Charges	1,029,577	-
Staff Welfare Expenses	1,062,706	36,191
2) Electricity	2,063,732	160,377
3) Sales and distribution expenses		
Advertisement expenses	4,503,569	-
Sales promotion expenses	2,471,730	30,065
Brokerage and Commission charges	12,512,838	18,760
Sales Tax Paid	5,013,397	-
4) Other Expenses		
Rent	3,999,127	21,733
Rates and Taxes	283,946	225,354
Service Charges	3,793,418	-
Repairs and Maintenance (Others)	593,533	34,769
Traveling and Conveyance	3,143,665	141,650
Communication expenses	3,315,360	265,467
Insurance	250,686	-
Legal and Professional Charges	6,623,624	83,256
Merger expenses	2,612,409	-
Miscellaneous expenses	5,706,048	1,160,754
5) Irrecoverable debts/advances written off	8,947,670	-
6) Provision for doubtful debts/advances	920,352	-
7) Loss on obsolete assets	1,742,006	-
8) Exchange rate fluctuations (net)	5,442	-
TOTAL	105,051,716	2,540,032

Note: Miscellaneous expenses include auditors' remuneration, printing and stationery, bank charges, bank interest, ROC fees for increase in authorised capital, subscription etc.

SCHEDULE 17 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I Significant Accounting Policies :

(a) Basis of preparation of financial statements :

The accompanying financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles and the provisions of the Companies' Act 1956.

(b) Use of estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

(c) Fixed Assets :

Fixed Assets are stated at cost of acquisition or construction. They are stated at historical cost of acquisition of such assets.

(d) Depreciation :

Depreciation is provided on the straight line method in accordance with the Companies Act 1956. Leasehold improvements are written off over the period of lease. Trade mark, technical know-how and Intellectual property right are amortised over a period of fourteen, six and ten years respectively considering their related useful lives.

(e) Investments :

Long term investments are stated at cost, less any diminution in value other than temporary.

(f) Revenue Recognition :

Revenue from sale of licenses for the use of software applications is recognised on transfer of the title in the user license. Revenue from fixed price contracts is recognised based on milestones achieved as specified in the contracts and in the case of time and material contracts, it is recognised on the basis of hours completed and material used. Revenue from Annual Maintenance Contracts is recognised proportionately over the period in which services are rendered.

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(g) Foreign currency transactions :

Transactions in foreign currency are recorded at the original rate of exchange in force at the time transactions are effected. Exchange differences arising on repayment of liabilities incurred for the purpose of acquiring fixed assets are adjusted in the carrying amount of the respective fixed assets. Exchange differences arising on settlement of other transactions are recognised in the profit and loss account.

Monetary items (other than those related to acquisition of fixed assets) denominated in foreign currency are restated using the exchange rate prevailing at the date of the balance sheet and the resulting net exchange difference is recognised in the profit and loss account. The exchange gain/loss arising on restatement of foreign currency liability relating to fixed assets is adjusted in the value of the related fixed assets

(h) Retirement Benefits :

Company's contribution to provident fund is charged to profit and loss account. Gratuity payable on retirement is provided for on actual valuation. Leave encashment on retirement is provided on actual basis in accordance with the Company's scheme in this respect.

(i) Miscellaneous Expenditure :

i) Software development expenses : Software development expenditure in case of new products, which are clearly defined and the costs are attributable to the products, are deferred and written off over a period of three years commencing from the year in which the product is sold.

ii) Advertisement and market development expenditure : Expenditure on advertisement and market development where benefit is expected to be derived in future is treated as deferred revenue expenditure and written off to the profit and loss account over a period of three years except for market development which are charged to revenue from the year of completion of development activities.

(j) Contingent Liabilities :

These are disclosed by way of notes to the balance sheet. Provision is made in the accounts in respect of those liabilities which are likely to materialise after the year end, till the finalisation of accounts and have material effect on the position stated in the balance sheet.

II NOTES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT:

(1) Amalgamation of Electronic Broking Services Limited with the Company

a) Pursuant to a Scheme of Amalgamation approved by the shareholders and sanctioned by the High Court of judicature at Madras and Bombay, Electronic Broking Services Limited, a Mumbai based software company has been merged as a going concern with the Company with effect from April 1, 2000. The order of the High Courts approving the scheme was passed on July 20, 2000 by High Court of judicature at Bombay and on August 3, 2000 by the High Court of judicature at Madras and thereafter the Scheme has been made effective on August 18, 2000.

b) The amalgamation has been accounted for under the 'Pooling of interests method' as prescribed by accounting standard-14 (AS-14) issued by the Institute of Chartered Accountants of India. Accordingly, the assets, liabilities and reserves of the transferor company as at April 1, 2000, have been taken over at their book values subject to adjustments made for the differences in accounting policies between the transferor and transferee companies, and/or as specified in the scheme of amalgamation.

c) Pursuant to the Scheme, 18,120,117 fully paid-up equity shares of Rs 10 each are issued to the shareholders of the erstwhile Electronic Broking Services Limited in the ratio of 159 equity shares of the Company for every one share held by the members of erstwhile Electronic Broking Services Limited. The difference between the fresh share capital issued by the Company and the amount of share capital of the transferor company has been computed and the resultant cost of "Intellectual Property Rights" has been ascertained in accordance with the scheme.

(2) Amalgamation of Financial Technologies (India) Private Limited with the Company

a) Pursuant to a Scheme of Amalgamation approved by the shareholders and sanctioned by the High Court of judicature at Madras and Bombay, Financial Technologies (India) Private Limited, a Mumbai based software company has been merged as a going concern with the Company with effect from May 31, 2000. The order of the High Courts approving the scheme was November 29, 2000 by High Court of judicature at Bombay and on March 13, 2001 by the High Court of Judicature at Madras and thereafter the Scheme has been made effective on March 27, 2001.

b) The amalgamation has been accounted for under the 'Pooling of interests method' as prescribed

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by Accounting Standard -14 (AS-14) issued by the Institute of Chartered Accountants of India. Accordingly, the assets, liabilities and reserves of the transferor company as at May 31, 2000 have been taken over at their book values subject to adjustments made for the differences in accounting policies between the transferor and transferee companies, and/or as specified in the scheme of amalgamation.

c) Pursuant to the scheme, the Board in its meeting held on March 31, 2001 has allotted 4,366,666 fully paid up equity shares of Rs.10 each in the ratio of two equity shares of the Company for every three shares held by the members of erstwhile Financial Technologies (India) Private Limited. The difference between the fresh share capital issued by the company and the amount of share capital of the transferor company has been treated as capital reserve.

(3) The name of the Company was changed from NODS Worldwide Limited to e.Xchange on the Net Limited and the certificate of incorporation consequent upon such change was issued by the Registrar of the Companies, Tamil Nadu on July 18, 2000. Subsequently, the name of the Company was changed to Financial Technologies (India) Limited and the amended certificate of incorporation, incorporating such change was issued by the Registrar of the Companies, Tamil Nadu on April 10, 2001.

(4) Hitherto, expenditure incurred on preoperative expenses, demerger expenses were considered as deferred revenue expenditure and charged to revenue over a period of three years. During the year, the entire balance aggregating to Rs. 395,810 has been charged to revenue being non material.

(5) The share capital to the extent of Rs 750,000 and share premium to the extent of Rs 1,020,000 pertains to allotment of 75,000 equity shares in the earlier year issued for consideration other than cash. This aggregate amount of Rs. 1,770,000 is not represented by any assets since the party to whom the shares were issued physically took away the assets brought in by them and the necessary records in relation to the assets are also not in the possession of the Company. Accordingly, the said amount of Rs. 1,770,000 is classified under miscellaneous expenditure to the extent not written off or adjusted.

The Company has been legally advised to go in for capital reduction specifically and exclusively for these shares. Any adjustments in the books will be made on completion of the legal process.

Financial Information

(6) Cost of Intellectual Property Right determined in accordance with the scheme of amalgamation and included under fixed assets was amortised at the interim stage over a period of seven years. However, considering the estimated useful life of the asset, the Company has decided to amortise the same over a period of ten years.

(7) The depreciation on fixed assets is provided on straight line basis. In order to conform to the uniform accounting policy in respect of assets taken over on amalgamation which were depreciated in the books of the transferor company on written down value basis, the Company has recomputed the depreciation in respect of those assets on straight line basis since inception and written back an amount of Rs. 3,991,321 being the excess depreciation on such recomputation which has been credited to profit and loss account.

(8) There were no dues to small scale industrial units exceeding Rs 100,000 which were outstanding for more than thirty days as on the date of balance sheet.

	Rupees 2000-2001	Rupees 1999-2000 (9 months)
(9) Contingent liability in respect of		
a. Counter guarantee issued against bank guarantee	4,750,000	-
b. Income tax demands disputed in appeal and pending decision by higher authorities	51,503	51,503
(10) Payment to Auditors		
a. Audit fees	315,000	39,375
b. Tax audit fees	-	7,875
c. For other matters	52,500	-
Total	<u>367,500</u>	<u>47,250</u>
(11) Expenditure in Foreign Currency		
a. Traveling	594,477	-
b. Computer Hardware	8,528	-
c. CIF value of raw materials	-	252,526
(12) Managerial Remuneration under section 198 of the Companies Act, 1956		
Salaries and allowances*	4,111,855	-

* Computation of net profits in accordance with Section 349 of the Companies Act, 1956 has not been given as no commission is payable to the directors.

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(13) Additional information pursuant to the provisions of paragraphs 3, 4C, 4D of Part II of Schedule VI to the Companies Act, 1956.

Description	2000-2001 *		1999-2000 (9 months)	
	Quantity (Nos)	Value (Rs)	Quantity (Nos)	Value (Rs)
a) Turnover				
Modems	-	-	65	241,562
Others	-	-	21	1,744,721
Total	-	-	86	1,986,283
b) Raw material consumed				
Printed circuits	-	-	830	93,543
Integrated circuit	-	-	10,271	493,220
Capacitors	-	-	28,072	46,683
Resistors	-	-	20,831	10,704
Others	-	-	38,634	592,964
Total	-	-	98,638	1,237,114
c) Opening stock of goods				
Produced:				
Modems	-	-	188	1,000,150
Others	-	-	10	124,000
Total	-	-	198	1,124,150
Traded:				
Modems	-	-	145	462,670
Others	-	-	60	3,011,582
Total	-	-	205	3,474,252
d) Purchase				
Trading goods:				
Modems	-	-	2	7,000
e) Transfer to Worldwide Infocom Limited				
Produced goods:				
Modems	-	-	170	954,250
Others	-	-	10	124,000
Total	-	-	180	1,078,250
Traded goods:				
Modems	-	-	147	469,670
Others	-	-	39	2,178,871
Total	-	-	186	2,648,541
f) Licensed capacity	N.A.		N.A.	
Installed capacity	N.A.		3,600 (single shift basis)	
Actual Production:				
Modems	-		47	
Voice Adapters	-		-	

* The company discontinued production of Modems/ Voice adapters in the earlier year and consequently there is no license/installed capacity and actual production during the year.

Financial Information

(14) Balance sheet abstract and Company's general business profile

I. Registration details

Registration no.	State code	Balance sheet date
15586	18	31032001

II. Capital raised during the year (amount in Rupees thousands)

Public issue	Rights issue	Bonus issue
NIL	NIL	NIL

Private placement (Shares Issued on Amalgamation)
224868

III. Position of mobilisation and deployment of funds (amount in Rupees thousands)

Total liabilities	Total assets
474705	474705

SOURCES OF FUNDS

Paid-up capital	Reserves and surplus	Secured loans	Unsecured loans
255618	219087	0	0

APPLICATION OF FUNDS

Net fixed assets	Investments	Net current assets	Miscellaneous expenditure
222125	157991	71925	22664

Accumulated losses
0

IV. Performance of the Company (amount in Rupees thousands)

Turnover (Including Other Income)	Total expenditure
187547	124039
+ (-Profit/ (loss) before tax	+ (-Profit/ (loss) after tax
63508	59958
Earnings per share (Rupees)	Interim Dividend %
2.34	0

V. Generic names of three principal products/ services of the Company (as per monetary terms)

Item code no. (ITC code)	Product description
85249009.10	SOFTWARE PRODUCT

(15) Figures of the previous period have been regrouped to conform with the current year's groupings wherever necessary.

(16) The figures for the current year are not strictly comparable with the figures for the previous period since they are for a period of nine months and figures for the current year include the operational results of the two companies amalgamated with the Company during the year.

For and on behalf of the Board.

P. Venkitasubramani
Company Secretary

Jignesh P. Shah
Chairman and Managing Director

As per our report of even date.
For Deloitte Haskins & Sells
Chartered Accountants

Mahesh Joshi
Wholtime Director

P. R. Barpande
Partner

Ashish S. Dalal
Director

Place : Mumbai
Date : 26th June 2001

Date : 26th June 2001

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CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2001

	Rupees	Previous Period Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) before tax and extraordinary items	63,507,908	(2,048,000)
Adjustment for		
Depreciation	18,987,380	
Loss on obsolete assets	1,742,006	
Profit on sale of investements	(213,735)	
Bad debts/advances written off	8,947,670	
Provision for doubtful debts/advances	920,352	
Exchange fluctuation	5,442	
Income from investments	(7,261,599)	
Interest (net)	(6,550,629)	
Miscellaneous expenditure w/off	395,812	
	<u>16,972,699</u>	<u>1,410,154</u>
Operating profit/ (loss) before working capital changes	80,480,607	(637,846)
Adjustments for		
Trade and other receivables	(40,744,732)	
Inventories	-	
Trade payables and provisions	9,977,805	
	<u>(30,766,927)</u>	<u>-</u>
Cash generated from/(used in) operations	49,713,680	(637,846)
Interest (net)	6,550,629	
Tax Paid	(9,596,375)	
Brokerage & Commission	-	
Forfeiture of share warrants	-	
Miscellaneous expenditure incurred	(20,894,383)	
	<u>(23,940,129)</u>	<u>45,188</u>
Net cash from/(used in) operating activities	<u>25,773,551</u>	<u>(592,658)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions to Fixed Assets	(22,984,980)	(86,902)
Purchase of Investments (net)	(128,758,605)	-
Income from investments	7,261,599	-
	<u>(144,481,986)</u>	<u>(86,902)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Secured loan taken	-	90,000
Unsecured Loan	(650,609)	30,000
Share premium received	67,508,670	-
Proceeds from issue of preferential allotment of shares	-	1,770,000
	<u>66,858,061</u>	<u>1,890,000</u>
Net cash from financing activities		
Net cash flow during the year	(51,850,374)	1,210,440
Less: Loss for the period of the unit demerged	-	(310,324)
Add: Cash & Bank received on amalgamation	84,979,622	-
Less: Cash & Bank transferred on demerger	-	(479,301)
Net increase in cash and cash equivalents	33,129,248	420,815
Cash and cash equivalents (opening balance)	1,463,240	785,262
Cash and cash equivalents (closing balance)	<u>34,592,488</u>	<u>1,463,240</u>

Notes to cash flow statement:

1. Cash and cash equivalents include cash and bank balances in current and deposit accounts (refer schedule 6 to accounts)
2. Interest income from deposits is classified as cash flow from operating activities.
3. Purchase of fixed assets are stated inclusive of movements of capital work in progress between the commencement and end of the year and are considered as part of investing activities.

For and on behalf of the Board

Jignesh P. Shah
Chairman and Managing Director

AUDITORS' CERTIFICATE

The Board of Directors,

Financial Technologies (India) Limited (formerly: e.Xchange on the Net Limited)

We have examined the attached Cash Flow Statement of Financial Technologies (India) Limited (formerly: e.Xchange on the Net Limited), for the year ended 31st March, 2001. The statement has been prepared by the Company in accordance with the requirements of Listing Agreement clause 32, with the Bombay Stock Exchange and is based on and in agreement with the corresponding profit and loss account and balance sheet of the Company covered by our report of 26th June, 2001 to the members of the Company.

For Deloitte Haskins & Sells
Chartered Accountants

Mumbai
26th June, 2001.

P.R.Barpande
Partner

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